

[For Immediate Release]



## Water Oasis Group Limited Announces 2022 Interim Results

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### *Active Expansion Plan in Preparation for Rebound*

#### **FINANCIAL HIGHLIGHTS**

- Group's revenue for the six months ended 31st March, 2022 (the "period") increased by 23.3% to approximately HK\$388.3 million when compared with that of the same period last year. The increase in revenue was mainly due to the contribution of the Millistrong Group acquired in June 2021. Online sales performance for the Group was encouraging and performed with an increase of 29% on a period-on-period comparison basis which partially compensated for the shortfall on customers traffic through its stores. The Group's sales performance for the period was significantly affected by the government closure orders of all beauty salons since 7<sup>th</sup> of January 2022 as a result of the outbreak of the 5<sup>th</sup> wave pandemic.
- The mandatory closure order of beauty salons had resulted in a change in sales mix. The Group's product sales mix was increased to 26.4% from 19.9% while beauty services sales mix was lowered to 73.6% from 80.1% when compared with that of the same period last year.
- The Group's costs on staff, rental and depreciation were increased on a period-on-period comparative basis due to the increased staff numbers and outlets as a result of stores expansion and the acquisition of Millistrong Group. No major government subsidies or relief measures were received and recorded during the period under review.
- Profit for the period amounted to HK\$26.4 million, representing a decrease of 55.1% when compared with that of the same period last year.
- The Board did not declare an interim dividend.

#### **OPERATION HIGHLIGHTS**

##### **Beauty Services Business**

- As at 31st March, 2022, the Group including the brands of Glycel, Oasis Beauty, Oasis Medical Centre, Oasis Spa, spa ph+, AesMedic Clinic and 32°C operates a total of 55 beauty salons in Hong Kong, 1 outlet in Macau as well as 3 outlets in PRC.
- Despite the mandatory government orders on the closure of the beauty salons since 7<sup>th</sup> of January 2022, both Glycel and Oasis Medical Centre in Hong Kong managed to perform with positive growth in sales during the period when compared with that of the same period last year,
- During the period under review, a new Oasis Medical Centre had been opened in The LOHAS in Tseung Kwan O in November 2021,

##### **Product Sales Business**

- As at 31st March, 2022, the Group operates a total of 12 retail outlets located in Hong Kong, 4 outlets in Macau as well as 1 outlet in PRC comprising the self-owned brands like Glycel and Eurobeauté as well as those with distribution rights like Erno Laszlo, HABA and H2O+.

- The Group's total product sales for the period were increased comparing to that of last year due to the sales contribution of HABA as a result of the acquisition of Millistrong Group.
- Three new retail counters located in NOVA Mall Macau were opened in the first half of this financial year.

#### **Outlook**

- The Group opened a flagship outlet on 21st April, 2022 with the brand name of Glycel and Oasis Medical Centre in the Royal Park Hotel in Shatin. A new joint venture of Oasis portfolio namely Oasis Dental was opened in this flagship outlet offering professional cosmetic dental services.
- A new Glycel Skinspa located at Gateway Mall in Tsim Sha Tsui will be added to services in May 2022 together with a further expansion of service floor space of the existing Oasis Medical Centre. In addition, a new and larger Oasis Medical Centre will be opened in Soundwill Plaza later this year together with a new Oasis Medical Centre to be opened in Popcorn Mall in the second half of 2022.
- In Macau, a new Glycel salon will be opened in the upmarket NOVA Mall in the second half of 2022. While in Beijing, the fourth beauty salon is planned to open before the end of this financial year.
- The Group is confident that the market conditions will soon get back to normal. The Group will continue to open new stores in strategic locations in preparation for an expected post-pandemic rebound, at the same time taking advantage of the dampened environment to secure competitive rental terms in order to pave for the future success.

(Hong Kong, 27th May, 2021) --- **Water Oasis Group Limited** (“Water Oasis” / the “Company”) (HKEX: 1161), a renowned beauty services and beauty product retail group, today announced the unaudited interim results of the Company and its subsidiaries (the “Group”) for six months ended 31st March, 2022.

For the six months ended 31st March, 2022, the Group's revenue up 23.3% by comparison with the same period last year, to approximately HK\$388.3 million (six months ended 31st March, 2021: HK\$314.9 million) as a result of the full consolidation of the newly acquired Millistrong Group. Profit for the period amounted to HK\$26.4 million, as against HK\$58.8 million for the same period last year. As at 31st March, 2022, the Group had approximately HK\$307.6 million in cash in hand.

The Board did not declare an interim dividend (six months ended 31st March, 2021: 5.5 HK cents per share) for the six months ended 31st March, 2022.

**Mr. Tam Siu Kei, Alan, Executive Director and Chief Executive Officer of Water Oasis**, said, “The period under review was almost literally a ‘game of two halves’ in terms of our performance. We performed well in the three-month period from October to December 2021, taking advantage of a stable pandemic situation in Hong Kong and a strong appetite for local spending, especially over the Christmas season. However, the outbreak of the “5th wave” of the pandemic in January 2022 led to the Government imposing very strict anti-epidemic measures. All Hong Kong beauty salons together with spas and similar locations, were required to close down completely from 7th January onwards. Although the retail environment was difficult, the Group continued with its commitment to opening new stores in strategic locations in preparation for an expected post-pandemic rebound, at the same time taking advantage of the dampened environment to secure competitive rental terms. By getting new stores up and running even during the worst of the pandemic, the Group is ensuring that it will be very well-placed to meet and benefit from sudden rises in demand in the future.”

## **Business Review**

The Group's sales mix as at 31st March, 2022 stood at 26.4% products to 73.6% beauty services, a notable shift from the ratio of 19.9% to 80.1% respectively at the end of the previous period. This was also reflected in a lower gross profit margin, down from 92.1% a year ago to 84.9% at period-end.

## **Beauty Services**

The closures affected the Group's 'Oasis' brand portfolio, which includes the beauty services businesses Oasis Beauty, Oasis Spa, Oasis Medical Centre, Oasis Hair Spa, and Oasis Homme. Prior to the closures, however, the Group had pushed ahead with its plans to expand its store network and enlarge some of its outlets. A new Oasis Medical Centre opened in The LOHAS in November 2021 to supplement the one opened in Festival Walk in June 2021, meaning that as at 31st March, 2022, the Group was operating 10 Oasis Medical Centres in Hong Kong, up from eight a year earlier.

As at 31st March, 2022, the Group operates 18 Glycel stores; 15 Oasis Beauty centres; 2 Oasis Homme centres; 4 Oasis Hair Spas; 3 Oasis Spa centres; 10 Oasis Medical Centres; 5 spa ph+; 1 32°C and 1 AesMedic Clinic in Hong Kong as well as 3 self-managed Oasis Beauty centres in PRC and 1 Oasis Beauty Store in Macau.

## **Product Sales**

Following its acquisition of the Millistrong Group last year, the Group also became a distributor of the beauty brand HABA. All these brands are sold in various physical locations and can also be ordered online. During the period, the Group opened two new outlets in Macau selling Eurobeauté and HABA products respectively, both in Macau's upmarket NOVA Mall.

There was a significant rise in e-commerce sales in the quarter, which increased by 29% period-on-period. The Group's products clearly remained in demand and by facilitating online ordering and delivery, the Group was able to redirect sales through online channels to compensate to an extent for the fall in customer foot traffic through its stores.

As at 31st March, 2022, the Group was operating 2 H2O+ outlets and 3 Erno Laszlo stores in Hong Kong, with another Erno Laszlo outlet operating in Macau. As for HABA, the Group has 3 retail stores in Hong Kong, together with a fourth store that was opened in Macau in the period.

## **Outlook**

Already with the easing of the 5th wave, signs of a returning appetite for beauty services are evident, and the Group's ongoing store openings and planned openings means it is well-placed to be a provider of choice to customers returning to the scene. The Group is confident that a return to more normal conditions is just around the corner, and that its expansion plans will give it a definite competitive advantage in the months ahead.

A new Oasis Medical Centre was opened in the Royal Park Hotel in Shatin on 21st April, 2022, once mandatory government restrictions ended. Inside the Oasis Medical Centre is a new joint venture of the Group that is further expanding its Oasis portfolio, namely Oasis Dental, offering professional cosmetic dental services.

Renovations are continuing in the Gateway Mall in Tsim Sha Tsui, which will expand the floor space of the existing Oasis Medical Centre there as well as adding a new Glycel spa outlet. A new and larger Oasis Medical Centre is also on track to open in the Soundwill Plaza later in the year.

Similarly, the PopCorn Mall will see a new Oasis Medical Centre opening in the second half of 2022.

In Macau, following the expansion in the first half mentioned above, the Group is planning to launch a Glycel salon in the upmarket NOVA Mall in the second half. In Beijing, where the Group has run three self-managed Oasis Beauty centres for several years, it is on track to open a fourth before the end of the financial year. Handover of the new premises is scheduled for May, and renovation and acquisition of the relevant licences will follow.

**Mr. Tam** concluded, “With customer spending and usage continuing to grow, we are confident about our potential to deliver a good second-half performance. We will retain our focus on expanding the number and range of our outlets in a variety of locations and territories, so that we can take advantage of the expected rebound. Our strong and varied beauty services portfolio, widely recognised brands, and reputation for quality and professionalism, all give us confidence in our ability to step ahead with success in the coming months.”

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#### **About Water Oasis Group Limited**

The Group is a leading beauty services provider and beauty product retailer in Hong Kong. Founded in 1998 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2002, from its beginnings the Group has been one of Hong Kong’s most innovative companies within its industry, and has been responsible for numerous “firsts”. Coupling a clear vision with a constant impetus for development and transformation, the Group has expanded over the years into an esteemed provider of beauty services while continuing to hold a strong product portfolio of self-owned and licensed brands. For more information, please visit [www.wateroasis.com.hk](http://www.wateroasis.com.hk)

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