

HYPEBEAST

FISCAL YEAR 2026 ANNUAL RESULTS EARNINGS CALL

Attendees

Kevin Ma, Chairman and Chief Executive Officer

Patrick Wong, Chief Financial Officer

Andrew Yip, Senior Director of Finance

Fiona Chan, Communications Manager/Host

Fiona Chan - Communications Manager/Host

Hello, and thank you for joining Hypebeast Limited's fiscal year 2026 Annual Results Earnings Call. I'm Fiona Chan, Communications Manager. Joining me are Kevin Ma, our CEO, Patrick Wong, our CFO and Andrew Yip, our Senior Director of Finance. We'll begin with remarks from Kevin on the year's performance and broader business context, followed by Andrew's detailed financial review. Kevin will then return to share strategic priorities for the year ahead. We will conclude with a Q&A session.

Before we begin, I want to remind you that today's discussions contain forward-looking statements, including statements related to future strategy, products and overall long-term growth prospects of the company. These statements are subject to risks and uncertainties, and do not intend to be a complete and comprehensive analysis or overview of Hypebeast. All matters, explanations, financials and any information set out in this presentation is subject to change at any time with or without notice. As such, no reliance should be placed on the fairness, accuracy, completeness or correctness of the information presented today. Any statements included simply aim to provide an outline and cover the basic information of Hypebeast for informative purposes only.

Kevin, over to you.

Kevin Ma - Chairman and CEO

Thank you, Fiona. Good morning and good afternoon, everyone. Thank you for joining us today.

Before we get into our results, I'd like to share some news. After ten wonderful years together, Patrick Wong will transition from his role as our CFO to pursue the next chapter of his career. Andrew Yip, our newly appointed Senior Director of Finance, will assume Patrick's responsibilities going forward. We have the utmost confidence in Andrew's ability to contribute to the future success of our company, and he will be joining me in presenting our results today.

Now, let's turn to our results for fiscal year 2026.

This was a year of meaningful progress for Hypebeast. While Group revenue came in at HK\$582.2 million, down 12.7% year-on-year, the story underneath the headline is one of real recovery in profitability and operational discipline.

Gross profit margin expanded 5.3 percentage points to 45.4%. EBITDA grew 250.7% to HK\$42.8 million, with EBITDA margin improving 5.5 percentage points to 7.4%.

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And most significantly, we returned to profitability, with a net profit of HK\$17.6 million, compared to a HK\$21 million net loss last year. These results reflect the hard work of restructuring and rationalising the business over the past year. The cost base is now much better aligned, and the margin recovery is real.

Given our return to profitability, the Board is pleased to propose a final dividend of HK\$0.18 cents per share, representing a full-year dividend payout ratio of 75%. This is subject to shareholder approval, and reflects our confidence in the business going forward.

I'll now hand over to Andrew, to walk us through the numbers in more detail.

Andrew Yip - Senior Director of Finance

Thank you, Kevin. Let's look into the numbers in more detail.

Revenue declined by 12.7% year-on-year to HK\$582.2 million. Sales performance showed stabilization across the year, with the first half of fiscal year 2026 -22.5% and second half of the fiscal year by -1.0%. Gross profit was broadly flat at HK\$264.2 million despite lower revenue, which reflects the significant margin improvement across both segments.

Selling and marketing expenses declined 20.6% to HK\$96.8 million, and administrative and operating expenses fell 9.4% to HK\$147.3 million — both reflecting continued cost discipline and the efficiencies we embedded over the past two years.

EBITDA came in at HK\$42.8 million, up 250.7%. The Group delivered a net profit of HK\$17.6 million, turned around from a loss of HK\$21 million in fiscal year 2025, mainly driven by reductions in Selling and Marketing and Administrative and Operating expenses. Proposed final dividend, subject to shareholders' approval, will be HK\$0.18 cents per share. This will bring our dividend payout ratio on a full-year basis to 75%.

Next we will look further into key drivers behind the net profit improvements.

This slide will walk us through what drove the swing from a HK\$21 million loss last year to a HK\$17.6 million profit this year. Last year our net loss was HK\$21 million.

This year our HBX business showed significant improvement on cost discipline and inventory management, leading to improvement on profit by HK\$40.8 million. Our media segment eroded profit by HK\$11 million mainly due to a decline in revenue, partly offset by disciplined cost management.

The above factors, together with savings on corporate costs and other one-off items, led to a profit this year of HK\$17.6 million.

And further looking into our two core business segments results in this slide.

Our media business recorded revenue of HK\$450.3 million, representing a 10.4% decline versus last year. Gross profit margin remained stable at 44.1% for FY26. Our E-commerce and Retail business

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recorded revenue of HK\$131.9 million, representing a 19.6% decline versus that of last year. Gross profit margin improved to 49.9% for FY26, versus that of 26.4% last year. Our total revenue declined by 12.7%, while gross profit margin improved by 5.3 percentage points, at 45.4% in fiscal year 2026.

And looking into our balance sheet, our inventories were maintained at a stable level of HK\$43.6 million, -4.6% versus that of last year. Our trade and other receivables, which are mainly related to our receivables from our media business, showed a balance of HK\$181.7 million, increased by 10.7%. Our cash, deposits, bonds and crypto currencies, together maintained a similar level versus that of last year at a combined HK\$256 million. Our trade and other payables remained relatively stable at HK\$82.5 million, increased by 7.1%.

Net operating working capital, calculated as cash plus our inventory plus trade and other receivables, less trade and other payables, amounted to HK\$277.4 million, increased by 15.2%. AR turnover days increased to 102 days, and that for inventory turnover days at 259 days. These are the FY26 financial results. Now I will now hand over to Kevin to share more about the business performance and outlook.

Kevin Ma - Chairman and CEO

Thanks, Andrew. Looking at Media revenue by region.

Media revenue declined 10.4% to HK\$450.3 million for the year. When looking into by region, North America and APAC markets showed resilience, while our EMEA market declined by 30.5% which we are fixing. While our first half revenue declined by 21% versus last year, our business improved in the second half and delivered a 3% year-on-year growth, primarily driven by our North America market. Despite the revenue headwinds, gross profit margin held steady at 44.1%, which we view as a strong operational outcome given the environment.

Our E-commerce and Retail revenue declined 19.6% to HK\$131.9 million.

This downturn was partly fueled by external trade headwinds, primarily in the US market, including tariffs, trade disputes, and broader geopolitical tensions. However, it also reflects our deliberate strategy of prioritizing margin quality over volume. The key headline here is the gross profit margin improvement, from 26.4% to 49.9%. The improvement in margin came from focused full-price sell-through, reduced discounting, and continuous discipline in managing our inventory.

Heading into fiscal year 2027, we're focused on three things.

First, scaling Media globally. We have the brand, the relationships, and the cultural credibility. What we're working on now is translating that into more consistent revenue. Better commercial packaging, deeper client partnerships, and content that continues to resonate with our audience.

Second, we will rebuild Commerce in the right way. The margin improvement this year was a real milestone, and we're not going to give it up chasing volume. The focus stays on premium positioning, a curated assortment, and making sure the economics are healthy.

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Third, data and technology. This is foundational, better tools, better decisions, a deeper understanding of our customers. We want to use data and technology to sharpen our products, make our content more relevant, and build stronger relationships with our audience across both Media and Commerce.

We're also embedding AI into our daily operations across workflows to sharpen efficiency, free up our teams to spend more time on creative work, client relationships, and growth initiatives. That compounds over time, and we see it as a real structural advantage as we scale.

Thank you to our teams, partners, and shareholders for your continued support. We'll now open the floor for questions.

Host

Thank you, Kevin and Andrew, for your presentations. Please send through all your questions using the on-screen messaging function if you would like to present a question to management.

The first question is, the business prospect and future development section in the earnings report is an exact copy and paste of the report last year. You have nothing new to talk about to drive Hypebeast's earnings forward?

Andrew Yip - Senior Director of Finance

Thank you. I'll take this question. Thank you for this question. Consistent with our previous practice, we'll not be able to share forward earnings guidance, but as we walk through our financial results, we are stabilizing our financial performance, including top line and also the bottom line as you can see. It is across different business segments in our group, including media, our e-commerce and retail business, while keeping all operating costs and selling expenses at an optimal level. While that, we're also implementing our technology and AI to improve our efficiency and effectiveness in making business decisions.

On our business prospect and future development section, the announcement reads consistent with our prior years. This continuity is deliberate because FY2026 was the year of executing a multi-year turnaround, and we do not want to signal a change in direction mid-course. On the substance of our future strategy, as Kevin mentioned earlier, our future focus will be on the three pillars. The first is about scaling our media globally to strengthen our brand, the connection with our clients and community, and bring in repeatable revenue. The second would be ensuring profitability in our E-commerce and Retail businesses. And last but not least, we'll be strengthening our data and technology through AI to enhance our efficiency and decision-making process. Thank you.

Host

Thank you Andrew. The next question is, it is the 20th anniversary of the company. You did not mention this in the report, nor pay any special dividends associated with it — why?

Andrew Yip - Senior Director of Finance

Thank you for this question. It is a great question. This year marks the 20th year since Hypebeast began, and it is a genuine source of pride within our whole organization and our whole team. On the other hand,

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our annual results announcement and related reports are statutory documentation that focus on the year's financial performance, and we deliberately keep it to that. We are recognizing the anniversary of our business through the channels where it resonates most with our community — for example, our editorial brand platform activity throughout the year, rather than in the financial filing.

In terms of our dividend, the 20th anniversary doesn't directly correlate with our dividend policy. Our decision on the dividend depends on the financial performance, our cash position, and the reinvestment needs. That being said, our shareholders should have received a meaningful return this year — combining the interim dividend, the special dividend that we declared and paid during the interim, and the final dividend. The full year dividend payout ratio is at 75%, based on the net profit. Going forward, the Board is keeping an eye on capital return options and further special distributions, should we deem it appropriate based on our profitability and cash flows. Thank you.

Host

Thank you Andrew. And the third question is, can you give us a flavor of the outlook?

Andrew Yip - Senior Director of Finance

Thank you for this question. Like I mentioned earlier, consistent with our previous policy, we're not able to provide financial guidance and the detailed number outlook for the next financial year. That being said, as we're trending into this new fiscal year FY2027, we continue to see the momentum that we saw in the second half of fiscal year 2026. In terms of our media business, we continue to see the recoverability and stability continue forward. We also observe that in our HBX E-commerce and Retail business. We are exploring enhancements to our efficiency and the implementation of our technology, to ensure that our operating costs and selling expenses continue to stay at an optimal level. This should bring us a meaningful return on our bottom line. Thank you.

Kevin Ma - Chairman and CEO

Thank you for this question. Just to add to what Andrew said — we can't disclose too much on the outlook, but we're trying to continue the momentum from the second half of FY26. A lot of restructuring and reorganization happened internally in the company, and we're on a better footing than before. We're looking at making decisions much more carefully, much more smartly. Not chasing just top-line growth, but really profitable growth, trying to increase our gross profit margin, which we did this year. And we want to continue that trend. Obviously, we got back to a profitable state, and hopefully we can continue that trend as well. But we are also making sure that we are not just optimizing for profit, but also figuring out how to increase our market share, smartly, with the constraints that we have, for example, the trade war, which we mentioned earlier.

We're trying to increase our audience, connect with our audience much better. We are doing a lot of different experiential events to promote our brands, online and offline as well. Building stronger relationships, recurring relationships with our clients. And on the Commerce side, we are doing a better job of selling higher-margin products instead of doing discounts, as we previously did. Hopefully with that, we're able to be on a better footing and smartly scale up our business.

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There are other things that we are doing like I said. We're implementing new technologies and AI into our daily workflows, a lot of different optimizations and automations that we're working on. We have a really great tech team, they're actively building all these things into our company. Hopefully we can free up our team's time to do more higher-value work, instead of the day-to-day, nitty-gritty kind of work. They can do stuff that AI can't do, like creating better, real-life content, building better relationships with people. But we have to get through implementing those technologies first, which we're currently working on. Thanks.

Host

Thank you, Kevin and Andrew. We are now reaching the end of today's earnings call. Thank you, everyone, for attending the Fiscal Year 2026 Annual Results Earnings Call. The call recording and the presentation will be uploaded to the corporate website shortly. If you have any follow-up questions or requests, please feel free to send us an email at investors@hypebeast.com. Thank you, everyone.