

# HYPEBEAST

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## Hypebeast Limited

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

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

#### Annual Results

The board (the “Board”) of directors (the “Directors”) of Hypebeast Limited (the “Company”) presents the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2024 (“FY2024”), together with the audited comparative figures for the year ended 31 March 2023 (“FY2023”), as follows:

#### Financial Highlights

	1H2024	2H2024	FY2024	FY2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	440,007	455,645	895,652	959,973
– Media	283,111	325,161	608,272	644,205
– E-commerce and Retail	156,896	130,484	287,380	315,768
Gross profit	206,826	206,632	413,458	505,418
Gross profit margin	47.0%	45.3%	46.2%	52.6%
Selling and marketing expenses	(91,815)	(80,540)	(172,355)	(218,259)
Administrative and operating expenses	(124,579)	(89,057)	(213,636)	(229,848)
Professional fee related to the Merger	—	—	—	(42,235)
EBITDA*	14,283	58,615	72,898	60,099
Net profit/(loss)	(9,983)	32,290	22,307	(5,069)
Net profit/(loss) margin	(2.3%)	7.1%	2.5%	(0.5%)
Earnings/(Loss) per share				
– Basic (HK cent)	(0.49)	1.57	1.09	(0.25)
– Diluted (HK cent)	(0.49)	1.57	1.09	(0.25)

\* Earnings before interest, tax, depreciation and amortization (“EBITDA”) is calculated as profit before tax + interest expense + depreciation + amortization expense

The Board recommends the payment of a final dividend of HK\$0.00359 per ordinary share and a special dividend of HK\$0.01063 per ordinary share for FY2024.

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## Key Business Highlights

- The Group recorded revenue of HK\$895.7 million in FY2024, representing a decrease of HK\$64.3 million or 6.7% as compared to FY2023;
- Gross profit of HK\$413.5 million in FY2024, down HK\$92.0 million or 18.2% as compared to FY2023, translating to a 6.4 percentage points decrease in gross profit margin from 52.6% in FY2023 to 46.2% in FY2024; and
- Net profit of HK\$22.3 million for FY2024, as compared to net loss of HK\$5.1 million in FY2023, primarily due to the Group's cost efficiency actions to improve margin and profitability.

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## Business Overview

The Group is a media and e-commerce and retail company primarily engaged in (i) the provision of creative advertising services and advertising spaces for global brands (the “**Media Segment**”); and (ii) the sale of goods through its online and offline retail platform (the “**E-commerce and Retail Segment**”).

The Group produces and distributes youth-focused digital content centering on fashion, lifestyle, technology, arts & entertainment, culture and music to its visitors and followers. Digital content is distributed via the Group’s media platforms (including its Hypebeast, Hypebae and Popbee websites and mobile apps) and popular third-party social media platforms, including but not limited to Facebook, Instagram, X, TikTok, Youtube, Wechat, Weibo, Kakao and Naver. The Group also maintains multi-language versions of its flagship Hypebeast property across both website and social media platforms, with content available in English, Chinese, Japanese, Korean and Indonesian. The Group delivers bespoke creative solutions through its agency business to its brand clients, with services including but not limited to creative conceptualization, talent curation, technical production, campaign execution, data intelligence and distribution of digital media advertisement via the Group’s digital media platforms.

The Group engages in retail of footwear, apparel, accessories and other products under its HBX E-commerce platform and retail shop. The HBX E-commerce platform focuses on delivering the latest, trend-setting apparel, accessories and lifestyle products to its customers, curating and creating fashion-forward pieces and collaborations to include in its merchandise portfolio. Combining the Group’s unique insight into youth culture, and its longstanding reputation in the industry as a community and cultural leader, the Group is able to source and curate products most desired by its target demographic, thereby generating growing popularity and usage amongst shoppers.

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## Business Prospect and Future Developments

### Operational Efficiency and Profitable Growth

We are prioritizing operational efficiency and cost management to ensure profitable growth across all of our media and e-commerce and retail divisions. By optimizing our internal processes and carefully managing expenses, we aim to maximize profitability, unlock resources for strategic reinvestment and position Hypebeast for sustainable long-term growth.

Some of the key initiatives in this area include:

- Prioritizing the correct balance of staffing across our divisions relative to impact on results and return on investment;
- Automating repetitive administrative tasks through intelligent workflow automation, freeing up our teams to focus on higher-value activities;
- Continuously reviewing and optimizing our process of delivering our products and services to save time and costs for both the company and our customers and clients;
- Rigorously evaluating our technology stack to ensure we are leveraging the most efficient and cost-effective solutions; and
- Implementing stringent cost controls and budgeting measures to maintain discipline across all operational expenditures.

### Year of Efficiency

The Group has implemented significant measures this year across the entire business to promote efficiency and stabilize profits. Such actions include a holistic rightsizing of the business' people and processes, with a focus on producing impactful results and profitable growth whilst streamlining unnecessary costs. The objective is to make Hypebeast a better media and e-commerce and retail company, to improve our financial performance in challenging environments so the business can execute its long-term vision and to re-allocate its resources to the right place to produce results.

Please refer to discussions of such actions and their impact in the Business and Financial Review section below.

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## Focus on Engagement and Community

At the core of Hypebeast's business is our vibrant, globally-engaged community of young, style-conscious and culturally aware readers and consumers. We are deeply committed to nurturing these relationships and empowering our audience to become active participants across our platforms and points of engagement.

Our key initiatives in this area include:

- Investing in community management and delivering meaningful, thought provoking content to foster community dialogue, strengthen brand loyalty, and drive user engagement;
- Developing and curating immersive virtual and physical experiences that bring our readership and consumer community together around shared passions and interests;
- Collaborating with influential figures, tastemakers, and industry partners to curate content and product offerings that resonate with our target demographic; and
- Exploring topic adjacencies that are culturally important and relevant to our audience, such as golf, arts, entertainment and technology, and developing a unique way to experience these themes through the Hypebeast lens.

By placing our readership and consumer community at the heart of our strategy, we can deepen our understanding of their evolving needs and preferences, unlock new avenues for growth, and solidify Hypebeast's position as a trusted, go-to destination for youth culture and style.

## Strengthen the Hypebeast Ecosystem

At the heart of Hypebeast's business lies a powerful, interconnected network that unites our core divisions of media and e-commerce and retail and agency services.

Our media platforms serve as the heart of the Hypebeast community, engaging our readers with captivating content that shapes trends and fuels cultural discourse. This, in turn, empowers our e-commerce and retail division to serve as a direct conduit to our engaged, style-conscious consumer base. The data and insights gleaned from our e-commerce and retail operations inform our media strategy, enabling us to deliver personalized, relevant content and product recommendations that anticipate and meet the evolving needs of our community.

Our agency business offers a unique opportunity to bridge the gap between our media influence and e-commerce and retail capabilities. By tapping into the wealth of data, insights, and creative expertise within our agency division, we can continuously optimize our own media and e-commerce and retail strategies, ensuring that we remain at the forefront of youth culture and style.

We aim to upgrade our platform into a more cohesive and effective system to further benefit from this virtuous cycle of growth and influence, bridging the relationship between brands and our audience and driving customer acquisition and conversion.

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## Business and Financial Review

### Media Segment

Revenue and gross profit of the Media Segment for FY2024 and FY2023, are as follows:

	1H2024 HK\$'000	2H2024 HK\$'000	<b>FY2024</b> <b>HK\$'000</b> <b>(Audited)</b>	FY2023 HK\$'000 (Audited)	Change HK\$'000	% Change
Revenue	283,111	325,161	<b>608,272</b>	644,205	(35,933)	(5.6%)
Gross Profit	153,131	173,983	<b>327,114</b>	374,504	(47,390)	(12.7%)
Gross Profit Margin	54.1%	53.5%	<b>53.8%</b>	58.1%		

- Revenue from the Media Segment amounted to HK\$608.3 million in FY2024, a decrease of 5.6% against a comparative of HK\$644.2 million in FY2023. Against strong headwinds in the economy and industry, slower media campaign executions in Asia Pacific region and North America regions as well as a decrease in luxury client spend in the Middle East and Africa regions dampened revenue in the first half of FY2024. As at the first half of FY2024, revenue from the Media Segment amounted to HK\$283.1 million.
- An improvement in performance in the second half of FY2024 led by a global increase in Media campaign executions improved revenue from the Media segment in the second half of FY2024 to HK\$325.2 million, a 14.9% increase compared to revenue recorded in the first half of FY2024.
- Gross profit of the Media Segment amounted to HK\$327.1 million, representing a decrease of HK\$47.4 million, or 12.7%, versus FY2023. Gross profit margin decreased from 58.1% in FY2023 to 53.8% in FY2024. The difference was mainly due to increase in campaign costs associated with “in real life” sales executions produced by the Group in FY2024.
- Gross profit in the first half of FY2024 was HK\$153.1 million, compared to HK\$174.0 million recorded in the second half of FY2024. Other than the impact of increases in revenue in the second half of FY2024, the improvement in gross margin in the second half of FY2024 was also driven by a comprehensive cost efficiency exercise conducted by the Group in the second half of FY2024, which includes reviewing and downsizing the Group’s people and processes to drive more efficient operations and improve margin and profitability.

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## E-Commerce and Retail Segment

Revenue and gross profit of the E-Commerce and Retail Segment for FY2024 and FY2023, are as follows:

	1H2024 HK\$'000	2H2024 HK\$'000	<b>FY2024</b> <b>HK\$'000</b> <b>(Audited)</b>	FY2023 HK\$'000 (Audited)	Change HK\$'000	% Change
Revenue	156,896	130,484	<b>287,380</b>	315,768	(28,388)	(9.0%)
Gross Profit	53,695	32,649	<b>86,344</b>	130,914	(44,570)	(34.0%)
Gross Profit Margin	34.2%	25.0%	<b>30.0%</b>	41.5%		

- Revenue from the E-commerce and Retail Segment decreased from HK\$315.8 million in FY2023 to HK\$287.4 million in FY2024, or a decrease of 9.0%. Gross profit of the E-commerce and Retail Segment amounted to HK\$86.3 million in FY2024, representing a decrease of HK\$44.6 million, or 34.0%, as compared to FY2023. This translates to a gross profit margin of 30.0%, a decrease of 11.5 percentage points as compared to 41.5% in FY2023.
- The decrease in e-commerce revenue was primarily driven by an increase in promotion and discounts deployed in the course of rightsizing the Group's inventory portfolio. The Group's main focus within the e-commerce segment is to improve the division's long term profitability and reduce segment risk by decreasing working capital tied up in inventory, onboarding more cost effective channels for product procurement and distribution, focusing on brand and product gross margins and adhering to stringent operational cost management.

## Cost of Revenue

The Group's cost of revenue increased from HK\$454.6 million for FY2023 to HK\$482.2 million for FY2024, representing an increase of approximately 6.1%. The increase was mainly attributable to increase in promotional activities for the E-commerce and Retail Segment due to the aforementioned long-term margin improvement efforts deployed by the Group during the fiscal year. Cost of revenue in the first half of FY2024 was HK\$233.2 million, compared to HK\$249.0 million recorded in the second half of FY2024.

## Gross Profit Margin

Gross profit of the Group decreased from HK\$505.4 million for FY2023 to HK\$413.5 million for FY2024, representing a decrease of approximately 18.2%. The decrease was mainly caused by the increase in cost of revenue for FY2024 as discussed above. The overall gross profit margin decreased from approximately 52.6% for FY2023 to approximately 46.2% for FY2024. Gross profit in the first half of FY2024 was HK\$206.8 million, compared to HK\$206.6 million recorded in the second half of FY2024.

## Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 21.0% from HK\$218.3 million in FY2023 to HK\$172.4 million in FY2024 and, correspondingly as a percentage of revenue, decreased from 22.7% in FY2023 to 19.2% in FY2024, primarily due to an efficiency improvement exercise deployed by the Group during the fiscal year. The Group holistically scrutinized all of the Company's expenses and significantly downsized both people and processes in order to improve margin and profitability whilst maintaining productivity.

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A reduction in marketing expenses also drove a portion of the decrease. The Group shifted its marketing strategy from higher cost paid channels to lower cost organic marketing channels to drive customer acquisition and conversion within the E-commerce and Retail Segment. As a result, the segment maintained similar levels of performance while generating cost efficiencies.

As a result, selling and marketing expenses decreased to HK\$80.6 million in the second half of FY2024, as compared to HK\$91.8 million in the first half of FY2024. Such cost savings are expected to continue its positive impact to the Group's financial results in the next fiscal year.

## **Administrative and Operating Expenses**

Administrative and operating expenses of the Group decreased by 7.1% from HK\$229.8 million in FY2023 to HK\$213.6 million in FY2024 and correspondingly as a percentage of revenue, it remained constantly stable at 23.9% in FY2023 and FY2024. The decrease was mainly led by the Group's cost efficiency actions to improve margin and profitability. Administrative and operating expenses decreased to HK\$89.1 million in the second half of FY2024, as compared to HK\$124.6 million in the first half of FY2024. As with Selling and Marketing expenses, the impact of cost savings measures are expected to continue its positive impact to the Group's financial results in the next fiscal year.

## **Professional Fee related to the Merger**

In FY2023, there was approximately HK\$42.2 million of one-time legal and professional fees incurred for the Merger. Please refer to all the relevant announcements during FY2023 for details. No such cost was incurred in FY2024.

## **Gain on Disposal of JV**

In FY2023, the Company agreed, to dispose of its entire equity interest of its joint venture and outstanding amount due from its joint venture, at an aggregate cash consideration of approximately US\$2,503,000 (equivalent to approximately HK\$19,646,000) (the "**Consideration**"), payable in 2 installments. The disposal was completed on 30 September 2022 and HK\$16,497,000 was received in FY2023. As at the date of disposal, the carrying amount of interest in a joint venture is nil. During the year ended 31 March 2023, the Company had advanced an aggregate amount to The Berrics of HK\$1,298,000. Upon settlement of this outstanding amount, the Group recognised the remaining consideration of HK\$18,348,000 as the gain on disposal of the joint venture in FY2023. No such amount was incurred in FY2024.

## **Impairment Assessment of Property, Plant and Equipment ("PPE") and Right-of-use ("ROU") Assets**

In FY2023, the Directors were of the view that impairment of PPE and ROU assets had occurred based on the results of impairment assessments conducted. Impairment losses of approximately HK\$0.5 million and HK\$3.4 million have been recognised against the carrying amounts of PPE and ROU assets respectively, for FY2023. No such impairment losses were recognised in FY2024.



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## Cash Flow

The Group recorded net cash inflow from operating activities of HK\$70.6 million in FY2024 versus an outflow of HK\$65.5 million in FY2023. Such net cash inflow was mainly driven by improvements in working capital primarily from optimization of inventory and improvements in accounts receivable collections.

Net cash used in investing activities amounted to HK\$15.2 million in FY2024, compared to cash inflows of HK\$1.2 million from investing activities in FY2023. Such cash outflows were mainly due to the placement of time deposits with original maturity over three months, offset by net proceeds from disposals of financial assets of FVTPL.

Net cash used in financing activities amounted to HK\$31.5 million in FY2024 as compared to HK\$40.8 million in FY2023. Such cash outflows primarily related to the Group's financing of office, retail and warehouse space, as well as a reduction in bank borrowings.

<b>Extracts of cash flow</b>	<b>FY2024</b>	<b>FY2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash from/(used in) operating activities	<b>70,577</b>	(65,467)
Net cash (used in)/from investing activities	<b>(15,205)</b>	1,217
Net cash used in financing activities	<b>(31,503)</b>	(40,770)
Net increase/(decrease) in cash and cash equivalents	<b>23,869</b>	(105,020)
Cash and cash equivalents at beginning of the year	<b>166,021</b>	284,269
Effect of foreign exchange rate changes	<b>(6,398)</b>	(13,228)
Cash and cash equivalents at end of the year, representing bank balances and cash	<b>183,492</b>	166,021
Capital expenditure	<b>(2,149)</b>	(16,581)
Free cash flow (Note)	<b>68,428</b>	(82,048)

Note: Free cash flow is calculated as Net cash from/(used in) operating activities minus Capital expenditure.

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	3	895,652	959,973
Cost of revenue		(482,194)	(454,555)
Gross profit		413,458	505,418
Other income, other gains and losses	5	2,884	16,836
Selling and marketing expenses		(172,355)	(218,259)
Administrative and operating expenses		(213,636)	(229,848)
Professional fee related to the merger		—	(42,235)
Impairment losses under expected credit losses model, net of reversal		(1,739)	(1,543)
Reversal of impairment loss recognised (impairment losses recognised) on intangible assets		7,255	(5,211)
Impairment loss recognised on property plant and equipment and right-of-use assets		—	(3,915)
Finance costs		(3,051)	(3,504)
Profit before tax		32,816	17,739
Income tax expense	6	(10,509)	(22,808)
Profit (loss) for the year	7	22,307	(5,069)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(11,578)	(12,546)
Total comprehensive income (expense) for the year		10,729	(17,615)
Earnings (loss) per share	9		
– Basic (HK cent)		1.09	(0.25)
– Diluted (HK cent)		1.09	(0.25)

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## Consolidated Statement of Financial Position

At 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		40,715	51,960
Intangible assets		21,258	14,140
Right-of-use assets	10	37,582	55,379
Financial assets at fair value through profit or loss ("FVTPL")		11,114	14,327
Rental and other deposits	11	6,047	7,771
Deferred tax assets		1,404	1,115
		<b>118,120</b>	<b>144,692</b>
<b>Current assets</b>			
Inventories		77,924	113,770
Trade and other receivables	11	189,960	186,579
Tax prepayments		20,915	8,266
Contract assets	12	9,625	13,028
Pledged bank deposits		10,438	10,000
Time deposits with original maturity over three months		19,403	—
Cash and cash equivalents		183,492	166,021
		<b>511,757</b>	<b>497,664</b>
<b>Current liabilities</b>			
Trade and other payables	13	73,387	89,755
Contract liabilities	14	27,115	17,716
Bank borrowings		—	2,724
Lease liabilities	15	18,308	20,262
Tax payables		4,686	2,405
		<b>123,496</b>	<b>132,862</b>
<b>Net current assets</b>		<b>388,261</b>	<b>364,802</b>
<b>Total assets less current liabilities</b>		<b>506,381</b>	<b>509,494</b>
<b>Non-current liability</b>			
Lease liabilities	15	26,049	42,889
		<b>26,049</b>	<b>42,889</b>
<b>Net assets</b>		<b>480,332</b>	<b>466,605</b>
<b>Capital and reserves</b>			
Share capital	16	20,541	20,541
Reserves		459,791	446,064
		<b>480,332</b>	<b>466,605</b>

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## NOTES:

### 1. General Information

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 25 September 2015. The Company's shares were listed on Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Its registered office is located at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The address of its principal place of business is 40/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries and the variable interest entity (hereinafter together with the Company collectively referred to as the "**Group**") are principally engaged in the provision of advertising spaces services, provision of services for creative agency projects, publication of magazines and operation of online and offline retail platform. Its parent and ultimate holding company is CORE Capital Group Limited, a private company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Ma Pak Wing Kevin ("**Mr. Ma**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK\$**"), which are the same as the functional currency of the Company.

### 2. Application of New and Amendments to International Financial Reporting Standard ("**IFRSs**")

#### *New and amendments to IFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following new and amendments to IFRSs, International Accounting Standards ("**IASs**"), and interpretations issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## **2.1 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3 of the consolidated financial statements.

## **2.2 Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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In accordance with the transition provision:

- i. the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 April 2022;
- ii. the Group also, as at 1 April 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group disclosed the related deferred tax assets of HK\$8,933,000 and deferred tax liabilities of HK\$8,933,000 on a gross basis in note 27 of the consolidated financial statements but it has no impact on the accumulated profits at the earliest period presented.

## 3. Revenue

### Disaggregation of revenue from contracts with customers

Segments	Media		E-commerce and retail		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Sales of goods through online and offline retail platform	—	—	269,347	285,663	269,347	285,663
Commission fee from consignment sales	—	—	3,560	4,493	3,560	4,493
Provision of advertising spaces	473,037	434,980	738	4,332	473,775	439,312
Provision of services for creative agency projects	134,813	208,892	—	—	134,813	208,892
Publication of magazines	422	333	—	—	422	333
Exhibition income	—	—	9,068	15,873	9,068	15,873
Beverage income	—	—	4,667	5,407	4,667	5,407
<b>Total revenue from contracts with customers</b>	<b>608,272</b>	<b>644,205</b>	<b>287,380</b>	<b>315,768</b>	<b>895,652</b>	<b>959,973</b>
<b>Geographical markets</b>						
Hong Kong	32,134	36,210	81,388	81,673	113,522	117,883
PRC	66,010	52,310	37,423	32,092	103,433	84,402
United States ("US")	251,564	272,931	71,357	89,423	322,921	362,354
Other countries	258,564	282,754	97,212	112,580	355,776	395,334
<b>Total</b>	<b>608,272</b>	<b>644,205</b>	<b>287,380</b>	<b>315,768</b>	<b>895,652</b>	<b>959,973</b>
<b>Timing of revenue recognition</b>						
A point in time	135,235	209,225	279,776	300,331	415,011	509,556
Over time	473,037	434,980	7,604	15,437	480,641	450,417
<b>Total</b>	<b>608,272</b>	<b>644,205</b>	<b>287,380</b>	<b>315,768</b>	<b>895,652</b>	<b>959,973</b>

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## 4. Segment Information

Information reported to the Chief Executive Officer (“CEO”) of the Group, being the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered, or service provided. The CODM has chosen to organise the Group's results according to the category of the business segment and differences in nature of the goods and services that each segment delivers. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

Media segment	—	Provision of advertising spaces, provision of services for creative agency projects and publication of magazines
E-commerce and retail segment	—	Operation of online and offline retail platform for the sale and retail segment of third-party branded clothing, shoes and accessories, commission fee from consignment sales, provision of advertising space, exhibition income and beverage income.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

### Year ended 31 March 2024

	Media HK\$'000	E-commerce and retail HK\$'000	Consolidated HK\$'000
Total segment revenue	608,272	287,380	895,652
Segment results	159,763	(39,012)	120,751
Finance costs			(199)
Interest income			3,524
Share-based payment expense			(2,998)
Gain on fair value changes of financial assets at FVTPL			506
Reversal of impairment losses recognised on intangible assets			7,255
Central administration costs			(61,492)
Unallocated expenses			(34,531)
Profit before tax			32,816

# HYPEBEAST

Year ended 31 March 2023

	Media HK\$'000	E-commerce and retail HK\$'000	Consolidated HK\$'000
Total segment revenue	644,205	315,768	959,973
Segment results	204,162	(33,831)	170,331
Finance costs			(425)
Interest income			1,088
Share-based payment expense			(6,278)
Loss on fair value changes of financial assets at FVTPL			(7,212)
Gain on disposal of a joint venture			18,348
Gain on fair value changes of derivative financial instruments			620
Impairment losses recognised on intangible assets			(5,211)
Professional fee related to the merger			(42,235)
Project income from non-fungible token ("NFT") NFT projects			7,188
Central administration costs			(68,706)
Unallocated expenses			(49,769)
Profit before tax			17,739

## 5. Other Income, Other Gains and Losses

	2024 HK\$'000	2023 HK\$'000
Net exchange losses	2,112	5,723
(Gain) loss on fair value changes of financial assets at FVTPL	(506)	7,212
Gain on fair value changes of derivative financial instruments	—	(620)
Penalty on customers for overdue settlement	(2)	(797)
Bank interest income	(3,524)	(1,088)
Project income from NFT projects	—	(7,188)
Gain on disposal of a joint venture	—	(18,348)
Loss on disposal of property, plant and equipment	872	—
Others	(1,836)	(1,730)
	(2,884)	(16,836)



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## 6. Income Tax Expense

	2024 HK\$'000	2023 HK\$'000
Current tax:		
– Hong Kong Profits Tax	1,944	15,702
– The PRC Enterprise Income Tax (“EIT”)	1,860	4,068
– Japan Corporate Income Tax	2,759	388
– Other jurisdictions	1,501	747
Overprovision in prior year		
– Hong Kong Profits Tax	—	(3)
PRC withholding tax on distributed profits from PRC subsidiaries	2,734	1,999
	10,798	22,901
Deferred tax:		
Credit for the year	(289)	(93)
	10,509	22,808

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The basic tax rate of the Company’s PRC subsidiaries is 25% for both years under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

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## 7. Profit (Loss) for the Year

	2024 HK\$'000	2023 HK\$'000
Profit (loss) for the year has been arrived at after charging:		
Directors' remuneration	6,985	10,303
Other staff costs		
– salaries and allowances	299,837	292,955
– discretionary bonus	—	9,791
– retirement benefits scheme contribution	11,228	9,367
– Share-based payment expense	1,820	5,100
Total directors and other staff costs	319,870	327,516
Auditor's remuneration	980	1,950
Cost of inventories recognised as an expense (including write-down of inventories amounting to HK\$10,019,000 (2023: HK\$4,526,000))	188,117	169,860
Depreciation of property, plant and equipment	12,152	16,845
Depreciation of right-of-use assets	24,780	21,950
Amortisation of intangible assets	99	61

## 8. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during both years.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2024 of HK\$0.00359 (2023: HK\$nil) per ordinary share, in an aggregate amount of HK\$7,370,000 and a special dividend of HK\$0.01063 per ordinary share, in an aggregate amount of HK\$21,830,000, have been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

## 9. Earnings (Loss) Per Share

The calculation of the basic and diluted earnings (loss) per share for the years ended 31 March 2024 and 2023 is based on the following data:

	2024 HK\$'000	2023 HK\$'000
<b>Earnings (loss)</b>		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share		
(Profit (loss) for the year attributable to owners of the Company)	22,307	(5,069)

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	2024 '000	2023 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	2,054,129	2,054,085
<b>Effect of dilutive potential ordinary shares:</b>		
Share options issued by the Company	784	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	2,054,913	2,054,085

For the year ended 31 March 2024, diluted earnings per share did not assume the exercise of certain share options granted by the Company since the exercise prices for the computation of diluted earnings per share of those share options were higher than the average market price for shares.

The computation of diluted loss per share for the year ended 31 March 2023 did not assume the exercise of share options granted since the exercise would result in a decrease in loss per share for the year ended 31 March 2023.

## 10. Right-of-Use Assets

	Leased properties HK\$'000	
<b>As at 31 March 2023 and 1 April 2023</b>		
Carrying amount		55,379
<b>As at 31 March 2024</b>		
Carrying amount		37,582
<b>For the year ended 31 March 2023</b>		
Depreciation charge		21,950
<b>For the year ended 31 March 2024</b>		
Depreciation charge		24,780
	2024 HK\$'000	2023 HK\$'000
Expenses relating to short-term leases	4,770	5,037
Variable lease payments not included in the measurement of lease liabilities (Note)	2,487	2,789
Total cash outflow for leases	35,995	31,969
Additions to right-of-use assets	9,188	10,814

Note: Leases of retail stores contain variable lease payment that are based on 13.0% to 14.0% (2023: 12.0% to 13.0%) of sales over the lease term. The amount of variable lease payments paid/payable to relevant lessor for the year ended 31 March 2024 amounted to HK\$2,487,000 (2023: HK\$2,789,000). The overall financial effect of using variable payment term is that higher rental costs are incurred by the store with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of store sales in future years.

The above right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the respective lease terms ranging from 1 to 7 years.

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## 11. Trade and Other Receivables

	2024	2023
	HK\$'000	HK\$'000
Trade receivables	125,372	127,258
Unbilled receivables (Note (b))	17,181	19,518
Trade and unbilled receivables	142,553	146,776
Less: allowance for credit losses	(2,437)	(909)
Trade and unbilled receivables (net carrying amount)	140,116	145,867
Advance to staff	1,533	790
Rental and utilities deposits	14,652	12,142
Prepayments	18,744	20,482
Consideration receivable related to disposal of a joint venture	3,149	3,149
Other receivables	15,855	9,962
Deposit paid for long term investment	1,958	1,958
Total	196,007	194,350
Analysed as:		
Current	189,960	186,579
Non-current (Note (a))	6,047	7,771
Total	196,007	194,350

Notes:

- a) The amounts included certain rental deposits and deposit paid for long term investment.
- b) Certain tax bureaus in the PRC have set monthly quotas on the aggregate invoice amounts for transactions in the media segment. The unbilled receivables represent the amount of unconditional right to the consideration for completed performance obligations but the related invoices have not yet been issued as at year end as the quota limit has been exceeded.

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As at 1 April 2023, trade and unbilled receivables from contracts with customers amounted to HK\$151,700,000.

The Group allows credit periods ranging from 30 to 60 days to its trade customers derived from provision of advertising spaces and creative agency projects, whereas no credit period is granted to customers from online and offline retail platforms, consignor from consignment sales commission income and subscribers of magazines. The following is an aging analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Within 60 days	<b>93,014</b>	86,776
61–90 days	<b>7,147</b>	7,913
91–180 days	<b>21,329</b>	29,219
181–365 days	<b>2,016</b>	1,760
Over 365 days	<b>1,866</b>	1,590
	<b>125,372</b>	127,258

As at 31 March 2024, included in the Group's trade and unbilled receivables balance are debtors with aggregate gross carrying amounts of HK\$26,284,000 (2023: HK\$54,816,000) which are past due as at the reporting date. Out of the past due balances, HK\$5,401,000 (2023: HK\$15,963,000) has been past due 90 days or more and are not considered as in default as there had not been a significant change in credit quality and the amounts were still considered recoverable based on historical experience. The Group does not hold any collateral over these balances and the Group will further charge at 1.5% (2023: 1.5%) on overdue balances of certain customers pursuant to the contracts upon negotiation as a penalty of overdue settlement.

## 12. Contract Assets

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Provision of advertising spaces	<b>9,625</b>	13,028

As at 1 April 2022, contract assets amounted to HK\$5,154,000.

The contract assets primarily relate to the Group's right to consideration for the advertisement launched in the online platform or social media platform but not billed because the rights are conditioned on the satisfaction of the target impression rate or click rate pursuant to the contract. The contract assets are transferred to trade and unbilled receivables upon the satisfaction of the target impression rate or click rate and the end of advertising period.

As at 31 March 2024 and 2023, all contract assets are expected to be settled within 1 year, and accordingly classified as current.

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## 13. Trade and Other Payables

	2024	2023
	HK\$'000	HK\$'000
Trade payables	20,726	25,924
Commission payable to staff	8,993	23,329
Accrual for campaign cost (Note)	7,992	7,310
Accrual professional fee related to merger	—	4,291
Other payables and accrued expenses	35,676	28,901
	<b>73,387</b>	<b>89,755</b>

Note: Accrual for campaign cost represents the best estimate of accrual for expenses incurred for rendering the creative agency campaign and media project which include video shooting and photography.

The average credit period on purchases of goods is 30 days. The aging analysis of the Group's trade payables below is presented based on the invoice date at the end of the reporting period:

	2024	2023
	HK\$'000	HK\$'000
Within 30 days	10,313	17,264
31–60 days	3,710	1,816
61–90 days	1,138	2,270
Over 90 days	5,565	4,574
	<b>20,726</b>	<b>25,924</b>

## 14. Contract Liabilities

	2024	2023
	HK\$'000	HK\$'000
Provision of advertising spaces (Note a)	25,374	16,151
Sales of goods through online retail platform (Note b)	596	420
Customer loyalty scheme (Note c)	1,145	1,145
	<b>27,115</b>	<b>17,716</b>

As at 1 April 2022, contract liabilities amounted to HK\$11,602,000.

Notes:

- a) The Group receives 50% of the contract value as deposits from new customers when they sign the contracts for provision of advertising spaces. The deposits and advance payment schemes result in contract liabilities being recognised until the advertisement launched in relevant spaces and relevant benefits received by the customers. During the year ended 31 March 2024, the Group has recognised revenue of HK\$16,151,000 (2023: HK\$5,891,000) that was included in the contract liabilities balance at the beginning of the respective year. All contract liabilities attributable to the provision of advertising spaces and services for creative agency projects as at 31 March 2024 are expected to be recognised as revenue within 1 year.

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- b) When the Group receives the payment in full before the goods is shipped/delivered, this will give rise to contract liabilities at the start of a contract, until the revenue recognised when the goods is shipped/delivered to the customers. During the year ended 31 March 2024, the Group has recognised revenue of HK\$420,000 (2023: HK\$4,872,000) that was included in the contract liabilities balance at the beginning of the respective year. All contract liabilities attributable to the sales of goods through online retail platform as at 31 March 2024 are expected to be recognised as revenue within 1 year.
- c) The Group grants award credits for customers for sales under the Group's customer loyalty scheme. The customers can use the award credits to purchase the goods through the Group's online retail platform in future purchases. The award credits have one-year expiration period.

## 15. Lease Liabilities

	2024 HK\$'000	2023 HK\$'000
<b>Lease liabilities payable:</b>		
Within one year	18,308	20,262
In more than one year but not more than two years	11,682	18,235
In more than two years but not more than five years	14,367	24,654
	<b>44,357</b>	63,151
Less: Amount due for settlement with 12 months shown under current liabilities	<b>(18,308)</b>	(20,262)
Amount due for settlement after 12 months shown under non-current liabilities	<b>26,049</b>	42,889

Weighted average incremental borrowing rates applied to lease liabilities range from 2.77% to 4.38% (2023: 2.77% to 3.65%).

## 16. Share Capital

The movements in the Company's authorised and issued ordinary share capital are as follows:

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
As 1 April 2022, 31 March 2023 and 31 March 2024	6,000,000,000	60,000,000
<b>Issued:</b>		
At 1 April 2022	2,053,629,231	20,536,293
Exercise of share options	500,000	5,000
At 31 March 2023 and 2024	2,054,129,231	20,541,293

The new shares rank pari passu with the existing shares in all respect.

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## Proposed Final and Special Dividend

The Board has recommended the payment of a final dividend of HK\$0.00359 per ordinary share and a special dividend of HK\$0.01063 per ordinary share for FY2024 (the “**Proposed Final and Special Dividend**”) (FY2023: Nil). The Proposed Final and Special Dividend is subject to the approval of shareholders of the Company (the “**Shareholders**”) at the annual general meeting to be held on Wednesday, 14 August 2024 (the “**AGM**”). The Proposed Final and Special Dividend will be paid in cash on Tuesday, 10 September 2024 to the Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 21 August 2024.

## Closure of Register of Members

### (a) Entitlement to attend and vote at the AGM

For determining the entitlement of the Shareholders to attend and vote at the AGM, the Company’s register of members will be closed from Friday, 9 August 2024 to Wednesday, 14 August 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 August 2024.

### (b) Entitlement to the Proposed Final and Special Dividend

For determining the entitlement of the Shareholders to receive the Proposed Final and Special Dividend, the Company’s register of members will be closed on Wednesday, 21 August 2024 on which no transfer of shares will be registered. In order to be eligible to receive the Proposed Final and Special Dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 August 2024.

## Purchase, Sale or Redemption of Listed Securities of The Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2024.



# HYPEBEAST

## Corporate Governance Practice

The Company recognizes the importance of corporate transparency and accountability. The Company is committed to achieving and maintaining a high standard of corporate governance, as the Board believes that effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders and other stakeholders of the Company, and are essential for encouraging accountability and transparency so as to sustain the success of the Group in its creation of long-term value for the shareholders of the Company.

To the best knowledge of the Board, the Company has met the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the year ended 31 March 2024, save for the deviation from the code provisions C.2.1.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Ma Pak Wing Kevin currently assumes the role of both chairman and chief executive officer of the Company. The Board considers that consolidation of these roles by Mr. Ma provides strong and consistent leadership to the Company which facilitates effective planning and efficient management of the Company.

Furthermore, having considered Mr. Ma’s extensive experience in the digital media industry, the relationships Mr. Ma has built with the customers and the historical development of the Group, the Board considers that it is beneficial for the Group for Mr. Ma to continue to act as both Chairman and Chief Executive Officer of the Company.

## Directors’ Securities Transactions

The Company adopted the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, as part of its code of conduct regarding Directors’ transactions in the securities of the Company. Specific enquiry has been made of all the Directors and all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance throughout the period from 1 April 2023 to the date of this announcement.

# HYPEBEAST

## Audit Committee

The audit committee of the Company consists of three members, being the three independent non-executive Directors, namely Mr. Wong Kai Chi (Chairman), Ms. Poon Lai King and Ms. Kwan Shin Luen Susanna. The audit committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2024 and is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2024 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

## Events After The Reporting Period

There were no important events subsequent to the end of the reporting period and up to the date of this announcement, which would affect the Group's business operations in material aspects.

## Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 June 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

By Order of the Board

**Hypebeast Limited**

**Ma Pak Wing Kevin**

*Chairman and executive Director*

Hong Kong, 27 June 2024

*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. Poon Lai King, Mr. Wong Kai Chi and Ms. Kwan Shin Luen Susanna.*