Sisram Medical Ltd
復銳醫療科技有限公司*

(Incorporated in Israel with limited liability)

(Stock Code: 1696)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2021 was US$294.3 million, increased by 81.6% as compared to the revenue for the previous year.
- Profit for the year ended December 31, 2021 was US$32.5 million, increased by 121.5% as compared to that for the previous year.
- Net cash flows from operating activities for the year ended December 31, 2021 was US$32.4 million, increased by 25.8% as compared to that for the previous year.
- Significant growth in all regions, mainly in North America and APAC. Revenues in North America for the year ended December 31, 2021 were US$112.0 million, increased by 105.8% as compared to that for the previous year. Revenues in APAC for the year ended December 31, 2021 were US$85.2 million, increased by 95.3% as compared to that for the previous year.

FINAL DIVIDEND

- The Board has resolved to declare a final dividend of HK$0.157 (inclusive of tax) per Share for the year ended December 31, 2021.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Sisram Medical Ltd (the "**Company**" or "**Sisram**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**") for the year ended December 31, 2021 (the "**Reporting Period**"), prepared under International Financial Reporting Standards ("**IFRSs**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended December 31, 2021

	Notes	**2021** *US$'000*	2020 *US$'000*
REVENUE	4	294,294	162,095
Cost of sales		(127,433)	(71,794)
Gross profit		166,861	90,301
Other income and gains	4	1,223	1,124
Selling and distribution expenses		(78,893)	(43,085)
Administrative expenses		(21,815)	(15,874)
Research and development expenses		(15,594)	(10,957)
Other expenses		(7,798)	(3,783)
Finance costs	6	(2,005)	(1,064)
Share of profits and losses of associates		(307)	-
PROFIT BEFORE TAX	5	41,672	16,662
Income tax expense	7	(9,152)	(1,982)
PROFIT FOR THE YEAR		32,520	14,680
Attributable to:			
Owners of the parent		31,245	13,344
Non-controlling interests		1,275	1,336
		32,520	14,680
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
For profit for the year (US cents)	9	6.90	3.02
Diluted			
For profit for the year (US cents)	9	6.90	3.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2021

	2021	2020
	US$'000	*US$'000*
PROFIT FOR THE YEAR	32,520	14,680
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	254	417
Reclassification adjustments for gains included in the consolidated statement of profit or loss	(174)	(304)
	80	113
Exchange differences:		
Exchange differences on translation of foreign operations	(868)	1,818
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(788)	1,931
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to a defined benefit plan	371	74
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	371	74
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(417)	2,005
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	32,103	16,685
Attributable to:		
Owners of the parent	30,828	15,349
Non-controlling interests	1,275	1,336
	32,103	16,685

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021

	Notes	2021 *US$'000*	2020 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		14,565	12,813
Right-of-use assets		30,892	33,348
Goodwill		111,183	111,183
Other intangible assets		51,224	53,281
Deferred tax assets		4,698	5,047
Trade receivables	10	12,548	10,616
Investments in associates		1,385	173
Other non-current assets		6,037	195
Total non-current assets		232,532	226,656
CURRENT ASSETS			
Inventories		64,236	37,191
Trade receivables	10	69,875	46,501
Prepayments, other receivables and other assets		9,732	3,955
Tax recoverable		–	976
Derivative financial instruments		695	–
Cash and bank balances		153,062	116,527
Total current assets		297,600	205,150
CURRENT LIABILITIES			
Contract liabilities		15,038	8,178
Trade payables	11	13,018	9,444
Other payables and accruals		41,057	32,357
Interest-bearing bank and other borrowings		7,293	1,518
Lease liabilities		3,093	2,817
Derivative financial instruments		–	479
Tax payable		4,057	–
Total current liabilities		83,556	54,793
NET CURRENT ASSETS		214,044	150,357
TOTAL ASSETS LESS CURRENT LIABILITIES		446,576	377,013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
December 31, 2021

	Notes	2021 *US$'000*	2020 *US$'000*
NON-CURRENT LIABILITIES			
Contract liabilities		262	218
Interest-bearing bank and other borrowings		–	180
Lease liabilities		31,235	32,548
Deferred tax liabilities		9,409	9,910
Other long-term liabilities		2,045	2,268
Total non-current liabilities		42,951	45,124
NET ASSETS		403,625	331,889
EQUITY			
Equity attributable to owners of the parent			
Share capital		1,328	1,254
Reserves		400,854	330,635
Non-controlling interests		1,443	-
Total equity		403,625	331,889

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated under the laws of the State of Israel on April 25, 2013. The registered office of the Company is located at Ofek Building 15, HaHarash Street 18, Industrial Park, Caesarea, 3079895. Israel.

The Company is involved in research, development, design, manufacture, sales and marketing of medical aesthetics and dental equipment, home use devices, injectables and cosmeceuticals products.

A major shareholder of the Company is Ample Up Limited and the ultimate holding company of the Company is Fosun International Holdings Limited. The ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting standards, International Accounting Standards ("**IASs**")) and interpretations approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and a defined benefit plan which have been measured at fair value. The financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

Merger accounting for business combinations under common control

As disclosed in the consolidated financial statements, a business combination under common control was effected during the current year, where the business acquired in the business combination and the Company are both ultimately controlled by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. The business combination was accounted for using the principles of merger accounting.

The net assets of the combining entities are consolidated using the existing book values from the controlling party's perspective. No adjustments are made to reflect the fair values or recognize any new assets or liabilities as a result of the business combination under common control and no amount is recognized in respect of goodwill. The Company elects not to restate the financial statements for periods prior to the completion of the combination under common control. Accordingly, the consolidated statement of profit or loss and the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group include the results and cash flows of the acquired business from the date when the Group obtains control of the acquired business.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond June 30, 2021 (early adopted)*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognize hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group did not have any interest-bearing bank borrowings based on the Interbank Offered Rates as at December 31, 2021. The amendments are not expected to have any significant impact on the Group's financial statements.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after April 1, 2021 with any cumulative effect of initially applying the amendment recognized as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The amendments did not have any significant impact on the financial position and performance of the Group for the year ended December 31, 2021.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are related to a single operating segment, which is the design, development, manufacture and sale of energy-based aesthetic medical, minimally invasive treatment systems, non-EBD devices and cosmeceuticals. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	2021	**2020**
	US$'000	*US$'000*
Europe	51,890	34,653
North America	112,040	54,443
Asia Pacific	85,211	43,641
Latin America	14,343	8,134
Middle East and Africa	30,810	21,224
	294,294	162,095

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021	**2020**
	US$'000	*US$'000*
Israel	217,906	215,776
United States	1,483	1,610
Other countries	8,445	4,223
	227,834	221,609

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue from sales to one single customer accounted for about 12.9% of the total revenue for the Reporting Period (2020: 13.64%).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 *US$'000*	**2020** *US$'000*
Revenue from contracts with customers	294,294	162,095

(i) Disaggregated revenue information

For the year ended December 31, 2021

	2021 *US$'000*	**2020** *US$'000*
Types of goods or services		
Sale of products	278,733	153,362
Services provided	15,561	8,733
Total revenue from contracts with customers	294,294	162,095
Timing of revenue recognition		
Goods transferred at a point in time	278,733	153,362
Services transferred over time	15,561	8,733
Total revenue from contracts with customers	294,294	162,095

The following table shows the amounts of revenue recognized in the reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	2021 *US$'000*	**2020** *US$'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	5,129	3,118
Services provided	3,049	2,362
	8,178	5,480

(ii) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of products

The performance obligation is satisfied when control of goods is transferred to the customers and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and the related revenue is recognized until the period of return expires.

Services provided

The performance obligation is satisfied over time as services are rendered and advances are normally required before rendering the services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2021	**2020**
	US$'000	*US$'000*
Amounts expected to be recognized as revenue:		
Within one year	15,038	8,178
After one year	262	218
	15,300	8,396

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to services provided. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognized as revenue within one year.

Other income and gains

	2021	**2020**
	US$'000	*US$'000*
Bank interest income	543	773
Gain on the early termination of leases	–	339
Fair value gains from foreign exchange forward contracts not qualifying as hedges	492	–
Others	188	12
	1,223	1,124

5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2021	**2020**
	US$'000	*US$'000*
Cost of inventories sold	88,991	49,077
Cost of services provided	38,442	22,717
	127,433	71,794
Employee benefit expense (including directors' and senior management's remuneration):		
Wages and salaries	78,282	32,330
Equity-settled share base payments	294	–
Defined benefit scheme	880	841
	79,456	33,171

	2021 *US$'000*	2020 *US$'000*
Research and development costs:		
Current year expenditure	15,594	10,957
Auditors' remuneration	418	315
Lease payments not included in the measurement of lease liabilities	836	862
Depreciation of property, plant and equipment	2,211	1,848
Depreciation of right-of-use assets	3,463	3,265
Amortization of other intangible assets	6,611	5,349
Provision for impairment of inventories	4,878	1,398
Provision for impairment of trade receivables	1,399	1,453
Fair value (gain)/loss from foreign exchange forward contracts not qualifying as hedges	(492)	645
Share of profits and losses of associates	(307)	–
Foreign exchange differences, net	1,538	223

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 *US$'000*	2020 *US$'000*
Interest on loans and borrowings	518	297
Interest on lease liabilities	1,487	767
	2,005	1,064

7. INCOME TAX

The Israeli corporate tax rate applicable to the Company was 23% for the Reporting Period (2020: 23%). Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

Taxes on taxable income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Nova Medical Israel Ltd. is taxed based upon the tax law in Israel, the country of residence. Income was taxed at the corporate income tax rate of 23% for the Reporting Period (2020: 23%).

Alma Lasers Ltd., the major operating subsidiary of the Company, was granted the status of "Preferred Enterprise" under the Law for the Encouragement of Capital Investments, 1959 (as amended in 2011, the "**2011 Amendment of the Investment Law**") and therefore enjoyed a preferential corporate tax rate of 16% during the Reporting Period.

In December 2016, the Israeli Knesset passed Amendment 73 to the Investment Law, which included a number of changes to the Investments Law regime. Certain changes were scheduled to come into effect beginning January 1, 2017, provided that regulations are promulgated by the Finance Ministry to implement the "Nexus Principles" based on The Organization for Economic Co-operation and Development's guidelines recently published as part of the Base Erosion and Profit Shifting (BEPS) project. The regulations were approved in May 2017 and accordingly, have come into effect.

Applicable benefits under the new regime include:

Introduction of a benefit regime for "Preferred Technology Enterprises", granting a 12% tax rate in central Israel and a 7.5% tax rate in special areas – on income derived from Intellectual Property, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual research and development ("**R&D**") expenditure and R&D employees, as well as having at least 25% of annual income derived from exports. Technological Preferred Enterprise is defined as an enterprise which meets the aforementioned conditions and for which total consolidated revenues of its parent company and all subsidiaries are less than NIS10 billion. In cases where the parent company and all subsidiaries have more than NIS10 billion of consolidated revenues, the tax rate will be 6% in all Israel regions.

A Special Preferred Technological Enterprise ("**SPTE**") – where the parent company's total revenues are more than NIS10 billion in the tax year, its preferred technological income will be subject to a tax rate of 6%, regardless of the geographical location of the enterprise. On December 4, 2018, the Company received a ruling from the Israeli Income Tax Authority, which granted the Company the SPTE status, in accordance with the criteria in the law mentioned above and the conditions mentioned in the ruling, effective from January 1, 2017.

The following applies to SPTE:

- A 6% capital gains tax rate on the sale of a preferred intangible asset to a foreign affiliated enterprise, in accordance with the criteria mentioned in the law.

- A withholding tax rate of 20% for the dividends paid from a Preferred Technology Enterprise's income (with an exemption from such withholding tax applying to dividends paid to an Israeli company). Such rate may be reduced to 4% on the dividends paid to a foreign resident company, subject to certain conditions regarding the percentage of foreign ownership of the distributing entity.

As of December 31, 2021, Alma enjoyed a preferential effective tax rate of 6%, for being a SPTE for the year ended December 31, 2021 (2020: 6%).

On November 15, 2021, the Economic Efficiency Law in Israel was published (hereinafter: the "**Economic Efficiency Law**"), in which a temporary provision was set regarding the realization of profits accumulated until December 31, 2020, in the years in which the same profits were exempt from corporate income tax (hereinafter: "**Clawback Profits**") taking into account the mechanism established for the payment of reduced tax (hereinafter: "**Temporary Provisions**").

In light of the expectation of the subsidiary's management that the subsidiary will release their Clawback Profits and choose to pay reduced corporate income tax, the Company provided in its consolidated financial statements as of December 31, 2021, a tax provision in accordance with the Temporary Provisions.

The U.S. Tax Cuts and Jobs Act of 2017 ("**TCJA**") was approved by the U.S. Congress on December 20, 2017 and signed into law by the U.S. President Donald J. Trump on December 22, 2017. This legislation has made complex and significant changes to the U.S. Internal Revenue Code. Such changes include a reduction in the corporate tax rate and limitations on certain corporate deductions and credits, among other changes. The changes include, but are not limited to:

Rate reduction

The TCJA reduces the U.S. federal corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. In addition, the TCJA has made certain changes to the depreciation rules and implemented new limits on the deductibility of certain expenses and deduction.

The income of Alma Lasers GmbH, a subsidiary incorporated in Germany, is taxed based upon the tax law in Germany, the country of residence. Income was taxed at a flat corporate income tax rate of 15% during the reporting period and was also subject to additional trade income taxes of 16.47% as applicable.

The income of Alma Lasers AT GmbH, a subsidiary incorporated in Austria, is taxed based upon the tax law in Austria, the country of residence. Income was taxed at a flat corporate income tax rate of 25% during the reporting period and was also subject to additional trade income taxes as applicable.

The income of Alma Medical Private Limited, a subsidiary incorporated in India, is taxed based upon the tax law in India, the country of residence. Income was taxed at a corporate income tax rate of 26% during the reporting period (which was not a flat rate but included many deductions/exemptions/rebates as per the Income Tax Act 1961) and the Company was also subject to withholding taxes as per the provisions of the said Income Tax Act 1961.

The income of Alma Medical HK Limited, a subsidiary incorporated in Hong Kong, is taxed at the rate of 16.5% on its estimated assessable profits arising in Hong Kong.

The income of Sisram Medical (Tianjin) Ltd., Shanghai Foshion Medical System Co.,Ltd. and Xingyuanda Medical Technology Huaian Co., Ltd., subsidiaries incorporated in the Chinese Mainland, are taxed at the rate of 25%.

The income of Alma Medical Australia Pty Ltd, a subsidiary incorporated in Australia, is taxed at the rate of 30%.

The income of Alma Korea Limited, a subsidiary incorporated in Korea, is taxed at the rate of 17%.

	2021	**2020**
	US$'000	*US$'000*
Current	10,534	2,973
Deferred	(1,382)	(991)
Total tax charge for the year	9,152	1,982

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and its major operating subsidiary are domiciled to the tax expense at the effective tax rates is as follows:

	2021	**2020**
	US$'000	*US$'000*
Profit before tax	41,672	16,662
Statutory tax rate	23%	23%
Tax at the statutory tax rate	9,586	3,832
Different tax rates for certain entities	(6,298)	(2,493)
Effect on opening deferred tax from changes in tax rates	148	235
Expenses not deductible for tax	337	49
Taxes in respect of previous years*	3,515	(79)
Tax losses not recognized	671	319
Others	1,193	119
Total tax charge for the year	9,152	1,982

* Tax in respect of previous year in 2021 includes the tax provision amounted to US$2.9 million on the Clawback Profits to be realized in accordance with the Economic Efficiency Law in Israel published in 2021.

8. DIVIDEND

On March 16, 2022, the proposed final dividend of HK$0.157 (inclusive of tax) per share for the year ended December 31, 2021 (for the year ended December 31, 2020: HK$0.07) is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the reporting period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares ("**Shares**") of 452,544,641 (2020: 442,155,600) in issue during the Reporting Period.

The calculation of the diluted earnings per share amount is based on the profit for the reporting period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed vesting of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2021	**2020**
	US$'000	*US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	31,245	13,344

	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	452,544,641	442,155,600
Effect of dilution – weighted average number of ordinary shares:		
– Restricted share unit ("**RSU**") Scheme	322,973	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	452,867,614	442,155,600

On July 19, 2021, the Company entered into the Placing Agreement with the Placing Agents in relation to the placing of a maximum of 24,000,000 Shares. On July 27, 2021, a total of 24,000,000 new Shares, representing approximately 5.15% of the total issued share capital of the Company were issued for total amount of US$79.2 million.

10. TRADE RECEIVABLES

	2021	2020
	US$'000	*US$'000*
Trade receivables	84,717	58,787
Current	72,107	48,087
Non-current	12,610	10,700
Impairment	(2,294)	(1,670)
Current	(2,232)	(1,586)
Non-current	(62)	(84)
	82,423	57,117

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021	2020
	US$'000	*US$'000*
Within 1 month	46,951	14,973
1 to 2 months	4,894	8,872
2 to 3 months	5,422	4,109
Over 3 months	25,156	29,163
	82,423	57,117

The movements in loss allowance for impairment of trade receivables are as follows:

	2021	**2020**
	US$'000	*US$'000*
At beginning of year	1,670	729
Impairment losses *(note 5)*	1,399	1,453
Amount written off as uncollectible	(783)	(512)
Effect of foreign exchange rate changes, net	8	–
At end of year	2,294	1,670

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

11. TRADE PAYABLES

An ageing analysis of the trade payables at the end of the reporting periods, based on the invoice date, is as follows:

	2021	**2020**
	US$'000	*US$'000*
Within 1 month	10,141	4,100
1 to 2 months	2,321	3,358
2 to 3 months	295	1,865
Over 3 months	261	121
	13,018	9,444

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Sisram Medical, a global consumer wellness group, is deeply rooted in the global medical aesthetics industry for over two decades, specializing in harnessing natural energy sources for the treatment of aesthetics as well as medical clinical indications.

Sisram's products and services are featured in the leading surgical, medical and beauty clinics around the world, treating dozens of millions of consumers worldwide.

Our vast products and treatments portfolio is constantly expanding, ranging from hair removal, skin rejuvenation, acne and acne scars, body & face contouring, pigmentation & skin resurfacing, fat grafting, dermal facial fillers, skin tissue remodelling injectables, personal care, aesthetic dentistry and more.

Sisram's Group includes the following global brands – Alma, an energy-based medical aesthetics equipment provider, Shanghai Foshion Medical System – a leading Chinese distributor of global dental equipment brands, also operating a global standard CAD/CAM center in China. Copulla – a new, innovative digital dentistry service and LMNT, a personal care brand, now launching a light-based skin rejuvenation home use device. Alma, the Company's core subsidiary, is also engaged in the injectables market with a distribution agreement from IBSA Derma ("**IBSA Derma**"), a Swiss cosmeceutical company and a leading subsidiary of IBSA Pharma Corporation, for the distribution of its products in Israel, Hong Kong SAR, India and Mainland China.

2. BUSINESS REVIEW OF 2021

In 2021, Sisram's established global sales and distribution network recorded a total revenue of US$294.3 million for the Reporting Period, representing an increase of 81.6% when compared to 2020. The increase was mostly attributed to the less negative impacts of Covid-19 in 2021 compared with 2020. The main regions where revenue was increased during the Reporting Period were North America with an increase of 105.8%, Asia Pacific with an increase of 95.3%, Latin America with an increase of 76.3% and Europe with an increase of 49.7%.

The gross profit increased from US$90.3 million in 2020 to US$166.9 million in 2021, representing an increase of US$76.6 million. The gross profit margin in 2021 amounted to 56.7%, representing an increase of 1% compared to 55.7% in 2020. The increase in gross profit and gross profit margin was primarily due to a higher revenue to overhead costs ratio in 2021. The establishment of direct operation offices in chosen territories has enabled the Company to shorten the supply chain, increase the average selling price, gain a higher brand visibility and ensure consistency among the communications with the target clientele. During 2021, revenue derived from direct sales has surpassed revenue derived from distributors with 62.0% attributed to the former and 38.0% to the latter.

For the Reporting Period, the Group recorded profit before tax of US$41.7 million and profit for the year of US$32.5 million, representing an increase of 150.1% and 121.5% respectively, when compared with the year ended December 31, 2020. The increase in profit before tax and profit for the year was mostly due to an increase in revenue (US$132.2 million), an increase in gross profit (US$76.6 million), an increase in R&D expenses (US$4.6 million), an increase in Selling and distribution expenses (US$35.8 million) and an increase in administrative expenses (US$5.9 million).

For the Reporting Period, the Group recorded an adjusted net profit of US$40.3 million representing an increase of 100.0% when compared with the corresponding period of 2020. The adjusted net profit margin for the Reporting Period was 13.7%. The terms of adjusted net profit and adjusted net profit margin are not financial measures defined under IFRSs. Please see "Financial review – Adjusted net profit and adjusted net profit margin" section below for further details.

The net cash flow from operating activities amounted to US$32.4 million, representing an increase of 25.8% when compared to 2020. The increase in 2021 was primarily attributable to a higher revenue and net income compared to the year 2020.

The Company's business fundamentals are healthy. The Company has sufficient funds to meet its future business needs and sustain its operational resilience, while addressing the following leading goals:

1. Supporting employees and business partners during challenging times.

2. Adjusting ongoing operation scope based on markets dynamics while balancing all necessary elements (sales, production, distribution, service, etc.).

3. Continuing investments in strategic projects – upgrading IT infrastructures (ERP and CRM), new campus, R&D projects, clinical studies, business development, etc.

4. Protecting financial assets and Company's value.

5. Growing our ecosystem of varied business lines and consumer brand, fulfilling the Group's long-term strategy.

R&D

- R&D investments increased by 42.3% YOY.

- 13% of corporate employees are R&D specialists.

- During the Reporting Period, the Company launched 2 new products:

    - o "Alma Duo" – an in-office, aesthetic treatment that uses gold standard shock wave technology, focused low-intensity extracorporeal shock wave therapy (LIESWT), clinically validated to stimulate better blood flow and restore natural sexual performance;

  - "Alma PrimeX" – a non-invasive body contouring platform, achieving unparalleled results in body contouring and skin tightening using 3 proprietary technologies platforms.

- On the clinical research front, the Group has conducted 24 clinical and preclinical studies (including sponsored & investigator sponsored trials) during the Reporting Period, in the aesthetics, dermatology, plastic surgery, and gynaecology fields:

  - 11 fully monitored, Alma sponsored Clinical and Pre-Clinical studies (4 FDA studies).

  - 13 IST (investigator sponsored trial).

Sales and Marketing

Sisram, as a multi-national entity, places significant efforts in adjusting headquarters' operation to local country/state characteristics, while building a global brand experience.

During the Reporting Period, we have:

- Returned to face-to-face events, hosting hundreds of physicians and business partners from around the world at Alma Academy Global conducted in Athens, Greece, and Alma Academy USA, in the Bahamas.

- Continued the development of new social media accounts, targeting customers and consumers worldwide for education, awareness and call to action.

- Continued the creation of sound & motion marketing communication by releasing nearly 30 new videos, supporting our entire portfolio and different brands.

- Launched "AllMan by Alma" campaign targeting exclusively the male segment through dedicated tone of voice and marketing material.

- Global Customers Experience operation launched as part of headquarters' customer business unit, focusing on driving customer centricity approach, and improving overall customer experience.

Mergers & Acquisition ("M&A")

The Company's investment is focusing mainly on expansion in the wellness ecosystem through the investment into innovative products and business lines, direct channels and strategic players.

On April 22, 2021, Sisram Medical (Tianjin) Limited ("**Sisram Tianjin**"), Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("**Fosun Pharma**") and Qianda (Tianjin) International Trading Co., Ltd. entered into the sale and purchase agreement to acquire the entire issued share capital of Shanghai Foshion Medical System Co., Ltd. ("**Foshion**") in consideration of RMB312.4 million (the "**Foshion Acquisition**"). Foshion is primarily engaged in the import and distribution of overseas dental equipment in the PRC.

On June 30, 2021, the independent shareholders of the Company approved the Foshion Acquisition, and the completion of the Foshion Acquisition took place on July 13, 2021. Please refer to the circular of the Company dated May 25, 2021 and the announcement dated July 13, 2021 for further information.

Nova Call Option Exercise

On July 29, 2021, Alma Lasers Ltd. ("**Alma**"), the operating subsidiary of the Company, exercised the call option, pursuant to the share purchase agreement between Alma, Mr Ofer Gerassi, Mrs. Sabina Biran, Mr. Jacob Sayef Aaron and Nova Medical Israel ltd. ("**Nova**") dated November 16, 2018 to purchase the remaining 40% equity interest from Mr. Gerassi in Nova. Upon completion, Nova will become a wholly-owned subsidiary of the Company. Please refer to the announcement of the Company dated July 29, 2021 for further information.

As at the date of this announcement, the purchase of the remaining 40% equity interest in Nova was completed.

Tianjin Xingsiyi Investment

On January 10, 2022, the Company entered into an investment agreement (the "**Investment Agreement**") with, among others, (i) Suzhou Fujian Xingyi Venture Investment Partnership (Limited Partnership) ("**Fosun Health Fund (Suzhou)**"), (ii) Tianjin Fosun Haihe Healthcare Industry Fund Partnership (Limited Partnership) ("**Fosun Health Fund (Tianjin)**") and (iii) Tianjin Xingsiyi Bio-technology Co., Ltd. (the "**Tianjin Xingsiyi**") in relation to the setting up of the Tianjin Xingsiyi with an aggregate investment amount of RMB25.0 million. The Company agreed to contribute RMB2.6 million in total and will hold approximately 10.4% of the total issued shares of Tianjin Xingsiyi upon completion. As at the date of this announcement, the investment in Tianjin Xingsiyi as contemplated under the investment agreement was not completed.

Tianjin Xingsiyi is to be set up for engaging in the research and development, technical services and supply of silk fibroin-sodium hyaluronate composite gel- and facial implant thread- products. Please refer to the announcement of the Company dated January 10, 2022 for further information.

Business Development

Sub-license Agreement

On July 14, 2021, Sisram Tianjin entered into the sublicence agreement with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. ("**Fosun Industrial**"), a subsidiary of Fosun Pharma pursuant to which Sisram Tianjin agreed to sublicense from Fosun Industrial the relevant know-hows and patents of the finished form of the injectable pharmaceutical drug product ("**Licensed Product**"), so as to, among other things, import, use, sell or commercialize the Licensed Product in the PRC, Hong Kong SAR and Macau SAR. The Licensed Product is an investigational product and the first neuromodulator with long-acting duration. It is a novel, next-generation neuromodulator in development for the treatment of aesthetic indications and a number of potential therapeutic conditions. Please refer to the announcement of the Company dated July 14, 2021 for further information. The final approval of the sub-license agreement is pending for the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the sublicence agreement (including the transactions contemplated thereunder).

New Business Lines

Sisram's business development team, led by Alma's veteran professionals, denoted two new business lines – dental industry and personal care as the next building blocks in Sisram's ecosystem, taking into consideration the significant growth of these markets along with the potential synergies with Alma's operation. Sisram's vision for the new dental business line is to become a holistic digital workflow service provider enabling cost-effective and efficient measurement, design and production process for aesthetic dentistry treatments via an on-line (digital) platform covering all aspects from intra-oral scanning to final dental appliance delivery.

The personal care business line is defined as an extension and enhancement of the treatments offered by Alma to the consumers, broadening the Group's reach and engagement with the end-user, the consumer. Sisram's vision for the new personal care incorporate new business presence and operation channels that will fully mature by 2022, offering an on-line, digital community that will combine digital (e-commerce) as well as traditional distribution format based on Alma's medical channels.

Operations

During the Reporting Period, Covid-19 pandemic continued to pose challenges for supply chains operation all around the world. Sisram faced global components shortages, inventory level control and stabilization challenge while ramping up its production.

Significant efforts were invested in production ramp-up to accommodate the growing global demand

- Production lines capacity expanded by recruiting additional manpower

- Required raw materials were pulled in to support growing demand, with purchase orders planned a year ahead to minimize shortages

- Production capacity increased by 28.0% in second half of 2021 compared with first half of 2021 (# Shipped systems)

Strong emphasize was placed on improving quality performances KPI's such as FPY (First Pass Yield) and new platforms critical failure.

Information Systems and Digital

- Over the past 3 years (2019-2021), Sisram invested more than US$6.5 million in information systems, upgrading its ERP and CRM infrastructure, migrating to cloud based systems to serve the entire growing and diverse ecosystem.

- Digital Transformation program implementation during 2021 encompassed new digital tools for:

    o Internal organization management – human capital, e-training, reporting & Business Intelligence solutions and more.

    o External engagement mechanisms between the organization and the market – marketing automation, customers surveys (Voice of the Customer).

    o Cyber security, on-line presence consolidation and upgrade and more.

3. OUTLOOK FOR 2022

Based on an increase in the demand for the Company's products and the backlog of orders as of December 31, 2021, barring any unforeseen circumstances or material change in market conditions, the Group expects to record a significant growth in revenue of over 35.0% in the first half of 2022 as compared to the revenue recorded in the corresponding period in 2021.

In 2022, Sisram will continue to follow the constructive disruption strategy by evaluating and implementing near-future technologies, ventures, and synergies so as to bolster its global position.

The Group's efforts throughout 2022 will strategically focus on global consumer branding, digitalization, ecosystem building and lean innovation.

In addition, we plan to:

3.1 Establish additional (new) direct operation in APAC and Europe to strengthen Sisram's market position in these continents.

3.2 Focus R&D efforts on high-level next generation platforms in the areas of pre-juvenation, regenerative medicine and combined technologies.

3.3 Continue ongoing clinical studies, in addition to new studies aimed to support regulatory requirements.

3.4 Continue to expand our Internet of Things (IoT) service module with Cloud base application for smart clinic management in China and North America.

3.5 Complete the clinical trial of dermal facial injectables in China.

3.6 Distribute affiliating products and technologies in a private label/ODM model, leveraging Sisram's proficient distribution network.

3.7 Leverage Fosun Pharma's resources in China to capture a larger market share (for surgical, injectables, beauty and cosmeceuticals segments).

3.8 Follow our ecosystem strategic planning by searching, evaluating, and executing relevant M&A's initiatives that will further strengthen our R&D capabilities, products portfolio and distribution channels.

3.9 Expand the Group's presence and business in China via the new official Sisram's China office. The China office will handle various business activities addressing the evolving ecosystem and potential synergies between Sisram and its majority shareholder, Fosun Pharma. Amongst the first activities the new office oversee are: investors relations, IoT software development, aesthetic dentistry, registration of dermal facial injectables with China's National Medical Products Administration, expansion of the injectables category offering, and the establishment of a regional service centre and regional warehouse.

4. FINANCIAL REVIEW

Overview

Sisram Medical, a global consumer wellness group, is deeply rooted in the global medical aesthetics industry for over two decades, specializing in harnessing natural energy sources for the treatment of aesthetics as well as medical clinical indications.

Our vast products and treatments portfolio is constantly expanding, ranging from hair removal, skin rejuvenation, acne and acne scars, body & face contouring, pigmentation & skin resurfacing, fat grafting, dermal facial fillers, skin tissue remodelling injectables, personal care, aesthetic dentistry and more.

The following table sets forth the consolidated statement of profit or loss for the years indicated:

	2021		**2020**		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Revenue	294,294	100%	162,095	100.0%	81.6%
Cost of sales	(127,433)	43.3%	(71,794)	44.3%	77.5%
Gross profit	166,861	56.7%	90,301	55.7%	84.8%
Other income and gains	1,223	0.4%	1,124	0.7%	8.8%
Selling and distribution expenses	(78,893)	26.8%	(43,085)	26.6%	83.1%
Administrative expenses	(21,815)	7.4%	(15,874)	9.8%	37.4%
Research and development expenses	(15,594)	5.3%	(10,957)	6.8%	42.3%
Other expenses	(7, 798)	2.6%	(3,783)	2.3%	106.1%
Share of profits and losses of associates	(307)	0.1%	–	–	(100.0%)
Finance costs	(2,005)	0.7%	(1,064)	0.7%	88.4%
Profit before tax	41,672	14.2%	16,662	10.3%	150.1%
Income tax expense	(9,152)	3.1%	(1,982)	1.2%	361.8%
Profit for the year	32,520	11.1%	14,680	9.1%	121.5%

(a) Revenue

During the Reporting Period, revenue of the Group increased from US$162.1 million to US$294.3 million, representing an increase of 81.6% when compared to 2020. The overall increase was primarily attributable to less negative impacts of Covid-19 in 2021 compared with 2020.

Revenue by main product segments

We generate revenue from the following revenue streams: (i) sale of goods; and (ii) services and others.

The following table sets forth our revenue breakdown by main product lines and as a percentage of our total revenue for the years indicated:

	2021		**2020**		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Sale of Goods:					
Medical Aesthetics	258,500	87.8%	149,106	92.0%	73.4%
Dental	13,844	4.7%	–	0.0%	100.0%
Injectables	6,389	2.2%	4,256	2.6%	50.1%
Subtotal	278,733	94.7%	153,362	94.6%	81.7%
Services and Others	15,561	5.3%	8,733	5.4%	78.2%
Total	294,294	100.0%	162,095	100.0%	81.6%

We derived a substantial majority of our revenue from our Medical Aesthetics product line, representing 87.8% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: "Soprano", "Harmony" and "Accent" platforms. Revenue from the sale of our Medical Aesthetics product line was US$258.5 million in 2021, representing an increase of 73.4% in comparison with a revenue of US$149.1 million in 2020. The increase was mainly due to less negative impacts of Covid-19 in 2021 compared with 2020. During the Reporting Period, the Harmony family revenues representing an increase of 116.0% when compared to 2020, the Opus revenues representing an increase of 90.5% when compared to 2020, the Soprano family revenues representing an increase of 71.4% when compared to 2020 and the Accent family revenues representing an increase of 70.0% when compared to 2020.

Revenue from our new Dental business line amounted to US$13.8 during the Reporting Period.

Revenue from Injectable line amounted to US$6.4 million, representing an increase of 50.1% as compared with 2020.

The revenue from service and others amounted to US$15.6 million, representing an increase of 78.2% as compared with 2020.

Growing revenues from consumables amounted to US$3.2 million in 2020 and US$5.1 million in 2021 which represent a 59.3% growth YOY.

Revenue by geographic segments

The following table sets forth our revenue by geographic segments for the years indicated:

	2021		**2020**		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Europe	51,890	17.5%	34,653	21.4%	49.7%
North America	112,040	38.1%	54,443	33.6%	105.8%
APAC	85,211	29.0%	43,641	26.9%	95.3%
Middle East and Africa	30,810	10.5%	21,224	13.1%	45.2%
Latin America	14,343	4.9%	8,134	5.0%	76.3%
Total	294,294	100.0%	162,095	100.0%	81.6%

During 2021, North America, APAC and Europe were the Company's most important geographic segments by revenue contribution. The Company has a wide distribution network across more than 90 countries worldwide, including direct operation in nine direct offices.

The revenue derived from North America increased by 105.8% to US$112.0 million in 2021 from US$54.4 million in 2020. The increase was primarily attributed to the strong position of Alma's brand and sales operation and the successful launch and commercialization of Alma Duo and continued strong momentum of the Opus platform.

The revenue derived from APAC increased by 95.3% to US$85.2 million in 2021 from US$43.6 million in 2020. The increase was mainly attributed to our strong performance in China, Japan and our direct operation in Australia.

The revenue derived from the Europe segment increased by 49.7% to US$51.9 million in 2021 from US$34.7 million in 2020. The increase was mainly attributed to the continued momentum of our strong hair removal brand "Soprano", as well as strong distribution channel in Italy and Spain, despite the challenging pandemic situation.

The revenue derived from Middle East and Africa increased by 45.2% to US$30.8 million in 2021 from US$21.2 million in 2020. The increase was mainly attributed to the successful Israeli direct operation.

Our Latin America revenue increased by 76.3% to US$14.3 million in 2021 from US$8.1 million in 2020. The increase was due to our strong distribution channel in Argentina, Brazil, Chile and Mexico.

(b) Cost of sales

Cost of sales primarily comprised from (i) costs of materials used for production; (ii) cost of rendering of services; (iii) remuneration of production and services employees and (iv) overheads and other miscellaneous costs relating to production. During the Reporting Period, total cost of sales of the Group increased by 77.5% to US$127.4 million from US$71.8 million in 2020, which was mainly caused by increase in sales volume.

(c) Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group increased by 84.8% to US$166.9 million from US$90.3 million in 2020 for the reasons set out in revenue and cost of sales above.

The gross profit margin increased to 56.7% for the Reporting Period from 55.7% in 2020. The increase was mainly due to (i) the expansion of direct offices revenue; (ii) higher revenue to overhead costs ratio; and (iii) better utilization of direct labour and fixed manufacturing cost, partially offset by an increase in material cost and manufacturing cost such as logistics and transportation.

(d) Selling and distribution expenses

The selling and distribution expenses primarily consist of: (i) employees' salaries and related cost; (ii) sales commission to sales employees and independent agents; (iii) marketing expenses such as participation in tradeshows and social network; and (iv) administrative and other sales and marketing expenses.

During the Reporting Period, selling and distribution expenses of the Group increased by 83.1% to US$78.9 million from US$43.1 million in 2020. The increase was mainly due to (i) an increase in commissions and salaries and related expenses of US$28.1 million due to higher revenues in 2021 as compared with the corresponding period in 2020 as there were 93 new positions in 2021; and (ii) an increase in expenses relating to tradeshows and events of US$2.5 million due to cancelled events in 2020. The rest of the increase was attributed to the new Dental business line.

(e) **Administrative expenses**

Administrative expenses primarily consist of: (i) amortization of intangible assets; (ii) remuneration paid to administration employees; (iii) professional fees paid and administrative costs; (iv) fees relating to the operation facilities; and (v) other miscellaneous expenses.

During the Reporting Period, administrative expenses of the Group increased by 37.4% to US$21.8 million from US$15.9 million in 2020. The increase was mainly attributed to increase in labour costs (as a result of increase of headcounts), increase in impairment of inventory provision (US$3.5 million) and depreciation of fixed assets (US$0.4 million) derived from our new campus in Israel. The rest of the increase was attributed to the new Dental business line.

(f) **R&D expenses**

The Group's R&D expenses primarily consist of: (i) remuneration to R&D team members; (ii) cost of materials used in R&D efforts; (iii) expenses related to clinical studies; and (iv) expenses related to regulatory compliance and registration of patents and trademarks. During the Reporting Period, the majority of R&D expenses were recorded in the period that such expenses were incurred and were not capitalized.

During the Reporting Period, R&D expense increased by 42.3% to US$15.6 million from US$11.0 million in 2020. The increase was mainly attributed to investments in retaining and developing professional R&D personal, clinical studies for CE and FDA clearances and regulatory registrations.

(g) **Finance costs**

Finance costs are comprised mainly of (i) interest on bank loans and (ii) interest on lease liabilities. Finance costs increased to US$2.0 million in 2021 from US$1.1 million in 2020, which was primarily due to increase in interest on lease liabilities.

(h) **Income tax expense**

The Israeli corporate tax rates are both 23% in 2021 and 2020. Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

During the Reporting Period, income tax expense increased to US$9.2 million, representing an increase of 361.8% from US$2.0 million in 2020.

According to the Israeli Income Tax Authority, until the end of 2022, companies need to decide if they want to release their clawback earnings in benefited tax rate – Alma's intention is to release 100% of their earnings, which will be subject to US$2.9 million of tax expenses. In addition, there is a higher income before tax.

Alma enjoyed special taxation terms from January 1, 2017.

As of December 31, 2021, Alma Lasers Ltd. enjoyed a preferential effective tax rate of 6%, for being a SPTE for the period ended December 31, 2021 (2020: 6%)

On December 4, 2018, a ruling from the Israeli Income Tax Authority granted Alma a SPTE status, in accordance with the legal criteria and the conditions mentioned in the ruling, effective from January 1, 2017.

(i) Profit for the year

As a result of the foregoing, during the Reporting Period, our profit for the year increased by 121.5% to US$32.5 million from US$14.7 million for the corresponding period in 2020. The net profit margin of the Group for 2021 and 2020 was 11.1% and 9.1%, respectively.

(j) Adjusted net profit and adjusted net profit margin

The Group calculates adjusted net profit by taking profit for the period and adjusting: (i) amortization of other intangible assets; (ii) changes in contingent consideration arising from the acquisition of Nova; (iii) deferred tax liability arising from other intangible assets, which primarily relates acquisitions; (iv) RSU Expenses; and (v) Previous years taxes (Clawback earnings). The Group calculates adjusted net profit margin by dividing adjusted net profit by revenue.

The Group presents this financial measure because it is used to evaluate financial performance by excluding the impact of items that the Group does not consider indicative of the Group's ordinary operating performance.

The term adjusted net profit is not a financial measure defined under IFRSs. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact net profit for the period. Items excluded from adjusted net profit are significant components in understanding and assessing the Group's operating and financial performance. The following table reconciles the adjusted net profit for the Reporting Period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit for the year:

	2021 *US$ '000*	**2020** *US$ '000*	YOY %
PROFIT FOR THE YEAR	32,520	14,680	121.5%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisition	4,611	4,611	0.0%
Amortization of other intangible assets arising from the Nova acquisition	478	1,051	(54.5%)
Amortization of other intangible assets arising from the Foshion acquisition	242	–	100.0%
Contingent consideration arising from acquisitions	(9)	615	(101.5%)
Previous years taxes (Clawback earnings)	2,891	–	100.0%
RSU expenses	294	–	100.0%
Deduct: deferred tax arising from other intangible assets	(738)	(810)	(8.9%)
Adjusted net profit	40,289	20,147	100.0%
Adjusted net profit margin	13.7%	12.4%	

5. DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

(a) Treasury Policy

The Board aims to have a better control in its treasury operations and endeavors to maintain an adequate level of cash and cash equivalents. The functional currency of the Group is the U.S. Dollar and most of the sales proceeds are denominated in U.S. Dollar. Please see "Risk Management – Foreign Currency Exposure" for further details. The Group generally finances its operation with internally generated resources.

To ensure that the financial resources have been used in the most cost-effective and efficient way, the Board would also consider various funding sources to address the Group's financial obligations and operational needs. The Board would also review and evaluate the adequacy and effectiveness of the treasury functions from time to time.

(b) Gearing Ratio

As at December 31, 2021 and December 31, 2020, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio was presented.

(c) Interest Coverage

During the Reporting Period, the interest coverage, which is calculated by Earnings Before Interest and Taxes ("**EBIT**") divided by financial costs was 21.8 times as compared with 16.7 times for the corresponding period in 2020. The interest coverage increased mainly because the Group's EBIT during the Reporting Period increased by 146.3% to US$43.6 million from US$17.7 million in 2020, and finance cost increased by 88.4% to US$2.0 million from US$1.1 million in 2020.

(d) Available Facilities

As of December 31, 2021, Sisram did not have any banking facilities. Sisram is mainly financing its operations through cash generated from operating activities.

(e) Interest Rate

As at December 31, 2021, total interest-bearing bank and other borrowings at a fixed interest rate amounted to US$7.3 million (As at December 31, 2020: US$1.7 million).

(f) Maturity Structure of Outstanding Debts

The following tables sets forth the maturity structure of outstanding debts as at December 31, 2021 and December 31, 2020.

	2021			2020		
	Effective interest rate *(%)*	*Maturity*	*US$'000*	**Effective interest rate** *(%)*	*Maturity*	*US$'000*
Current						
Bank overdraft, secured	–	–	–	3.25-3.65	2021	1,134
Current portion of long-term bank loans, secured	–	–	–	3.1-3.8	2021	384
Bank loan, secured			–			1,518
Other borrowings*	3.85-4.15	2022	7,293			–
			7,293			1,518
Non-current						
Bank loan, secured			–	3.1-3.8	2022	180
			7,293			1,698

	December 31, 2021 *US$'000*	**December 31, 2020** *US$'000*
Interest-bearing bank and other borrowings balance	7,293	1,698
Analyzed into:		
Within one year	7,293	1,518
In the second year	–	180
Total	7,293	1,698

* Other borrowings are mainly loan from the Group's related parties.

6. CASH FLOW

Sisram is using its cash primarily for its operating activities, payments of interest and principals of debts due, payments for purchases and capital expenditures and funding growth and expansion of its business.

The table below shows the cash flow of the Group generated from (or used in) operating activities, investing activities and financing activities for 2021 and 2020.

	2021 *US$'000*	**2020** *US$'000*	YOY %
Net cash flows from operating activities	32,377	25,737	25.8%
Net cash flows used in investing activities	(46,767)	(33,509)	39.6%
Net cash flows from/(used in) financing activities	55,777	(12,212)	(556.7%)
Net increase/(decrease) in cash and cash equivalents	41,387	(19,984)	(307.1%)
Cash and cash equivalents at beginning of year	83,373	99,735	(16.4%)
Effect of foreign exchange rate changes, net	160	3,622	(95.6%)
Cash and cash equivalents at the of the year	124,920	83,373	49.8%
Pledged bank balances for bank loans	142	154	(7.8%)
Term deposits with original maturity of more than three months	28,000	33,000	(15.2%)
Cash and bank balances as stated in the consolidated statement of financial position	153,062	116,527	31.4%

Net cash flows from operating activities

For the Reporting Period, the net cash flows from operating activities were US$32.4 million, which was primarily attributable to excellent year with higher revenues and net income compared to 2020.

Net cash flows from investing activities

For the Reporting Period, the net cash flows used in investing activities were US$46.8 million, which was mainly attributable to the acquisition of the entire issued share capital of Shanghai Foshion Medical System Co.,Ltd by Sisram Tianjin from Fosun Pharma for total consideration of US$48.0 million.

Net cash flows used in financing activities

For the Reporting Period, the net cash flows from financing activities was US$55.8 million. First, on July 27 ,2021, a total of 24,000,000 new Shares, representing approximately 5.15% of the total issued share capital of the Company were issued in a total amount of US$79.2 million. Second, the acquisition of the remaining 40% at Nova by Alma in the amount of US$11.1 million. Also, dividend of US$4.5 million was paid during the year and long-term loans and lease payments were paid in the amount of US$5.2 million and US$4.6 million, respectively.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$3.1 million, which mainly consisted of additions to the plant facility and information system costs.

As of December 31, 2021, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As of December 31, 2021, the Group did not have any contingent liabilities.

9. MATERIAL ACQUISITION AND DISPOSAL

Save as the Mergers & Acquisition section disclosed above, during the Reporting Period, the Group did not conduct any material acquisition or disposal.

10. PLACING

On July 27, 2021, a total of 24,000,000 new Shares (the "**Placing Shares**") were issued by the Company pursuant to a placing agreement dated July 19, 2021, representing approximately 5.15% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The Placing Shares have been placed to no less than six places and were issued at a placing price of HK$25.90 per Share. For details, please refer to the announcements of the Company dated July 20, 2021 and July 27, 2021.

11. RSU

The Group has approved the adoption of the 2021 RSU Scheme and granted an aggregate of 4,699,550 RSUs, of which 80,000 RSUs have lapsed due to departure of employees. The remaining RSUs are 4,619,550, representing an aggregate of 4,619,550 Shares to the employees of the Group with vesting periods from one to four years. An amount of US$294,000 was credited to other reserve.

12. SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for those disclosed in this announcement, there were no other significant investments held as at December 31, 2021. The Group did not have other plans for material investments and capital assets.

13. RISK MANAGEMENT

The operation and development of the Group is not exposed to any material risk factors, but it will be impacted to a certain extent by several factors as illustrated below:

(a) Foreign Currency Exposure

The functional currency of the Group is the U.S. Dollar and most of the sales proceeds are denominated in the U.S. Dollar. However, the Company also generates revenue globally in a few other currencies, particularly Euros, and incurs costs mostly in New Israeli Shekels. Furthermore, the functional currencies of certain subsidiaries are currencies other than the U.S. Dollar, including the Euros, the Indian Rupee, the New Israeli Shekels, the HK Dollar, the South Korean Won and the Australian Dollar. As at the end of the Reporting Period, the assets and liabilities of these entities were translated into the U.S. Dollar at the exchange rates prevailing at the end of the Reporting Period and their statements of profit or loss were translated into the U.S. Dollar at the weighted average exchange rates for the period. As such, the Group's results of operations are sensitive to changes in foreign currency exchange rates.

The Company has formally established a hedging management framework in 2014 and the hedging transactions are mainly managed by the Company's finance department. By analyzing the currency balance sheet and trends in the foreign exchange markets, the Company has entered into forward contracts from time to time to mitigate the adverse effects of exchange rate fluctuations.

(b) COVID-19 Pandemic Impact

The Group's experience during the past two years, dealing with the global pandemic, has further developed its resilience and agility. The Group expects the pandemic to continue to effect some local markets demand and global supply chain with regards to components sourcing and logistics. The Group has set forth few operational mechanisms to deal with these challenges, including, but not limited to: global cloud-based ERP and CRM infrastructure, risk management and forecast, pull in additional raw material to secure inventory, critical components risk assessment and back-up suppliers engagement.

14. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of our employees by function as at December 31, 2021:

Functions	**Number of Employees**
Operations	245
R&D	72
Sales & Marketing	281
General and Administration	105
Total	703

Employees' headcount in 2021 increased by 44.9% with the recruitment of 147 employees. R&D activity is conducted only at Alma, with 72 employees, out of total 572 employees in Alma representing 13% of corporate employees.

The employees' remuneration includes basic salary and a performance-based bonus. The performance-based bonus is determined by reference to the performance appraisal of the employees of the Group. Through clearly locating position-oriented performance targets and formulating performance standards, the Company has managed to assess employees' performance in an objective manner. By materializing reward and penalty in the performance-related portion of the employees, the Company is able to achieve the coexistence of incentives and restraints.

15. USE OF PROCEEDS FROM THE GLOBAL OFFERING

Total net proceeds from the Global Offering amounted to approximately HK$771.3 million. As at the end of the Reporting Period, all such proceeds had been used in accordance with the plan disclosed in the Prospectus of the Company (as adjusted in accordance with the announcement issued by the Company on October 8, 2018 and April 22, 2021).

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Group is committed to creating two-way channels of communication between senior management and investors, maintaining close relations with all its shareholders through a variety of channels and promoting understanding and communication between investors and the Group. The Company has adopted a shareholders' communication policy to formalize and facilitate the effective and healthy communication between the Company and its shareholders and other stakeholders, which is available on the website of the Company (http://www.sisram-medical.com). The main communication channels with the shareholders include investors' meetings, general meetings, annual reports, interim reports, announcements and circulars, prospectuses and the Group's website.

The Group has a dedicated team to maintain contact with investors and handle shareholders' inquiries. Should investors have any inquiries, please contact the Group's investor relationship department (email: info@sisram-medical.com).

FINAL DIVIDEND

The Board has resolved to declare a final dividend of HK$0.157 (inclusive of tax) per Share for the year ended December 31, 2021 (the "**2021 Final Dividend**"). A separate announcement will be made by the Company in relation to the record date for ascertaining shareholders' entitlement to the 2021 Final Dividend in due course.

TAXATION ON DISTRIBUTION OF DIVIDENDS

The withholding tax rate applicable to the Company in the distribution of the dividends to the shareholders depends on the source of the distributed earnings and the requirements under the Israeli Tax Ordinance and tax treaties. A further announcement will be made by the Company after the withholding tax rate applicable to 2021 Final Dividend is confirmed.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Investment in Tianjin Xingsiyi Bio-technology Company Limited

On January 10, 2022, the Company entered into an Investment Agreement with, among others, (i) Fosun Health Fund (Suzhou), (ii) Fosun Health Fund (Tianjin) and (iii) Tianjin Xingsiyi in relation to the setting up of Tianjin Xingsiyi with an aggregate investment amount of RMB25.0 million into Tianjin Xingsiyi, of which, the Company agreed to contribute RMB2.6 million in total and the registered capital of Tianjin Xingsiyi is RMB2.5 million. Immediately upon the completion of the investment by the Company pursuant to the Investment Agreement, the Company will hold approximately 10.4% of the total issued shares of Tianjin Xingsiyi. Tianjin Xingsiyi is to be set up for engaging in the research and development, technical services and sup-ply of silk fibroin sodium hyaluronate composite gel and facial implant thread products.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the annual general meeting of the Company ("**AGM**") as soon as practicable, and the notice of the AGM will be published and dispatched to the shareholders of the Company in a timely manner in accordance with the requirements of the Rules Governing the Listing of Securities on Stock Exchange (the "**Listing Rules**") and articles of association of the Company. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the AGM.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the year ended December 31, 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

For the Reporting Period, the Company has complied with all applicable principles and code provisions of the CG Code.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Directors' and Chief Executive Officer's Dealing Policy which is no less exacting than the required standard pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries to all of the directors of the Company, all directors of the Company confirmed that they have fully complied with the relevant requirements set out in its own code of conduct during the Reporting Period.

AUDITORS

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the preliminary announcement have been compared by the Group's auditors, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's 2021 annual results and the financial statements for the year ended December 31, 2021 prepared in accordance with the IFRSs.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.sisram-medical.com. The 2021 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company in due course and will be published on the websites of the Company and the Stock Exchange.

APPRECIATION

The Group would like to express its appreciation to all the staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, which are the key factors for the Group to continue its success in future. Also, the Group wishes to extend its gratitude for the continued support from its shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to create more values for all its shareholders.

On behalf of the Board
Sisram Medical Ltd
復銳醫療科技有限公司*
Yi LIU
Chairman

Hong Kong, March 16, 2022

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Yi LIU, Mr. Lior Moshe DAYAN and Mr. Guojun BU as Executive Directors; Mr. Yifang WU, Mr. Yao WANG and Ms. Rongli FENG as Non-Executive Directors; Mr. Heung Sang Addy FONG, Mr. Chi Fung Leo CHAN, Ms. Jenny CHEN and Mr. Kai Yu Kenneth LIU as Independent Non-executive Directors.

* *For identification purpose only*