

HYPEBEAST

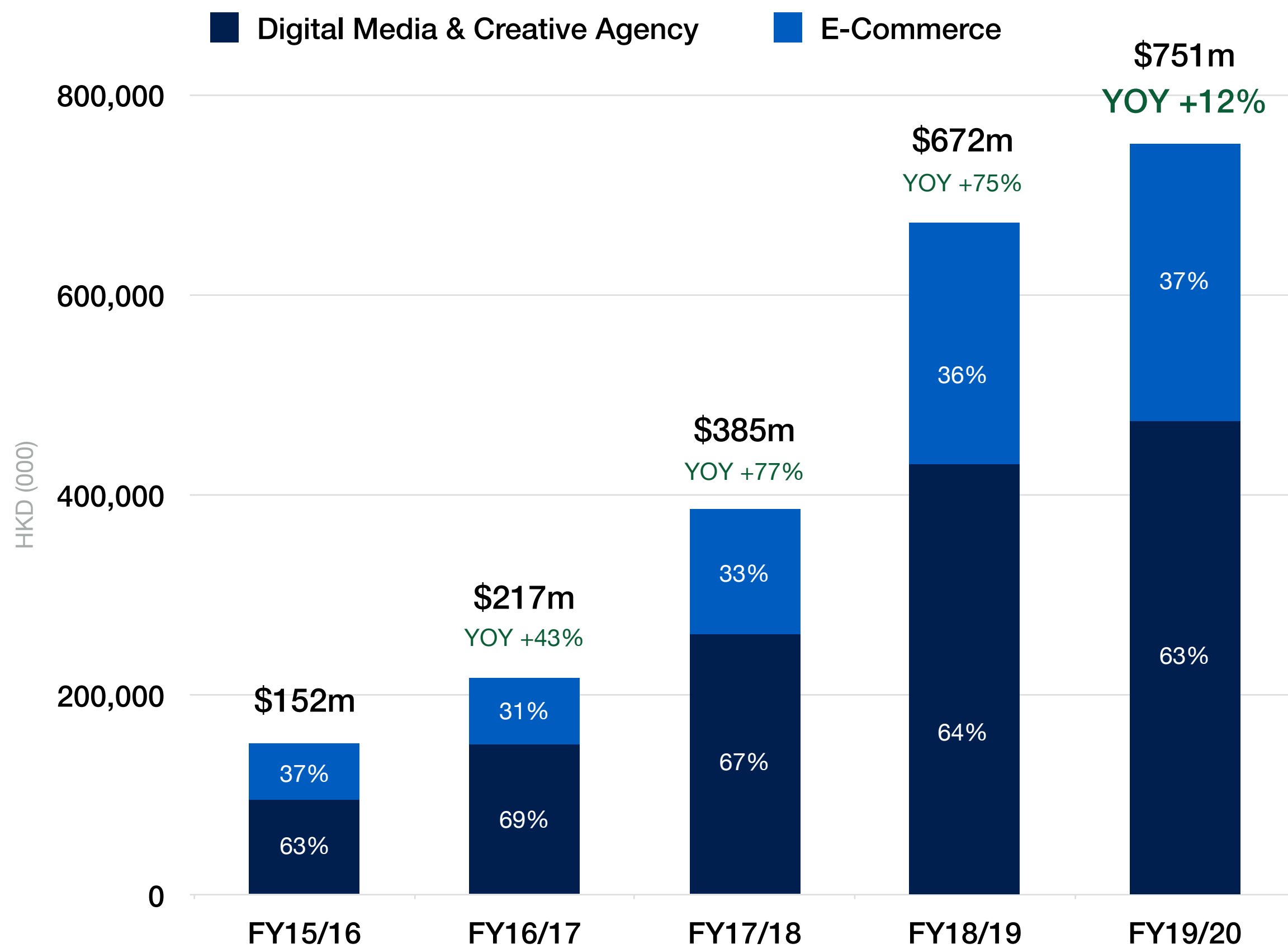
FY 19/20
Annual Results

June 2020

150.HK

Hypebeast Ltd. 150.HK

FY19/20 Annual Result Highlights



4 year CAGR: 49.1%

FY19/20 Annual Financial Results
Google Analytics March 19 - April 2020

↑ +15%



HK\$278M

E-Commerce Revenue in HKD

↑ +10%



HK\$474M

Digital Media & Creative Agency Revenue in HKD

51%

Gross Profit Margin

FY18/19:
50%

↑ +21%



16.8M

Monthly Unique Visitors*

MAR 19:
13.3M

9%

Net Profit Margin

FY18/19:
9.2%

↑ +9%



3.36

Basic EPS (HK Cent)

FY18/19:
3.09 (HK Cent)

COVID-19

COVID-19 – Our Initial Response

Supporting Brand Partners, Customers & Employees

- Maintain supportive and understanding stance when communicating with longstanding brand partners
- Accommodate and be extra flexible with customer needs throughout COVID
- Health and safety measures and work from home arrangements implemented across global offices

Adapting Operations to Continue Service

- HBX warehouse remained operational throughout COVID-19
- Continued close communications with brands throughout COVID-19
- Adopted technologies to ensure efficiencies across teams

Cost savings & Financial Flexibilities

- Strengthen treasury and increase financial stability
- Operating expense adjustments
- Application for government subsidies when available

COVID-19 – Core Business Impacts

Digital Media

- Demand impact to advertisement by certain hard-hit segments (Fashion, Retail)

- Brand advertisement budgets temporarily on-hold during initial COVID-19 months

- Physical Campaign Production halted

- Campaigns push backs & delays

Our Responses

- Benefit from existing strategy to attract more “Non-Endemics” clients (Technology, Alcohol, Gaming)
- Offer case-by-case rate card adjustments during COVID-19 to long standing brand owners

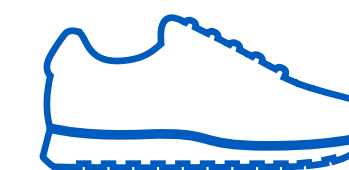
- Close communication with brand partners throughout COVID-19

- Switch to “Digital Only” advertising
- Provide computer graphics production services instead of physical campaigns

- Offer campaign execution extensions to 2H of 2020



Luxury

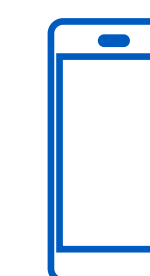


Sportswear

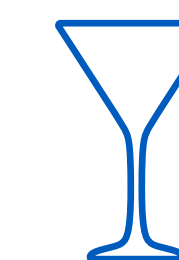
Endemic Clients



Gaming



Tech



Alcohol

Non-Endemics Clients

Digital Media Strategy

Expansion into Non-Endemic Territory

FY20 Endemic Brand Partners Core Sectors: Luxury, Fashion, Sportswear



VALENTINO

CHANEL



RIMOWA



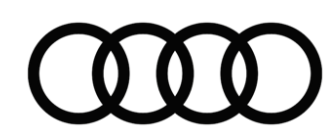
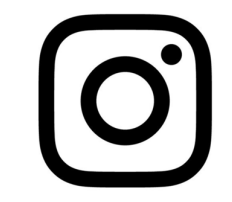
FY20 Non-Endemic Brand Partners Core Sectors: Alcohol, E-Gaming, Technology, Automobile



BOMBAY SAPPHIRE

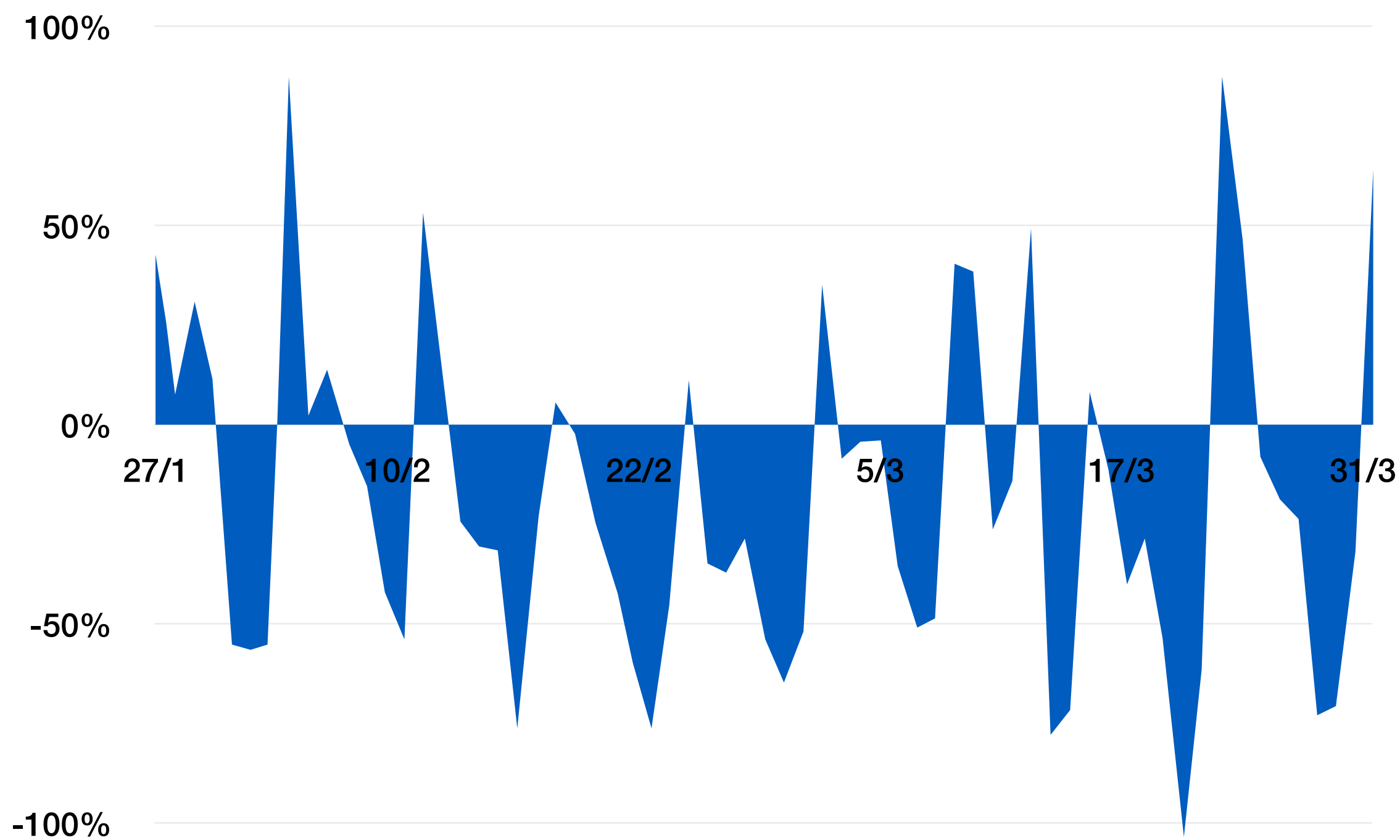


SAMSUNG



COVID-19 – Core Business Impacts Cont'd

Feb - Mar 2020 Daily Sales vs FY20 Annual Daily Sales Average



February 2020 and March 2020 netted below-average sales performance

E-Commerce

- Slower than normal sales during initial COVID-19 outbreak reflected in poorer sales in the 2H
- COVID-19 affected Landmark Hong Kong Store sales
- Delayed of Manhattan Flagship Store until 2021 (Non-financial Impact)

Our Responses

- “Stay at home” Marketing campaigns to market to quarantined customers
- Position to capture “revenge spending” for pent-up demand during COVID-19
- Adjusted inventory buys for 1H FY20/21 accordingly
- Stringent inventory management to manage inventory risk
- Competitive shipping speed (i.e. 3 Days to US)

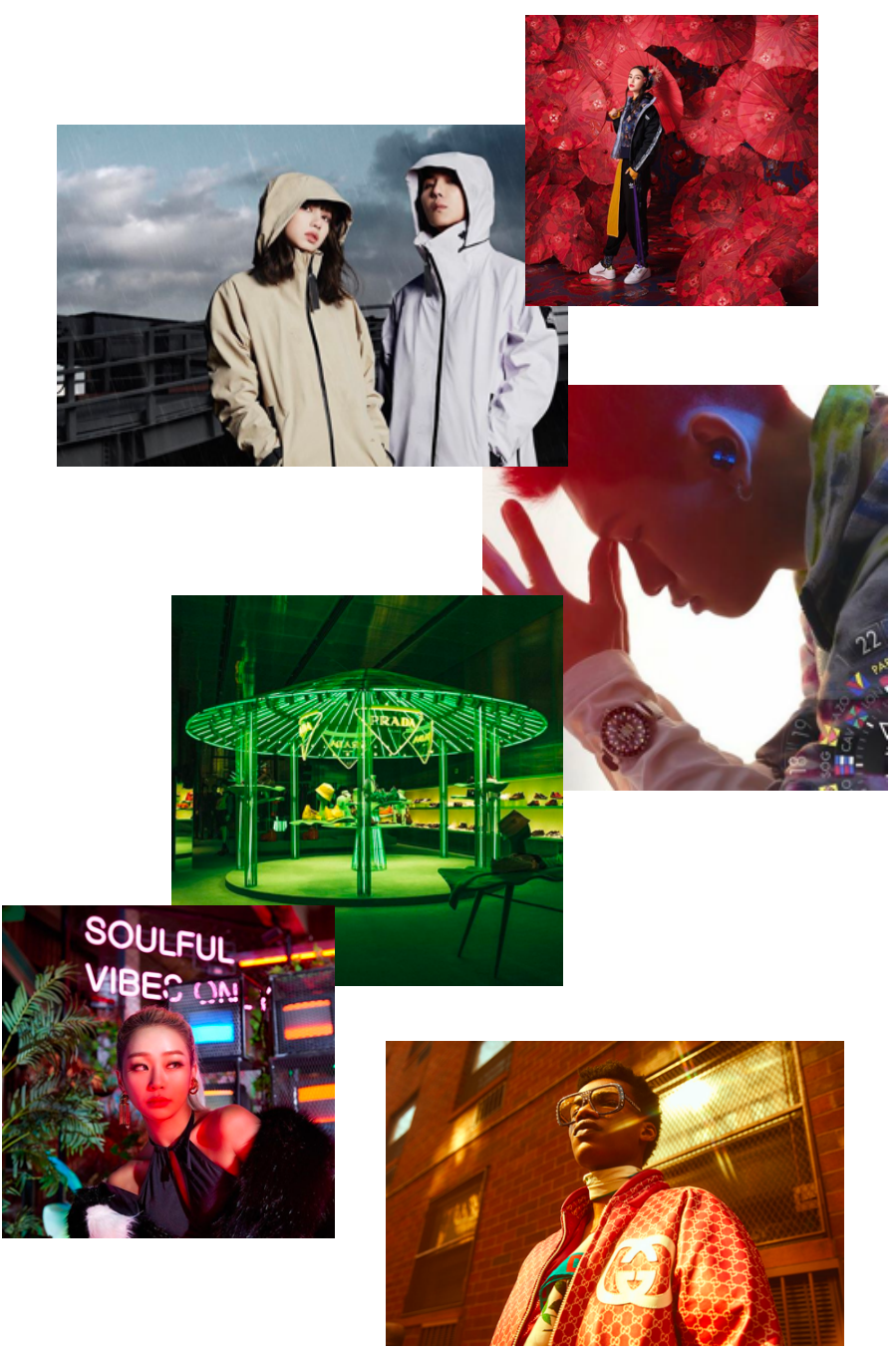
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**Digital Media &
Creative Agency**

Digital Media Segment

Delivering Tailored 360° Campaigns for Brand Partners

Creative Agency

HYPEMAKER



Creative Direction

Marketing Strategy across the entire product

Product / Influencer Collaboration

Influencers, Designers, Artists, KOLs

Physical Event Production

Event Management, Performers, Design, Guest List Curation etc.

Creative Asset Production

Look-book, Video, Photography

Digital Media

HYPEBEAST

.zh .cn .jp .kr

HYPEBAE

POPBEE



Display Banner Ads

Website & App



Advertorial Placements

Website & App



Social Media Posts

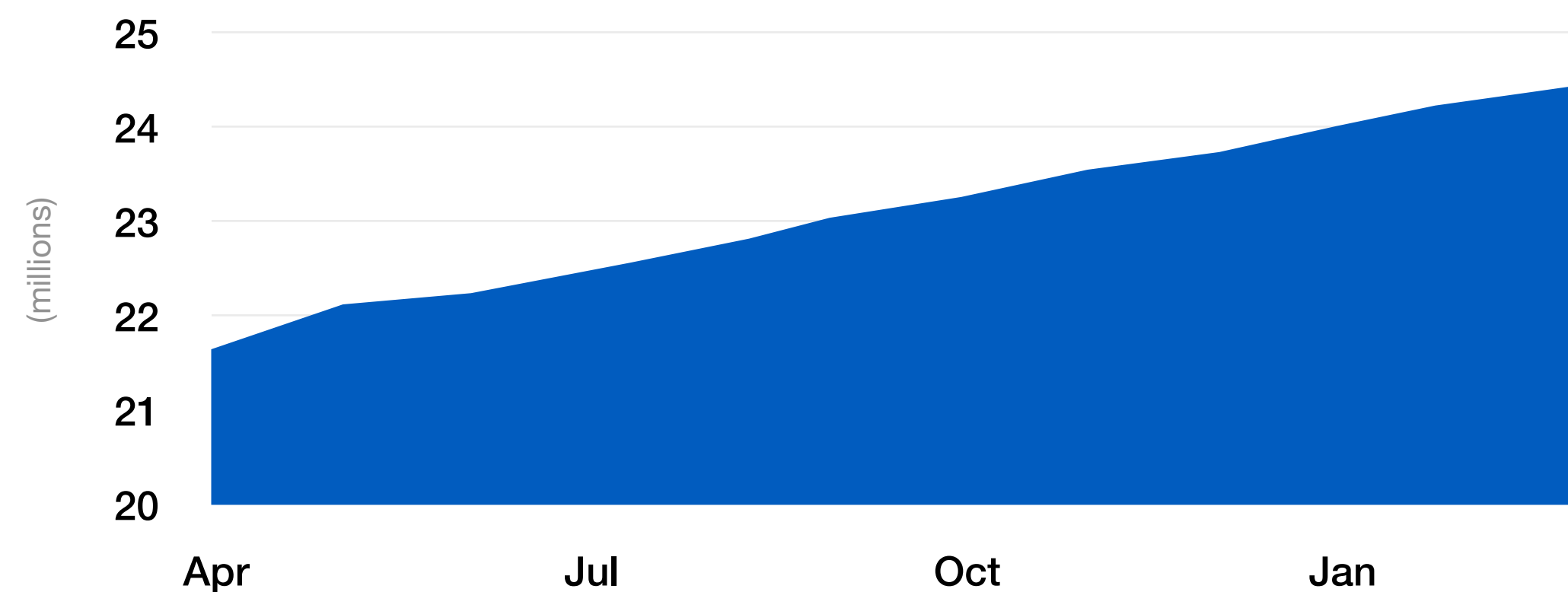
Third Party Platforms

User and Viewership Growth Network

FY19/20 Aggregate Unique Visitors



FY19/20 Aggregate Social Media Following



Aggregate Unique Visitors/Month*

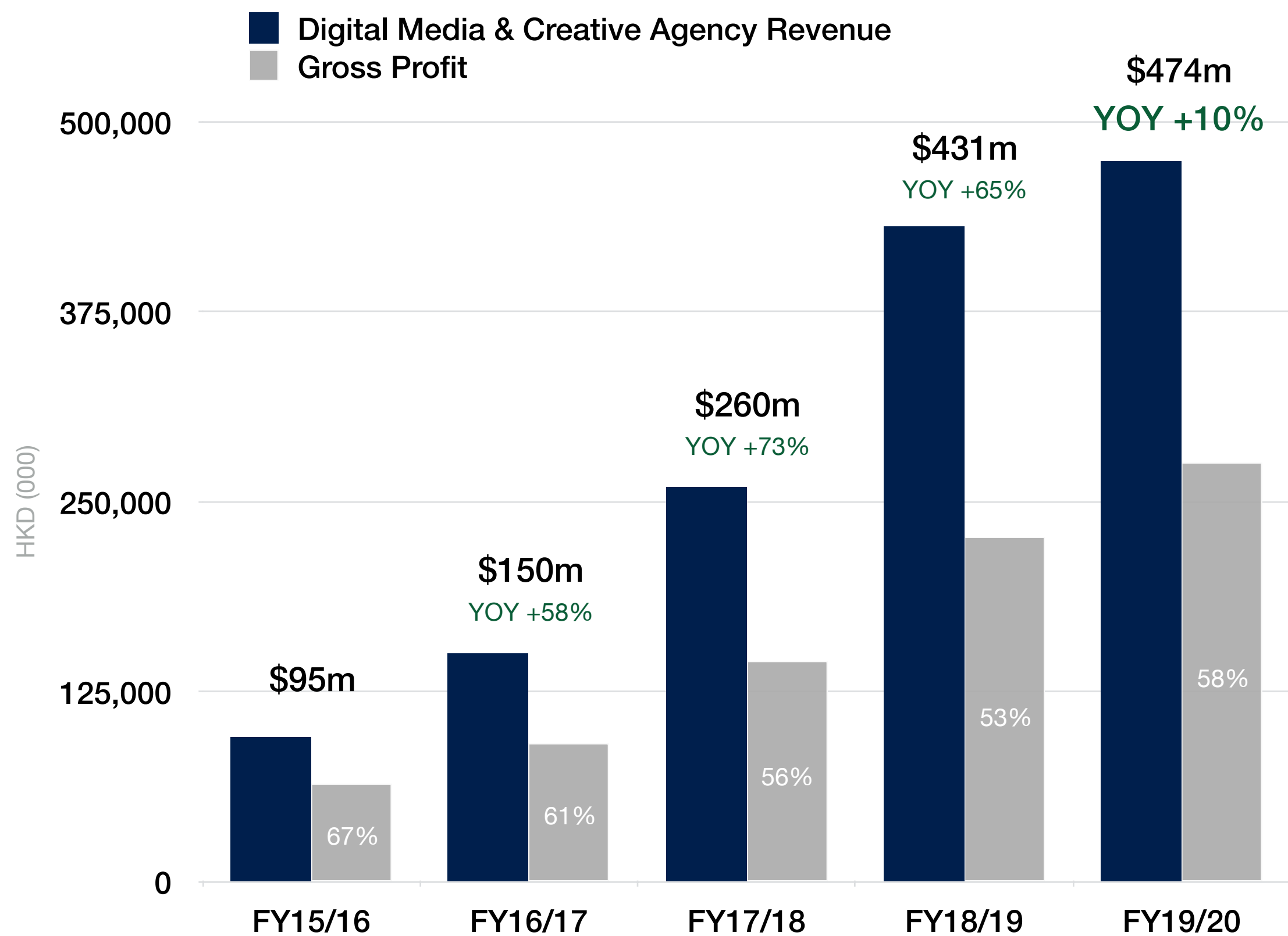
	Mar 2019	Mar 2020	
HYPEBEAST	11.9M	13.9M	+17%
HYPEBAE	888K	1.4M	+52%
POPBEE	1.1M	1.6M	+46%
Group Total	13.3M	16.8M	+21%

Aggregate Social Media Following

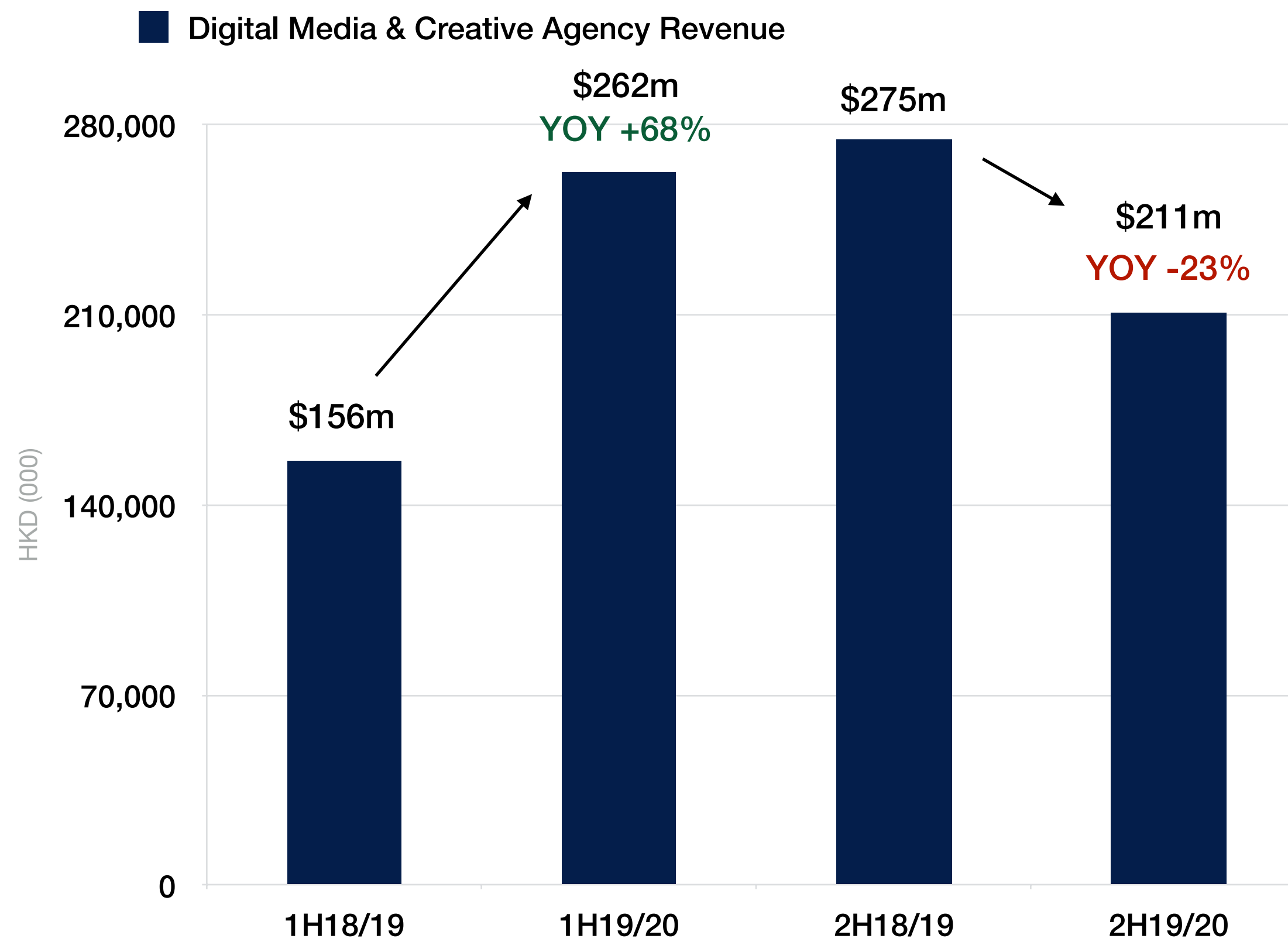
	Mar 2019	Mar 2020	
HYPEBEAST	19.6M	22.6M	+15%
HYPEBAE	1.4M	1.6M	+10%
POPBEE	463K	466K	+5%
Group Total	21.6M	24.7M	+15%

FY19/20 Annual Financial Results
Google Analytics March 19 - April 2020

Digital Media & Creative Agency



4 Year CAGR: 49.5%
YoY Revenue Analysis – Growing Topline & Margins



Half Year Revenue Analysis – Underperformance in 2H19/20 due to COVID-19 impacts

Digital Media – Revenues by Region

	FY18/19 HKD431m		FY19/20 HKD 474m		
Region	Revenue in HKD, m	% of Revenue	Revenue in HKD, m	% of Revenue	Change in %
United States	171	40%	187	40%	9%
The People's Republic of China	83	19%	101	21%	22%
Hong Kong	45	10%	41	9%	(8%)
United Kingdom	30	7%	28	6%	(8%)
South Korea	17	4%	33	7%	94%
France	16	4%	12	2%	(25%)
Italy	16	4%	29	6%	88%
Japan	12	3%	14	3%	17%
R.O.W	41	9%	29	6%	(29%)
Total	431		474		

Consistent growth in the **United States**, followed by significant growth in **China**, **South Korea** and **Italy**



2H19/20 Campaign Highlights

Audi A1 Sportback EPIC MODE ON Event

Region: APAC

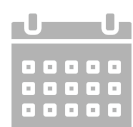
Services: Event, Video, Photography, Media
Hypebeast Branded

Branching into APAC regions & Non-Endemic territory



HK\$500K+

Contract Revenues



8

Hours spend on shooting & post production work



3

2 Videographers & 1 Video Editor involved in asset production



FY20 Project Highlights

Creative Agency & White Label Projects Still Key to Growth



Rimowa - Original Twist 2019
Region: APAC
Services: Photography, 3D Design
Category: White Label



The Glenlivet 2019
Region: US
Services: Talent, Event
Category: Hypebeast Branded



Samsung – Galaxy Fold 5G
Region: APAC (KR)
Services: Creative Direction, Photography, Video, Media
Category: Hypebeast Branded



Bombay Sapphire – Stir Creativity 2019
Region: EMEA
Services: Video, Photography
Category: White Label



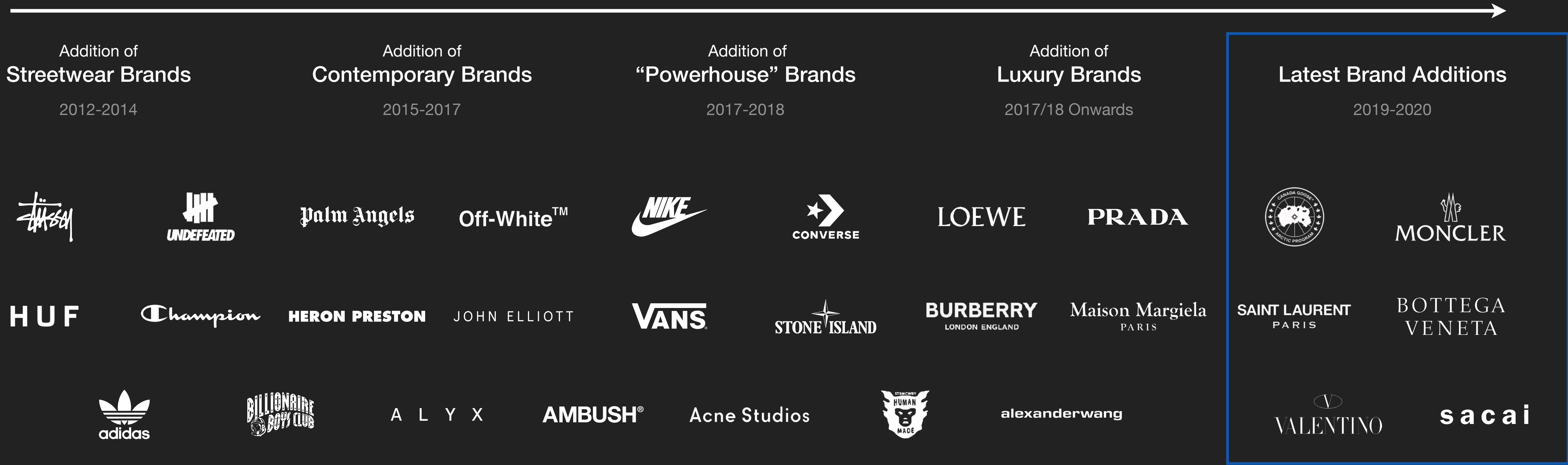
Samsung – Design Unfolded 2020
Region: US
Services: Talent, Video Photograph, Event, Editorial, 3D Design
Category: Hypebeast Branded

┌ E-Commerce

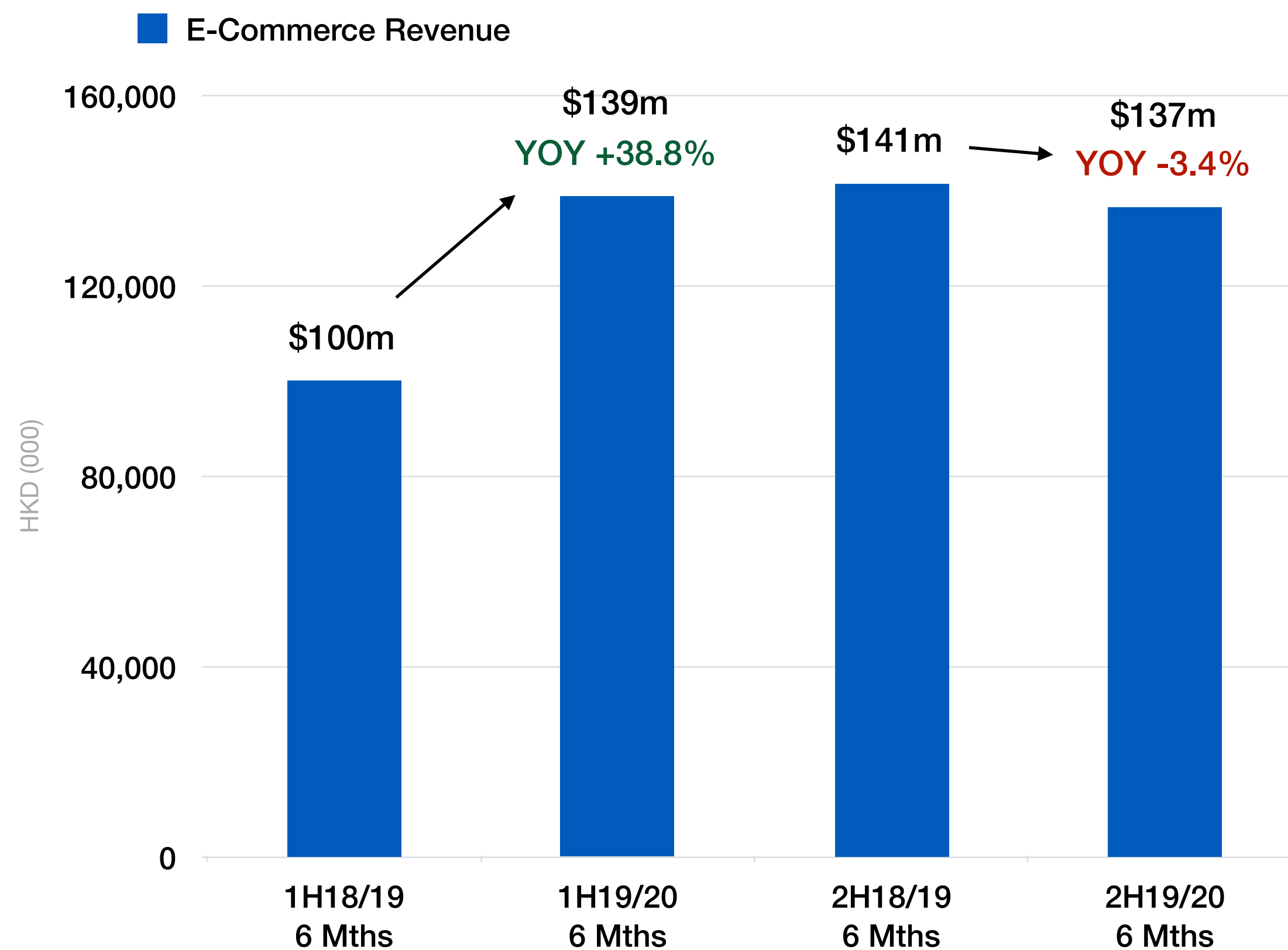
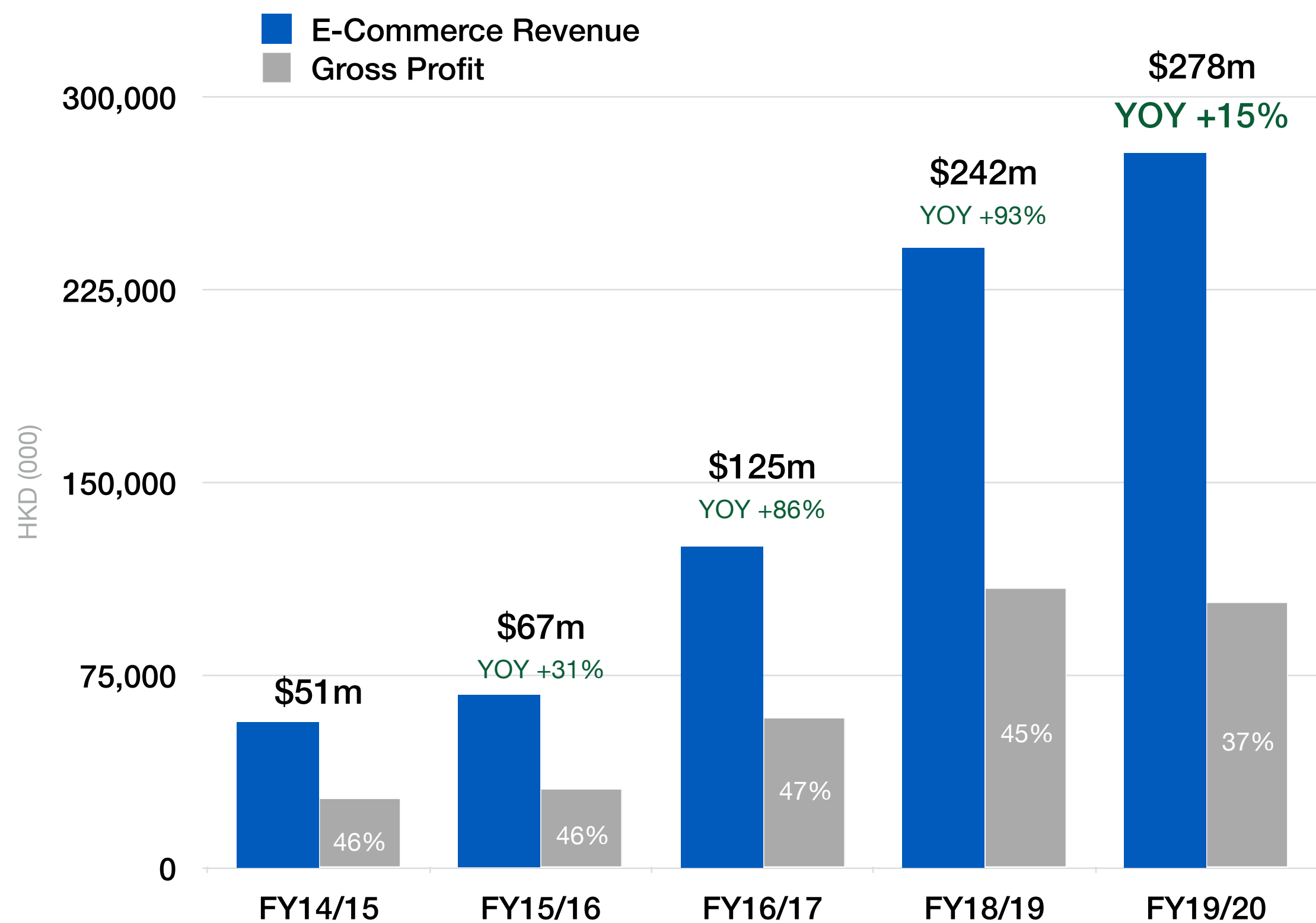
HBX

HBX is our E-Commerce store first established in 2012 as the retail extension of Hypebeast Ltd., since then it has grown and become the go to shopping destination for the fashion forward. HBX stocks over 250 highly curated streetwear, luxury and contemporary brands, shipping globally to male and female shoppers.

Brand Acquisition Journey



E-Commerce Revenue



4 Year CAGR: 52.6%
YoY Revenue Analysis – Growing topline but heavy price competition in the 2H

Half Year Revenue Analysis – 1H20 on target but decrease of 3.4% in 2H20 due to COVID-19 & price competition

Continued Dedication to HBX as a World Class Destination, the “Hypebeast” of E-Commerce to Drive Next Stages of Growth

Key Growth Drivers

1. Collaborations

- Continue driving unique Collaborations as key product differentiators
- Collaborations beyond Fashion x Fashion partners

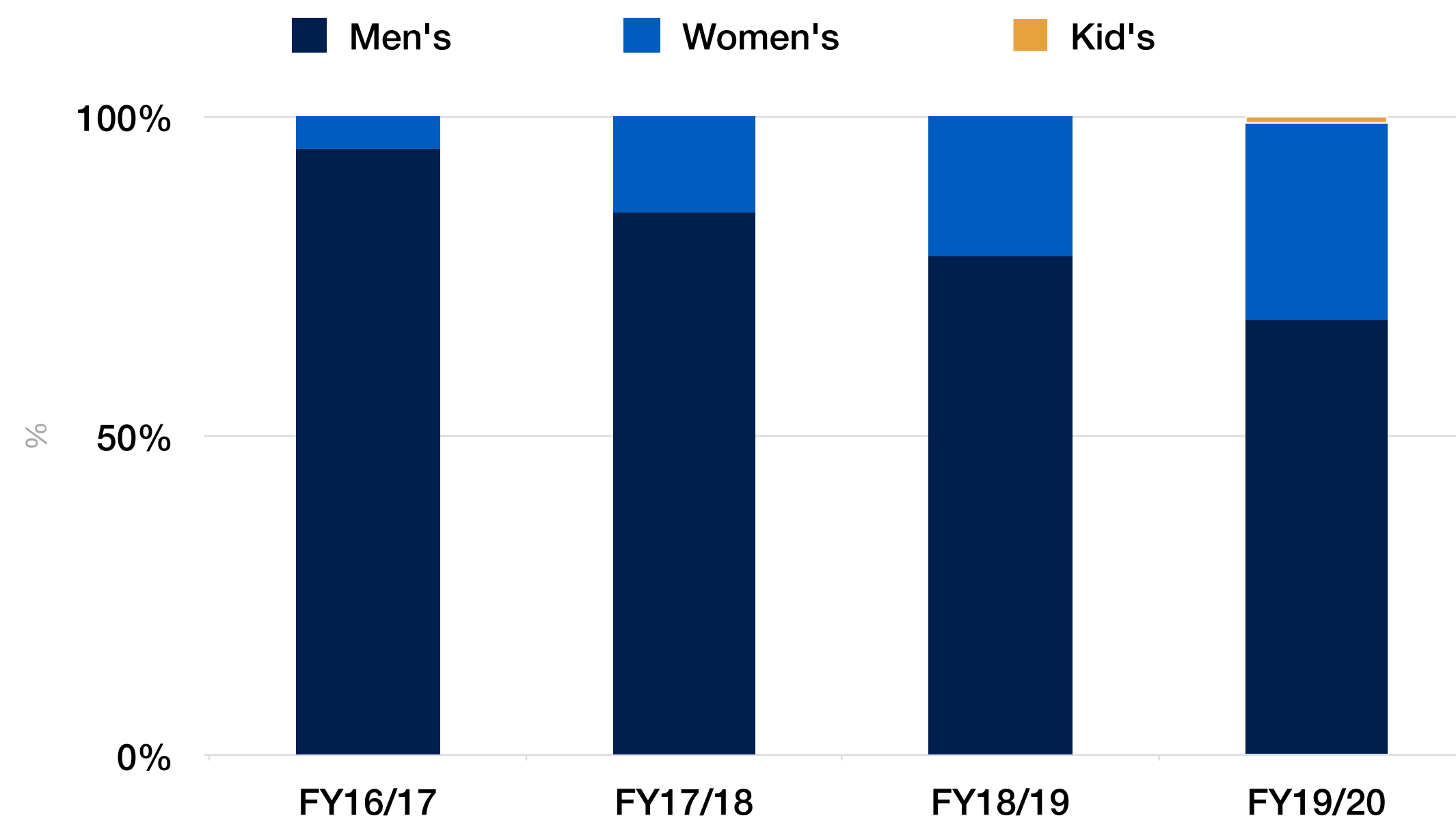
2. Boost Targeted Marketing

- Enhance regional marketing to capture new customers and solidify existing markets in both Men’s & Women’s segments
- HBX introduced “Personal Shopping” service to VIPs in Dec 2019 to provide a high-end shopping experience for high spending customers
- Maximising average basket value and extending lifetime customer value

3. Cost Efficiencies

- Streamline operations to generate efficiencies and reduce cost to improve operating margins

HBX Mens & Women’s Segment Revenue Split



Women’s Category continues strong momentum as a growth driver for HBX in the past 3 years with the blurring of lines between luxury brands & Women’s Streetwear

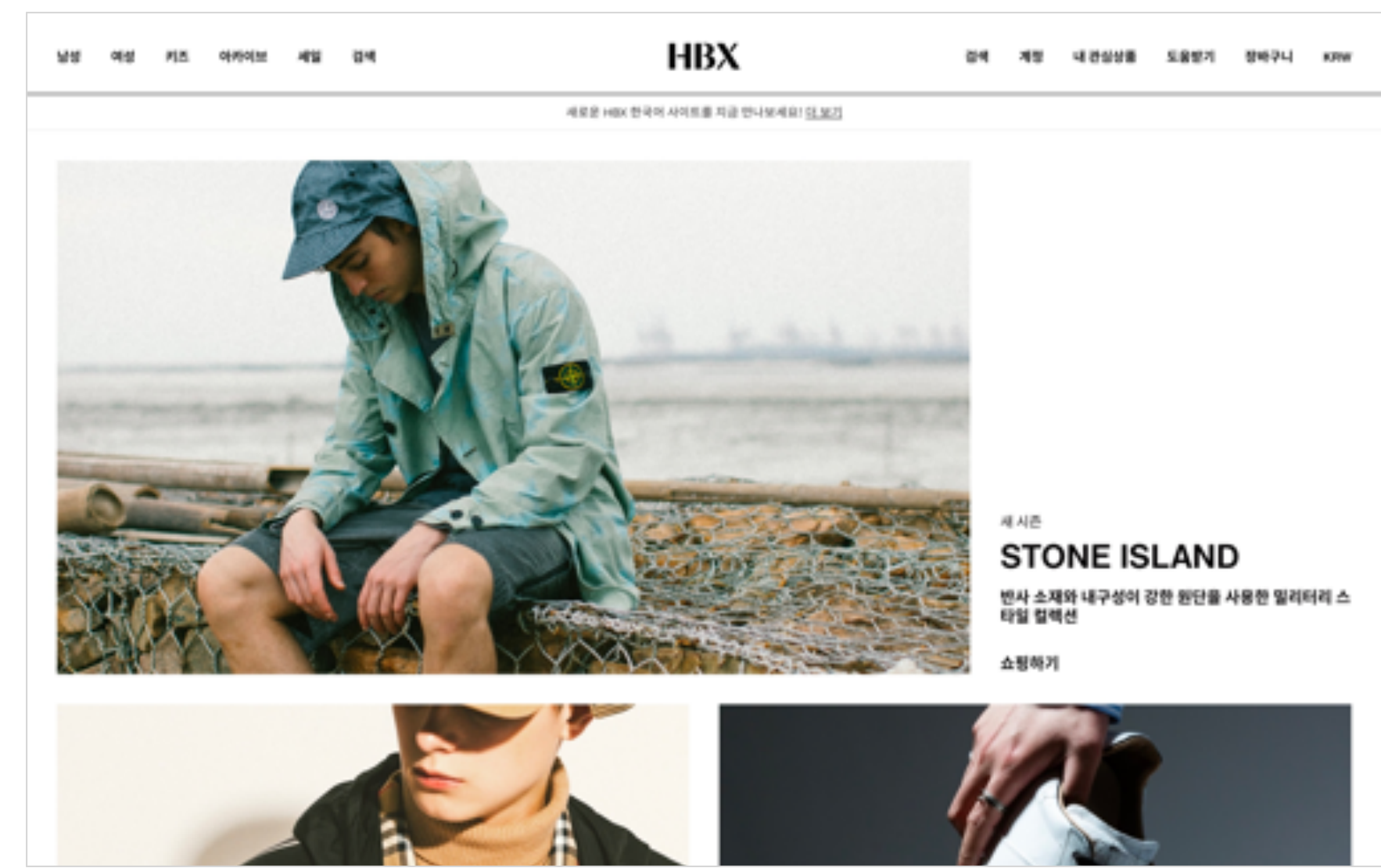
E-Commerce

FY21 Focus: Solidify Core Markets

Region	FY18/19 HKD242m		FY19/20 HKD 278m		Change %
	Revenue HKD, m	%	Revenue HKD, m	%	
United States	51	21%	61	22%	21%
Hong Kong	47	19%	43	15%	(9%)
South Korea	14	6%	28	10%	98%
Taiwan	10	4%	22	8%	128%
Japan	12	5%	22	8%	83%
China	24	10%	18	6%	(25%)
United Kingdom	17	7%	21	8%	22%
Canada	11	5%	12	4%	12%
Singapore	8	3%	9	3%	10%
R.O.W	48	20%	42	15%	(13%)
Total	242		278		15%

FY21 Focus: Six Core E-Markets - United States, Hong Kong, South Korea, Taiwan, Japan, China. Combined representing 71% of E-Commerce Revenues


FY19/20 Financial Results




HBX.com.kr was launched in May 2020 - with Localised Language Marketing, Customer Support etc.

Investment in New Warehouse to Improve Logistics & Efficiencies

 **+62.8%**
Total Warehouse Capacity

 **+58.5%**
Flatback Clothing (Boxed Goods) Capacity

 **+72.8%**
Garment on Hanger Capacity

 **MAY 2020**
Initiated Operations

 **TSUEN WAN**
New Warehouse Location in Hong Kong



HBX Editorial Shots



HBX Product Shots



Product Picking



Product Packaging



Quality Control



Inventory Management

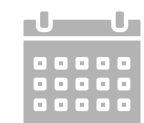
Landmark Physical Store Renovation

Dedicated to bringing the HBX online experience offline



2X

Footprint Shop Size compared to previous store



FEB 2020

Soft opening



LANDMARK

Shopping Mall in Central, Hong Kong



HYPEBEANS

Coffee Shop activation





Introducing HYPEBEANS



HYPEBEANS is a communal destination serving quality coffee and Hypebeast's first step into the realm of culinary culture.

HYPEBEANS is a token of friendship between Kevin Ma and world-renowned barista Hiroshi Sawada (Sawada-san is the first Asian World Champion Barista of "Latte Art World Championship" and owner of this illustrious Sawada Coffee NYC), who were connected through Hiroshi Fujiwara and became closer through mutual interest in fashion and culinary arts, and commemorated their bond through a space where like-minded individuals can gather and share creative ideas.

"Here at HYPEBEANS, we want to promote a lifestyle surrounded by culture," says Kevin Ma, CEO and founder of Hypebeast Ltd., "we encourage creative collaborations here as an extension of the Hypebeast community."



Financial Information & Ratio Summary

	HKD'000	FY17/18	FY18/19	% Change	FY19/20	% Change
Profit & Loss						
Revenues		385,079	672,192	75%	751,367	12%
Gross Profit		203,885	335,354	64%	379,278	13%
<i>Gross Profit Margin</i>		53%	50%		50%	
Selling & Marketing Expense		83,643	152,719	83%	158,831	4%
<i>(as % of Revenues)</i>		22%	23%		21%	
Admin & Operating Expense		65,888	92,734	41%	125,958	36%
<i>(as % of Revenues)</i>		17%	14%		17%	
EBITDA		55,484	80,019	44%	105,711	32%
<i>EBITDA Margin</i>		14%	12%		14%	
Net Profit		45,171	61,798	37%	65,775	6%
<i>Net profit Margin</i>		12%	9%		9%	
EPS (HKD Cent)		2.26	3.09	37%	3.26	6%
EPS Diluted (HKD Cent)		2.25	3.04	35%	3.21	6%
Balance Sheet						
Non-Current Assets		11,726	13,478	15%	76,648	469%
Inventories		28,990	67,802	134%	71,408	5%
Trade and Other Receivables		98,631	173,894	76%	221,400	27%
– Trade Receivables		85,832	130,745	52%	188,386	44%
Cash and Bank Balances		58,581	55,727	-5%	67,251	21%
Trade and Other Payables		47,104	89,662	90%	88,894	-1%
Bank Borrowings		4,663	26,990	479%	32,836	22%
Net Operating Working Capital*		139,098	207,761	49%	271,165	31%
Digital Media AR Turnover Days		98	92	-6%	123	34%
Inventory Turnover Days		102	124	22%	138	11%
CAPEX		(2,661)	(7,114)	167%	(7,007)	-2%
FCF		(6,357)	(12,595)	98%	60,631	-581%
Cashflow Statement						
Net Cash (Used In)/Generated from Operating Activities		(3,696)	(5,481)	48%	67,638	-1,334%
Net Cash (Used In)/Generated from Investing Activities		(4,819)	(18,577)	285%	(22,834)	23%
Net Cash (Used In)/Generated from Financing Activities		(834)	21,179	-2,639%	(11,256)	-153%
Net Change in Cash and Cash Equivalents		(9,349)	(2,879)	-69%	11,555	-501%
Cash and Cash Equivalents at the Beginning of Year		67,931	58,581	-14%	55,727	-5%
Effect of Exchange Rate Changes		(1)	25	-2,600%	(31)	-224%
Cash and Cash Equivalents at the End of Year		58,581	55,727	95%	67,251	121%

*(Cash + Trade and Other Receivables + Inventories) -
(Trade and Other Payables)
FY19/20 Financial Results

Websites, Links & Contact

Corporate Info

 <http://hypebeast.ltd>

Contact

 investors@hypebeast.com

Digital Media

HYPEBEAST

<http://www.hypebeast.com>

HYPEBAE

<http://www.hypebae.com>

POPBEE

<https://popbee.com>

Creative Agency

HYPEMAKER

<https://hypemaker.co>

E-Commerce

HBX

<https://hbx.com>

Q&A

Thank you.

HYPEBEAST

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