FY 19/20
Annual Results

June 2020
150.HK
Hypebeast Ltd. 150.HK

FY19/20 Annual Result Highlights

4 year CAGR: 49.1%

FY15/16 FY16/17 FY17/18 FY18/19 FY19/20

HKD (000)

$152m 37% 63% $385m 67% 64% $672m 36% YOY +77% $751m YOY +12%

Digital Media & Creative Agency

$217m 31% 69% $357m 64% 63% $672m YOY +75%

E-Commerce

$195m YOY +43%

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

HK$278M ↑ +15%
E-Commerce Revenue in HKD

HK$474M ↑ +10%
Digital Media & Creative Agency Revenue in HKD

16.8M ↑ +21%
Monthly Unique Visitors*
MAR 19: 13.3M

51% Gross Profit Margin
FY18/19: 50%

9% Net Profit Margin
FY18/19: 9.2%

49.1% 4 year CAGR

HK$278M
HK$474M
HK$385m YOY +77%
HK$672m YOY +75%
HK$751m YOY +12%

FY15/16 FY16/17 FY17/18 FY18/19 FY19/20
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
Expansion into Non-Endemic Territory

**Digital Media Strategy**

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

- Nike
- Adidas
- New Balance
- Yves Saint Laurent
- Burberry
- Valentino
- Chanel
- Hermès
- Rimowa
- Ralph Lauren
- Uniqlo
- Li-Ning

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

- Pepsi
- Havana Club
- Bombay Sapphire
- Amazon
- Samsung
- NBA
- NBA
- Universal
- AT&T
- W Hotels
- CD Projekt Red
COVID-19 – Core Business Impacts  Cont’d

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)
Digital Media & Creative Agency
Digital Media & Creative Agency

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

Display Banner Ads
Website & App

HYPEBAE

Advertorial Placements
Website & App

POPBEE

Social Media Posts
Third Party Platforms
User and Viewership Growth Network

FY19/20 Aggregate Unique Visitors

<table>
<thead>
<tr>
<th></th>
<th>Mar 2019</th>
<th>Mar 2020</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>HYPEBEAST</td>
<td>11.9M</td>
<td>13.9M</td>
<td>+17%</td>
</tr>
<tr>
<td>HYPEBAE</td>
<td>888K</td>
<td>1.4M</td>
<td>+52%</td>
</tr>
<tr>
<td>POPBEE</td>
<td>1.1M</td>
<td>1.6M</td>
<td>+46%</td>
</tr>
<tr>
<td>Group Total</td>
<td>13.3M</td>
<td>16.8M</td>
<td>+21%</td>
</tr>
</tbody>
</table>

FY19/20 Aggregate Social Media Following

<table>
<thead>
<tr>
<th></th>
<th>Mar 2019</th>
<th>Mar 2020</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>HYPEBEAST</td>
<td>19.6M</td>
<td>22.6M</td>
<td>+15%</td>
</tr>
<tr>
<td>HYPEBAE</td>
<td>1.4M</td>
<td>1.6M</td>
<td>+10%</td>
</tr>
<tr>
<td>POPBEE</td>
<td>463K</td>
<td>466K</td>
<td>+5%</td>
</tr>
<tr>
<td>Group Total</td>
<td>21.6M</td>
<td>24.7M</td>
<td>+15%</td>
</tr>
</tbody>
</table>
Digital Media & Creative Agency

Digital Media & Creative Agency Revenue

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

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

YoY Revenue Analysis - Growing Topline & Margins

FY15/16: $95m YOY +58%
FY16/17: $150m YOY +73%
FY17/18: $260m YOY +65%
FY18/19: $431m YOY +10%
FY19/20: $474m

- Gross Profit

4 Year CAGR: 49.5%

Comparing FY16/17 to FY19/20:
- FY16/17: $150m YOY +73%
- FY19/20: $474m YOY +73%

Comparing 1H19/20 to 2H19/20:
- 1H19/20: $262m YOY +68%
- 2H19/20: $275m YOY +58%

Comparing 1H18/19 to 2H18/19:
- 1H18/19: $156m
- 2H18/19: $260m YOY +73%

FY19/20 Financial Results

Digital Media & Creative Agency
## Digital Media – Revenues by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>FY18/19 HKD431m</th>
<th>FY19/20 HKD474m</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United States</strong></td>
<td>171 HKD</td>
<td>187 HKD</td>
<td>9%</td>
</tr>
<tr>
<td><strong>The People's Republic of China</strong></td>
<td>83 HKD</td>
<td>101 HKD</td>
<td><strong>22%</strong></td>
</tr>
<tr>
<td><strong>Hong Kong</strong></td>
<td>45 HKD</td>
<td>41 HKD</td>
<td>(8%)</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>30 HKD</td>
<td>28 HKD</td>
<td>(8%)</td>
</tr>
<tr>
<td><strong>South Korea</strong></td>
<td>17 HKD</td>
<td>33 HKD</td>
<td><strong>94%</strong></td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>16 HKD</td>
<td>12 HKD</td>
<td>(25%)</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>16 HKD</td>
<td>29 HKD</td>
<td><strong>88%</strong></td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>12 HKD</td>
<td>14 HKD</td>
<td>17%</td>
</tr>
<tr>
<td><strong>R.O.W</strong></td>
<td>41 HKD</td>
<td>29 HKD</td>
<td><strong>29%</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>431 HKD</td>
<td>474 HKD</td>
<td></td>
</tr>
</tbody>
</table>

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
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

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

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

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

Addition of Streetwear Brands 2012-2014

Addition of Contemporary Brands 2015-2017

Addition of “Powerhouse” Brands 2017-2018

Addition of Luxury Brands 2017/18 Onwards

Latest Brand Additions 2019-2020

HUF Champion HERON PRESTON JOHN ELLIOTT VANS STONE ISLAND BURBERRY Maison Margiela PARIS SAINT LAURENT PARIS BOTTEGA VENETA VALENTINO sacai
E-Commerce

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

FY19/20 Financial Results
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

---

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
## FY21 Focus: Solidify Core Markets

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

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

- **Boost Operational & Logistical Efficiencies**
- **Regional Targeted Marketing & Buying**
- **Improved Inventory Management**

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

HYPEBEAST
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.”
### Profit & Loss

<table>
<thead>
<tr>
<th></th>
<th>HKD'000</th>
<th>FY17/18</th>
<th>FY18/19</th>
<th>% Change</th>
<th>FY19/20</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>385,079</td>
<td>672,192</td>
<td>75%</td>
<td>751,367</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>203,885</td>
<td>335,354</td>
<td>64%</td>
<td>379,278</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Profit Margin</strong></td>
<td>53%</td>
<td>50%</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Selling &amp; Marketing Expense</strong></td>
<td>83,643</td>
<td>152,719</td>
<td>83%</td>
<td>158,831</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>(as % of Revenues)</td>
<td>22%</td>
<td>25%</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Admin &amp; Operating Expense</strong></td>
<td>65,888</td>
<td>92,734</td>
<td>41%</td>
<td>125,958</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>(as % of Revenues)</td>
<td>17%</td>
<td>14%</td>
<td>17%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>55,484</td>
<td>80,019</td>
<td>44%</td>
<td>105,711</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td>14%</td>
<td>12%</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>45,171</td>
<td>61,798</td>
<td>37%</td>
<td>65,775</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit Margin</strong></td>
<td>12%</td>
<td>9%</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPS (HKD Cent)</strong></td>
<td>2.26</td>
<td>3.09</td>
<td>37%</td>
<td>3.26</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td><strong>EPS Diluted (HKD Cent)</strong></td>
<td>2.25</td>
<td>3.04</td>
<td>35%</td>
<td>3.21</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>FY17/18</th>
<th>FY18/19</th>
<th>% Change</th>
<th>FY19/20</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>28,990</td>
<td>67,802</td>
<td>134%</td>
<td>71,408</td>
<td>5%</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>98,631</td>
<td>173,894</td>
<td>76%</td>
<td>221,400</td>
<td>27%</td>
</tr>
<tr>
<td>− Trade Receivables</td>
<td>85,832</td>
<td>130,745</td>
<td>52%</td>
<td>188,386</td>
<td>44%</td>
</tr>
<tr>
<td>Cash and Bank Balances</td>
<td>58,581</td>
<td>55,727</td>
<td>-5%</td>
<td>67,251</td>
<td>21%</td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>47,104</td>
<td>89,662</td>
<td>90%</td>
<td>88,894</td>
<td>1%</td>
</tr>
<tr>
<td>Bank Borrowings</td>
<td>4,663</td>
<td>26,990</td>
<td>479%</td>
<td>32,836</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Net Operating Working Capital</strong></td>
<td>139,098</td>
<td>207,761</td>
<td>49%</td>
<td>271,165</td>
<td>31%</td>
</tr>
<tr>
<td><strong>Digital Media AR Turnover Days</strong></td>
<td>98</td>
<td>92</td>
<td>-6%</td>
<td>123</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Inventory Turnover Days</strong></td>
<td>102</td>
<td>124</td>
<td>22%</td>
<td>138</td>
<td>11%</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>(2,661)</td>
<td>(7,114)</td>
<td>167%</td>
<td>(7,007)</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td>(6,357)</td>
<td>(12,595)</td>
<td>98%</td>
<td>60,631</td>
<td>-581%</td>
</tr>
</tbody>
</table>

### Cashflow Statement

<table>
<thead>
<tr>
<th></th>
<th>FY17/18</th>
<th>FY18/19</th>
<th>% Change</th>
<th>FY19/20</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash (Used In)/Generated from Operating Activities</td>
<td>(3,696)</td>
<td>(5,481)</td>
<td>48%</td>
<td>67,638</td>
<td>-1,334%</td>
</tr>
<tr>
<td>Net Cash (Used In)/Generated from Investing Activities</td>
<td>(4,819)</td>
<td>(18,577)</td>
<td>295%</td>
<td>(22,834)</td>
<td>23%</td>
</tr>
<tr>
<td>Net Cash (Used In)/Generated from Financing Activities</td>
<td>(834)</td>
<td>21,179</td>
<td>-2,639%</td>
<td>(11,256)</td>
<td>-153%</td>
</tr>
<tr>
<td>Net Change in Cash and Cash Equivalents</td>
<td>(9,349)</td>
<td>(2,879)</td>
<td>-69%</td>
<td>11,555</td>
<td>-501%</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at the Beginning of Year</td>
<td>67,931</td>
<td>58,581</td>
<td>-14%</td>
<td>55,727</td>
<td>-5%</td>
</tr>
<tr>
<td>Effect of Exchange Rate Changes</td>
<td>(1)</td>
<td>25</td>
<td>-2,600%</td>
<td>(31)</td>
<td>-224%</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at the End of Year</td>
<td>58,581</td>
<td>55,727</td>
<td>95%</td>
<td>67,251</td>
<td>121%</td>
</tr>
</tbody>
</table>
## Websites, Links & Contact

### Corporate Info
- [http://hypebeast.ltd](http://hypebeast.ltd)

### Contact
- [investors@hypebeast.com](mailto:investors@hypebeast.com)

### Digital Media
- **HYPEBEAST**
  - [http://www.hypebeast.com](http://www.hypebeast.com)
- **HYPEBAE**
  - [http://www.hypebae.com](http://www.hypebae.com)
- **POPBEE**
  - [https://popbee.com](https://popbee.com)

### Creative Agency
- **HYPEMAKER**
  - [https://hypemaker.co](https://hypemaker.co)

### E-Commerce
- **HBX**
  - [https://hbx.com](https://hbx.com)
Thank you.

Q&A

This Presentation contains certain information of Hypebeast Limited, which may include its subsidiaries, affiliates, related entities, employees (“Hypebeast”), and is intended to be used solely for your personal reference. It does not, in any way or manner, constitute an inducement or invitation to invest in Hypebeast. This Presentation does not intend to provide, and you may not rely on this presentation as providing, a complete and/or comprehensive analysis or overview of Hypebeast. All matters, explanations, financials and any information set out in this Presentation is subject to change at anytime without notice and as such, no reliance should be placed on the fairness, accuracy, completeness or correctness of any information and materials contained in this Presentation. None of Hypebeast, nor any of its advisors or representatives, shall have any liability (in negligence or otherwise) whatsoever for any loss or damage howsoever arising from any use or reliance of this Presentation, or its contents or otherwise arising in connection hereto. The questions, answers and factual statements hereto will simply provide an outline and cover the basic information of Hypebeast.