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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 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 nine months ended 31 December 2021 (“**9M2022**”) and 2020 (“**9M2021**”).

#### **FINANCIAL HIGHLIGHTS**

The Group started the year ending 31 March 2022 (“**FY2022**”) on a high note and continued momentum in the three months ended 31 December 2021 (“**FY2022 Q3**”).

The Group continues to place strong emphasis on realising strategic and geographical expansion to capitalize on new business opportunities. In particular, the Group’s multilayered diversification strategy, spear-headed by content generation in new interest areas such as arts and sports, etc. combines strategically with the continued expansion of advertising capabilities offered by the Group’s Media segment and product expansion on the E-Commerce and Retail segment to energize current and future business growth.

As the momentum for brands to transform digitally dominates, this results in continuing shift in marketing and advertising budgets from traditional marketing channels to digital channels, and the Group expects to benefit from the dynamic operating environment.

The Group expects its existing strategies and a favourable operating environment to be strong drivers of new user acquisitions and revenue growth throughout FY2022 and into the coming financial year.

- Year-to-date revenue for 9M2022 was HK\$681.1 million, increasing 43.9% compared to HK\$473.3 million recorded in 9M2021.
- Third quarter revenue for FY2022 Q3 was HK\$240.2 million, increasing 27.9% compared to the HK\$187.9 million recorded in the three months ended 31 December 2020 (“FY2021 Q3”).
- Gross profit margin improved to 58.2%, representing a year-on-year increase of 8.8 percentage points from 49.4%.
- Gross profit for 9M2022 was HK\$396.4 million, representing an increase of 69.5% from HK\$233.8 million in the same period last year.

### **Media Segment**

- The Media segment recorded a year-on-year increase in revenue of 66.2% from HK\$302.7 million in 9M2021 to HK\$502.9 million in 9M2022.
- Media segment revenue in North America and major European countries rebounded strongly compared to the same period last year, with year-on-year increases of 177.7% and 69.0% respectively for 9M2022.
- Gross profit margin for the Media segment increased by 7.7 percentage points versus prior year to 63.1% for 9M2022. The improvements were mainly due to production cost efficiencies generated from increased scale of media advertising production and streamlined campaign deliveries in the Media segment.

### **E-commerce and Retail Segment**

- The E-commerce and Retail segment revenue for 9M2022 was HK\$178.2 million, representing an increase of 4.4% from HK\$170.7 million in 9M2021.

- Gross profit from the E-commerce and Retail segment increased by 19.2% from HK\$66.2 million in 9M2021 to HK\$78.9 million for 9M2022, while gross profit margin improved by 5.5 percentage points to 44.3% in 9M2022 due to increased sell-through rates and higher proportion of full-price sales achieved from continuous improvements in product marketing and streamlined consumer shopping experience.
- The Group continued its product expansion strategy, expanding its product offering to homeware, toys and other lifestyle products on HBX, to cater to all aspects of the HBX customer's lifestyle needs.

### **Operating Expenses**

- Selling and marketing expenses increased by 42.9% from HK\$78.2 million for 9M2021 to HK\$111.8 million for 9M2022. As a percentage of revenue, selling and marketing expenses remained constant at 16.5% for 9M2021 and 9M2022.
- Administrative and operating expenses was HK\$151.9 million for 9M2022, up by 77.6% from HK\$85.5 million for 9M2021. As a percentage of revenue, administrative and operating expenses increased from 18.1% for 9M2021 to 22.3% for 9M2022.
- Increase in operating expenses as a percentage of revenue from 34.6% in 9M2021 to 38.7% in the current period was mainly caused by (i) increases in headcounts within the Group's sales and marketing team to facilitate current and future business growth; and (ii) prudent cost management during the COVID-19 pandemic last year and government subsidies received in the comparative period.

Overall, based on continued increase in media contract signings and marked increase in campaign execution activities globally, the Group's physical campaign productions have resumed to full capacity post-COVID. The management expects acceleration in media contract execution and revenue drivers to carry forward into the coming financial year. Management expects continued improvement in the E-commerce and Retail segment as regional expansion, customer acquisition activities resume cadence and refine its product offerings on HBX.com.

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, 21 February 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.*