HYPEBEAST

FISCAL YEAR 2027 INTERIM RESULTS EARNINGS CALL

Attendees
Kevin Ma, Chairman and Chief Executive Officer
Fiona Chan, Communications Manager/Host

Fiona Chan - Communications Manager/Host
Hello, thank you for joining the Hypebeast fiscal year 2027 Interim Results Earnings Call. I'm Fiona Chan, Communications Manager. Joining me is our CEO, Kevin Ma. He will take us through the half-year performance and broader business context, a detailed financial review, and our strategic priorities for the rest of the year. 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. The interim financial information is unaudited.

Kevin, over to you.

Kevin Ma - Chairman and CEO
Thank you, Fiona. Good morning and good afternoon, everyone. Thank you for joining us today.
In the first half of the fiscal year 2027, we delivered growth in both revenue and profit. All amounts today are in Hong Kong dollars.

Group revenue grew 12% to 312.8 million, led by our Media division, which benefited from demand for our media services around the FIFA World Cup 2026. Gross profit margin expanded 2.8 percentage points to 46.6%. EBITDA grew 79.3% to 34.3 million, with EBITDA margin up 4.1 percentage points to 11%.

Net profit nearly tripled from 6 million to 16.6 million. The Board has declared an interim dividend of 0.18 cents per share, a payout ratio of about 22%.

Let's take a closer look at the numbers. Gross profit grew 19.3% to 145.8 million, faster than revenue. Our selling and marketing expenses remained broadly flat at 50.3 million. As a share of revenue, they came down from about 18% to 16%, reflecting improved cost efficiency. Administrative and operating expenses rose 5.1% to 72.8 million, also growing slower than revenue. They accounted for 23.3% of revenue, down from 24.8%. Profit before tax was 21.4 million. After tax of 4.8 million, net profit was 16.6 million. Earnings per share were 0.83 cents.

Next, let's take a look at how revenue growth translates into profit. Revenue grew 12%, while operating

expenses rose only 2.8% to 123.1 million. This includes selling and marketing expenses and administrative and operating expenses.

Together, these costs accounted for 39.4% of revenue, down from 42.9%. As a result, about 45% of the additional revenue converted into EBITDA. That helped turn 12% revenue growth into a 79.3% increase in EBITDA. Looking at our two segments, both improved their gross profit margins. Media improved by 2.5 percentage points to 48%, and E-commerce and Retail by 2.4 percentage points to 39.9%.

Media accounted for a larger percentage of Group revenue, rising from 78.7% to 82.9%. This shift towards our higher-margin segment, together with the improvements in both segments, lifted Group gross profit margin to 46.6%.

Turning to our balance sheet, let's look at our position at the end of September 2026, compared to the end of March. Inventories decreased 4.2% to 41.8 million, reflecting our continued inventory discipline. Trade and other receivables, mainly related to our Media business, fell 2.1% to 178 million, despite higher revenue. Accounts receivable turnover days also improved to 92 days. Cash and cash equivalents rose 12% to 150.7 million, after paying the final dividend and share buybacks. Our operating cash flow was 46.7 million. It benefited from higher operating profit and from the timing of payments, including campaign costs that will be paid later. Time deposits were 67.1 million, while a further 10 million was pledged as collateral for our banking facilities. Our investments are reported separately and are not included in these figures. They include an investment bond of 38.4 million, classified at fair value through profit or loss. Trade and other payables increased 20.8% to 99.7 million, mainly due to accrued campaign costs. Net operating working capital decreased 2.4% to 270.8 million. Inventory turnover days were 258 days.

That concludes our financial results for the first half of fiscal year 2027. Now, let's take a look closely at the performance of each business and our outlook.

First, looking at Media revenue by stream. Growth was led by advertising, which grew 29.3% to 214.7 million, supported by brand demand around the FIFA World Cup 2026. This provided a one-off boost in the first half. Brands used our platforms to reach a global football and culture audience, including Hypebeast Cup New York, which brought four weeks of screenings, workshops and partner activations. Creative agency and other revenue was softer, falling 16.9% to 44.6 million. With advertising making up a larger proportion of the revenue, Media segment result rose 67.9% to 63.1 million.

Next, retail sales across our online and in-store channels, which make up about 90% of segment revenue, were down 7.4% to 48 million. Exhibition income was also lower. This was partly offset by higher beverage income. Together with the consignment commission, these make up the rest of the segment.

We continued to prioritise full-price sell-through over volume, which improved gross margin. The segment loss narrowed slightly, from 6.2 million to 6 million, helped mainly by lower inventory write-downs. The segment unfortunately remains loss-making, and improving its performance is one of our key priorities for the second half.

For the second half, we want to build on our brand strength and client relationships to generate more consistent revenue and profitable growth. We have three priorities, with the Media receiving the greatest attention.

First, we have to build more repeatable, profitable Media growth. Our first-half performance benefited from the World Cup. Without that same benefit in the second half, we're focusing on turning our pipeline into campaigns we deliver well. We're also working to build more repeatable business, deliver more global campaigns across our markets, and develop recurring content series with clearly defined offerings. With our brand partners, we're coordinating campaign delivery and billing plans to give us better visibility and improve cash collection.

Second, we want to grow our full-price sales and improve our profitability at HBX. We want full-price growth to show up in both profit and cash, not just a higher margin. That starts with choosing the right brands and products, being selective with our promotions, and keeping tight control of inventory. We'll also continue to build closer relationships with our customers through personalised outreach and in-store experiences at Landmark. Through the holiday season, we'll keep a close eye on demand, inventory and cash generation.

Third, raising productivity and keeping spending disciplined. We'll continue to direct our resources towards profitable clients, campaigns and products, while using technology to help our teams work more efficiently.

Together, these will help us build a more efficient and sustainable business. We will pursue these priorities with financial discipline.

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

Q&A

Fiona Chan - Communications Manager/Host

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

The first question is, how do you balance investment in growth with generating sustainable profits and cash from your existing business?

Kevin Ma - Chairman and CEO

For our second half, we want to continue to make use of our brand and client relationships to generate more consistent revenue and grow our profits. As I said, we have three priorities, with Media getting the most attention. We want to build more repeatable and profitable Media growth. We want better margins and more profits at HBX, so we're not overstocking or discounting too much. Thirdly, we need to be more disciplined with our spending and increase productivity across the company. The first half got a boost from the World Cup, and we don't expect to see that in the second half. We'll continue working on

these priorities and stay disciplined.

Fiona Chan - Communications Manager/Host
Thank you, Kevin. The second question is, what is your dividend policy, and why not a higher dividend given stronger profit and cash?

Kevin Ma - Chairman and CEO
The Board has declared an interim dividend of 0.18 Hong Kong cents per share. That's the same regular interim dividend as last year. It only looks lower because last year we had a special dividend. When we set dividends, we try to balance returns to shareholders with making sure we have enough working capital for our business needs. At this moment, the Board doesn't see the need for a special dividend, based on the current results and cash needs.

Fiona Chan - Communications Manager/Host
Thank you, Kevin. The third question is, can you share Hypebeast's social media follower numbers over the last three years and comment on the trend?

Kevin Ma - Chairman and CEO
We don't share those numbers in our interim report. What matters is how we engage with the audience. It's not just about having more followers. It's about how we engage with our audience nowadays and also how to turn that into business for our brand partners. In the first half, our Media revenue grew 18% and our margins improved. We'll keep investing in content and formats that keep our audience engaged across all the platforms that we have.

Fiona Chan - Communications Manager/Host
Thank you, Kevin. The fourth question is, what impact, if any, are changes in trade policy, geopolitical uncertainty and local economic conditions having on advertising budgets and HBX consumer demand across your key markets? How are you responding?

Kevin Ma - Chairman and CEO
The trade and consumer environment is always uncertain these days. Our results come from a mix of different factors, not just one outside event. In Media, our job is to stay close to clients during their planning and get ahead of the curve. At HBX, we definitely have to adjust our brand mix, pick our products carefully and avoid discounting too much. We have to buy with discipline, keeping margins and cash in mind.

Fiona Chan - Communications Manager/Host
Thank you, Kevin. The next question is, what are some of the new business initiatives you're working on, if any? Given that HBX and e-commerce in general have struggled, would you consider giving it up?

Kevin Ma - Chairman and CEO
For the Media side, we continue to develop our own content and event formats that can bring a more engaged audience and advertising brands together. We want to create ideas that we can repeat and grow over time. Before, we may have been doing too much. Now we're narrowing our focus to what

works and making it repeatable.

At HBX, we're focused on sustainable margins and narrowing the segment's losses as we work towards breakeven. We've already gone through a tough time. We had too much inventory and the brand mix was not optimal. We've changed the brand mix, if you look at the brands at HBX and our retail store. With this new direction and a focus on selling at full price, we feel we can turn around the HBX business. The results are starting to come in.

Fiona Chan - Communications Manager/Host
Thank you, Kevin. We have a few minutes remaining for one or two additional questions before we conclude today's earnings call. If you have any further questions, please feel free to put them in the Q&A box.

Kevin Ma - Chairman and CEO
I think there are some questions. I can quickly answer them. Our former CFO left for personal reasons. Moving forward, we'll figure out who will communicate with shareholders. In the meantime, feel free to reach out to me.

And the second question is, how popular would you judge Hypebeast to be right now? I think we're more popular than ever. If you look at our numbers on social media, we continue to build great, engaging content. We're refocusing our efforts on some of our core brands. We'll continue rolling out different projects, and you'll see them come out in due time.

Fiona Chan - Communications Manager/Host
Thank you, Kevin. We are now reaching the end of today's earnings call. Thank you, everyone, for attending the fiscal year 2027 Interim 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.