

[For Immediate Release]



Water Oasis Group Limited Announces 2023 Interim Results

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*Financially secure with a strong and loyal customer base
Set up well for enjoying the post-COVID rebound*

FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 31 March 2023 (the "period") increased by 26.7% to approximately HK\$492.0 million when compared with that of the same period last year.
- The increase in Group's revenue during this period was mainly due to the abandonment of the COVID restrictions as well as the full six months contribution of beauty services operations, comparing to the same period of last year due to the outbreak of the 5th wave COVID of which there were government closure orders of beauty salons from January to April 2022.
- The Group's product revenue dropped mainly because of the large scale outbreaks of COVID across PRC as a result of the rapid easing toward the end of 2022 which seriously affected supply chains and consumers spending.
- During the period under review, the full six months beauty services operations had led to an adjustment in the Group's sales mix from 26.4% products to 73.6% beauty services of last financial period to 17.1% products against 82.9% services in this period. The Group's gross profit margin also rose year-on-year, from 84.9% to 89.4% as a result of a higher beauty services segment contribution.
- In the first six months of this financial period, the Group invested heavily in advertising campaigns to capture new customers and accentuate its sophisticated brand image which led to an increase in advertising expenses by 76.3%. Depreciation remained stable which included the capital expenditures on new store openings, relocations and new beauty equipment purchase. Staff costs rose by 39.3%, largely because of the government compulsory closures in last year which had driven the staff costs down.
- Profit for the period amounted to HK\$57.1 million, representing an increase of 116.3% when compared with that of the same period last year.
- Recommend the payment of an interim dividend of 7.0 HK cents per share.

OPERATION HIGHLIGHTS

Beauty Services Business

- As at 31 March 2023, the Group including the brands of Glycel, Oasis Beauty, Oasis Medical Centre, Oasis Spa, Oasis Dental, spa ph+, AesMedic Clinic and 32°C operates a total of 54 beauty salons in Hong Kong, 2 outlets in Macau as well as 4 outlets in PRC.
- During the period under review, a flagship Oasis Medical Centre located in Soundwill Plaza

in Causeway Bay was opened in October 2022. By consolidating two Oasis Medical Centres into one, this new medical centre occupies the entire 27th floor of Soundwill Plaza with area more than 7,000 sq. ft., offering exceptional levels of space, comfort and luxury to our customers.

- In the PRC, the Group opened the fourth self-managed Oasis Beauty Centre in October 2022 in Beijing.

Product Sales Business

- As at 31 March 2023, the Group operates a total of 10 retail outlets located in Hong Kong, 5 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 and HABA.
- During the period under review, the HABA counter in Sogo in Tsim Sha Tsui was relocated to Facesss Harbour City, another premier shopping destination in Tsim Sha Tsui.

Outlook

- The Group has done much work over the past 12 months including the opening and fitting out a series of large flagship stores as well as grouping major brands together to provide greater operational synergies and customer convenience and satisfaction. This move also enhances the Group's brand image and recognition by our customers.
- Consumer confidence in Hong Kong is continuing to improve although tourist arrivals are also climbing albeit slowly. The Group is confident that the economy and consumer sentiment are gradually moving in the right direction. Looking forward, with our strong financial background as well as our loyal customer base and excellent public exposure and reputation, the Group is confident that the second half will be a positive one.

(Hong Kong, 29 May 2023) --- **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 31 March 2023.

The period under review compares favourably with its results for the same period last year. For the six months ended 31 March 2023, the Group's revenue rose by 26.7% by comparison with the same period last year, to approximately HK\$492.0 million (six months ended 31 March 2022: HK\$388.3 million), based on strong performances from most of the Group's beauty services brands. Profit for the period amounted to HK\$57.1 million, as against HK\$26.4 million for the same period last year. As at 31 March 2023, the Group had approximately HK\$243.4 million in cash in hand.

The Group remains in a strong financial situation, stable, healthy and cash-rich. Cash receipts in March 2023, traditionally a strong time for beauty services uptake, surged almost back to the performance level before the outbreak of COVID in 2019. This was a strong recognition of the Group's strong recovery capability, as well as a sign of its ability to quickly manage larger-scale demand after the recovery from COVID.

The Board has resolved to declare an interim dividend of 7.0 HK cents per share for the six months ended 31 March 2023 (six months ended 31 March 2022: nil).

Mr. Tam Siu Kei, Alan, Executive Director and Chief Executive Officer of Water Oasis, said, "The Group's improved performance in this period was by no means simply a result of COVID

restrictions having been abandoned. We were very active both during and after the COVID shutdowns in planning ahead and preparing for the eventual return to normality. We did this by investing heavily in new store openings, in expanding our existing stores, and in undertaking promotional activities to enhance the Group's appeal to consumers. This work, which has been central to the Group's rapid return to a satisfactory performance"

Business Review

For this period, the sales mix shifted back to a more typical 17.1% products against 82.9% services. Because beauty services generally attract a higher profit margin than products, the Group's gross profit margin also rose year-on-year, from 84.9% to 89.4%.

Beauty Services

For the period under review, almost all the Group's beauty services brands performed strongly, recording double-digit growth in revenue. This growth was boosted by a number of strategic store relocations that further enhanced the Group's profile and brought many added benefits for customers.

The period saw some major consolidations of the Group's beauty services brands in the same location. The most important of these was the opening of a flagship Oasis Medical Centre in the Soundwill Plaza in Causeway Bay in October 2022. This move follows on from the Group's launch of a similar flagship store in the New Territories in April 2022, in the Royal Park Hotel in Shatin, as well as its grouping together of three of its beauty brands in the Gateway Tsim Sha Tsui (Glycel, Oasis Spa and Oasis Medical Centre) so that the entire floor there is now occupied by the Group's businesses. This means that the Group now has several major flagship locations in strategic high-end areas of Hong Kong, along with numerous smaller branches of its beauty services brands.

As at 31 March 2023, the Group was operating 15 Oasis Beauty centres, 2 Oasis Homme centres, 4 Oasis Hair Spas, 10 Oasis Medical Centres, 3 Oasis Spas, and 1 Oasis Dental clinic. Other non-Oasis branded beauty services locations operated by the Group are 12 Glycel beauty centres, 1 32°C centre, 5 spa ph+ centres, and 1 AesMedic Clinic. In total, the Group had a total of 54 beauty centre operations in Hong Kong at period-end. These brands include those acquired as part of the Group's acquisition of the Millistrong Group in 2021; all making positive contributions to the Group's revenue since then, including in the period under review. In the PRC, the Group opened an additional Oasis Beauty centre in Beijing in October 2022, bringing to four the number of self-managed Oasis Beauty centres it operates in the capital city. In Macau, the Group operates one Glycel Skinspa and one Oasis Beauty Store.

Product Sales

High quality new products continued to be rolled out under all the Group's beauty brands throughout the period, many of which are also used in its beauty centres as part of the treatments offered.

As at 31 March 2023, the Group operated 10 retail product stores or counters in Hong Kong, five in Macau, and one HABA wholesale distribution business in the PRC. During the period, in Hong Kong, the HABA counter in Sogo in Tsim Sha Tsui was relocated to Facesss Harbour City, another premier shopping destination in Tsim Sha Shui. Following the end of the H2O+ licencing arrangement, the Group retained its one product store but is now selling its own-brand products in it.

The Group continued to sell Glycel products in 18 Glycel locations, including 5 stores or counters and 13 beauty services centres in Hong Kong and Macau.

Outlook

The Group has done much work over the past 12 months to prepare itself for an expected upsurge in demand for beauty services and products, and its efforts already look to be paying off. Some of that work has involved opening and fitting out a series of large flagship stores, in which two or three of its major brands are grouped together to provide greater synergies and higher customer convenience. In the months ahead, the Group will be consolidating its efforts of the past year and looking closely at the performances of these larger stores in order to develop strategies for future growth.

Mr. Tam concluded, “Consumer confidence in Hong Kong is continuing to improve, while tourist arrivals are also climbing albeit slowly. Visitor numbers from the Mainland are on the rise. The Group is confident that the economy and consumer sentiment are gradually moving in the right direction, and that the work it has put into enhancing and expanding its beauty services outlets over the past year has set it up well for enjoying the post-COVID rebound. Financially secure and with a strong and loyal customer base and excellent public exposure and reputation, the Group is in a good position and is confident that the second half will be a positive one.”

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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

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