

[For Immediate Release]



Water Oasis Group Limited Announces Strong 2023 Annual Results

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*Forward-looking Expansion and operational dynamism drive
Outstanding post-pandemic business growth*

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year ended 30 September 2023 increased by 16.0% to approximately HK\$976.6 million when compared with that of last financial year. The increase in revenue was largely driven by strong demand for beauty services.
- For the year under review, the Group's performance was a strong one and reflected its extensive work during the pandemic period in preparation for a return to normality.
- The Group's product/service mix continued to swing in the direction of beauty services, moving to 84.4% from 79.8% a year earlier. This swing directly affected the gross profit margin, which rose to 90.2% from 87.8% when compared with that of last financial year.
- The Group's aggregate core expenses demonstrated a consistent and stable pattern in relation to revenue on a year-on-year basis, thereby making a positive contribution to the overall financial performance.
- Profit for the year amounted to HK\$110.2 million, representing an increase of 64.9% when compared with that of last financial year.
- Recommend the payment of a final dividend of 7.0 HK cents per share.

OPERATION HIGHLIGHTS

Beauty Services Business

- As at 30 September 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 3 outlets in Mainland China.
- During the year 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.
- The Group operates 3 self-managed Oasis Beauty centres in Beijing, representing the same number as a year earlier, although in the period one Oasis Beauty centre was closed and a new one opened in a different location.

Product Sales Business

- As at 30 September 2023, the Group operates a total of 10 retail outlets located in Hong Kong, 5 outlets in Macau as well as 1 outlet in Mainland China comprising the self-owned brands like Glycel and Eurobeauté as well as those with distribution rights like Erno Laszlo and HABA.
- During the year 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 is looking ahead at the next twelve months and beyond with strong confidence. The Group has established itself as the leading beauty services group in Hong Kong, benefiting from a wide customer base and the exit of competitors during the pandemic.
- The Group is preparing for further growth by exploring new technology offerings and acquiring unique and cutting-edge equipment, ensuring tailored service offerings for Hong Kong customers.
- Marketing efforts will be intensified to attract new customers, targeting different segments through the Group's retail stores and online platforms.
- The Group's growth focus in the coming year will be firmly on Hong Kong, where much potential remains. With the strategic investments in flagship stores, as well as extensive renovations and relocations, the Group believes this investment and consolidation has given it a significant basis for growth.
- The Group's careful strategic moves in the past few years have helped create a strong platform for the future. Its investment in expanding store sizes and improving their positioning has resulted in highly visible flagship stores that are catching the eyes of Hong Kong consumers and raising the Group's profile to new heights. Given this highly favourable operating landscape, the Group is preparing itself for a dynamic year of active business growth ahead.

(Hong Kong, 15 December 2023) --- **Water Oasis Group Limited** ("Water Oasis" / the "Company") (HKEX: 1161), a renowned beauty services and beauty product retail group, today announced its strong annual results of the Company and its subsidiaries (the "Group") for the year ended 30 September 2023, which reflected its extensive work during the pandemic period in preparation for a return to normality.

For the year ended 30 September 2023, the Group's revenue rose by 16.0% by comparison with the last year, to approximately HK\$976.6 million (2022: HK\$841.9 million), based on strong performances from most of the Group's beauty services brands. Profit for the year amounted rose by 64.9% to HK\$110.2 million, as against HK\$66.9 million for the last year.

As at 30 September 2023, the Group held bank balances and cash of approximately HK\$271.8 million in total. Its current ratio was 0.58:1. The board of directors has recommended the payment of a final dividend of 7.0 HK cents per share, bringing the full-year dividend to 14.0 HK cents (2022: 7.5 HK cents) per share.

Mr. Tam Siu Kei, Alan, Executive Director and Chief Executive Officer of Water Oasis, said, "The Group's performance in this period show clearly that the Group has established itself as a market leader in the beauty services industry in Hong Kong. These excellent results, especially in a

less than favourable macro-environment, spring from some forward-looking decisions made by the Group during the pandemic period. For instance, the Group took advantage of the economic and property downturn during the pandemic to secure several more favourable locations for its major beauty services brands, capitalised on the weaker rental market to obtain larger spaces in prime locations. Significant resources were then allocated to a strategy of opening new and impressive flagship stores for our major brands, beauty centre renovations. As our annual results show, the Group's preparations for market recovery have been strategically focused, wide-ranging, and highly effective."

Business Review

For this period, the Group's product/service mix continued to swing in the direction of beauty services, moving to 84.4% from 79.8% a year earlier, largely driven by strong demand for its beauty services. This swing directly affected the GP margin, which rose to 90.2% from 87.8% previously.

Beauty Services

Oasis Beauty and Oasis Spa both enjoyed highly successful years, with each brand recording double digit growth in sales revenue. Like the Oasis beauty services, Glycel operations performed very strongly over the year, also achieving double-digit growth. In addition, integrating Millstrong Group's portfolio of products and services into the Group's operations has resulted in very positive contributions to both its top and bottom lines.

The Group's brands benefited from its strategy in recent years of renovating, relocating and consolidating major brands into spacious flagship stores in popular destinations. These larger-scale stores not only cater for larger numbers of customers and offer greater booking flexibility, but they are able to leverage valuable synergies between different brand offerings. The consolidation process meant that at year-end, the Group was operating 64 Water Oasis portfolio outlets in Hong Kong, down from 68 the previous year. Despite this reduction in store numbers, the Group's results are up and the relocation and restructuring process has without doubt benefited the Group's overall performance.

Product Sales

Balancing the Group's strong beauty services portfolio is an array of retail beauty brands which it either owns or for which it has distributor rights. Beauty product sales were soft in the year under review, and overall demand was relatively weak, leading to average performances.

Outlook

The Group is looking ahead at the next twelve months and beyond with strong confidence and is now gearing up for further growth in the year ahead. With international trade fairs and exhibitions returning to normal, Group management are travelling regularly to fairs to explore new technology offerings, and seek out new and cutting-edge equipment as and when it becomes available. In some case, the Group is able to deal directly with manufacturers to acquire customised equipment, meaning that its service offerings are unique in the market and especially tailored for Hong Kong customers.

Marketing for new target segments will be stepped up over the coming year, and individual brands will be widely promoted both on the Group's own online platforms and on third-party platforms. Work will continue to be done on consolidating and growing the Group's promising e-commerce business for products. Plans are also afoot for a number of creative marketing campaigns that the Group will roll out in the months ahead.

Mr. Tam concluded, “The Group expects to continue with a growth strategy that has proven highly effective in a period where many businesses have struggled, We certainly see more opportunities to be grasped going forward, and believe that our strong market presence, excellent exposure and high reputation put us in a fine position for future growth. We are optimistic about the future, especially having achieved such positive results in the immediate post-pandemic period, in an economy that is struggling to fire. As the market improves, the Group’s strong and promising position within its industry should enable it to step forward even more vigorously in the future.”

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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

**For media enquiries, please contact:
Strategic Financial Relations Limited**

Mandy Go / Holly Szeto
Tel : 2864 4812 / 2864 4859
Fax : 2527 1196
Email : mandy.go@sprg.com.hk /
holly.szeto@sprg.com.hk

**Water Oasis Group Limited -
Marketing Department**

Fannie Ng
Tel : 3182 7704
Fax : 2807 0777
Email : fannieng@wateroasis.com.hk