Sisram Medical Ltd
復銳醫療科技有限公司*

(Incorporated in Israel with limited liability)

(Stock Code: 1696)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2022:

- Revenue was US$174.5 million, increased by 39.3% as compared to that for the six months ended June 30, 2021.
- Profit for the period attributable to owners of the parent was US$20.6 million, increased by 25.9% as compared to that for the six months ended June 30, 2021.
- Revenue derived from direct sales for the period was 64.8% of total revenue, as compared to 59.7% for the corresponding period in 2021.

INTERIM DIVIDEND

- The Board resolved not to declare any interim dividend for the six months ended June 30, 2022.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Sisram Medical Ltd (the "**Company**" or "**Sisram**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**") for the six months ended June 30, 2022 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2021. The results have been prepared in accordance with International Financial Reporting Standards (the "**IFRSs**").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended June 30, 2022 (Unaudited) US$'000	2021 (Unaudited) US$'000
REVENUE	4	174,504	125,293
Cost of sales		(74,890)	(53,815)
Gross profit		99,614	71,478
Other income and gains		584	316
Selling and distribution expenses		(47,418)	(30,032)
Administrative expenses		(13,891)	(9,280)
Research and development expenses		(8,329)	(8,050)
Other expenses		(6,385)	(3,104)
Finance costs		(1,029)	(921)
Share of profits and losses of associates		(74)	(270)
PROFIT BEFORE TAX	5	23,072	20,137
Income tax expense	6	(2,545)	(2,776)
PROFIT FOR THE PERIOD		20,527	17,361
Attributable to:			
Owners of the parent		20,621	16,379
Non-controlling interests		(94)	982
		20,527	17,361
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
–For profit for the period (US cents)		4.4	3.7
Diluted			
– For profit for the period (US cents)		4.4	3.7

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended June 30, 2022 (Unaudited) US$'000	2021 (Unaudited) US$'000
PROFIT FOR THE PERIOD		20,527	17,361
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss 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 period		(1,023)	(96)
Reclassification adjustments for loss included in the consolidated statement of profit or loss		–	(7)
		(1,023)	(103)
Exchange differences:			
Exchange differences on translation of foreign operations		(4,641)	(1,211)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(5,664)	(1,314)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(5,664)	(1,314)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		14,863	16,047
Attributable to:			
Owners of the parent		14,957	15,065
Non-controlling interests		(94)	982
		14,863	16,047

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at June 30, 2022 *(Unaudited)* *US$'000*	As at December 31, 2021 *(Audited)* *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	14,989	14,565
Right-of-use assets		29,662	30,892
Goodwill		111,183	111,183
Other intangible assets		48,211	51,224
Investments in associates		6,848	1,385
Deferred tax assets		5,709	4,698
Trade receivables	10	12,649	12,548
Other non-current assets		10,523	6,037
Total non-current assets		239,774	232,532
CURRENT ASSETS			
Inventories		72,448	64,236
Trade receivables	10	71,833	69,875
Prepayments, other receivables and other assets		10,825	9,732
Derivative financial instruments		–	695
Cash and bank balances		148,715	153,062
Total current assets		303,821	297,600
CURRENT LIABILITIES			
Contract liabilities		14,548	15,038
Trade payables	11	19,320	13,018
Other payables and accruals		44,473	41,057
Derivative financial instruments		1,664	–
Interest-bearing bank and other borrowings		5,737	7,293
Lease liabilities		3,302	3,093
Tax payables		5,884	4,057
Total current liabilities		94,928	83,556

	Notes	As at June 30, 2022 *(Unaudited)* *US$'000*	As at December 31, 2021 *(Audited)* *US$'000*
NET CURRENT ASSETS		208,893	214,044
TOTAL ASSETS LESS CURRENT LIABILITIES		448,667	446,576
NON-CURRENT LIABILITIES			
Contract liabilities		318	262
Lease liabilities		26,680	31,235
Deferred tax liabilities		8,984	9,409
Other long-term liabilities		1,904	2,045
Total non-current liabilities		37,886	42,951
NET ASSETS		410,781	403,625
EQUITY			
Equity attributable to owners of the parent			
Share capital		1,328	1,328
Reserves		408,104	400,854
Non-controlling interests		1,349	1,443
Total equity		410,781	403,625

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with International Accounting Standards ("**IASs**") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements as at December 31, 2021.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 3,	*Reference to Conceptual Framework*
Amendments to IFRS 16	*Covid-19-Related Rent Concessions beyond June 30, 2021* (early adopted)
Amendments to IAS 16	*Property, Plant and Equipment Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after January 1, 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after January 1, 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after January 1, 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at January 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after January 1, 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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 and minimally invasive treatment devices, non-EBD devices and cosmeceuticals. Therefore, no analysis by operating segment is presented.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended June 30,	
	2022	**2021**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue from contracts with customers		
Sale of goods	166,256	118,050
Services provided	8,248	7,243
	174,504	125,293

	For the six months ended June 30,	
	2022	**2021**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Types of goods or services		
Sale of goods	166,256	118,050
Services provided	8,248	7,243
Total revenue from contracts with customers	174,504	125,293
Geographical information		
Europe	30,537	23,698
North America	69,905	49,147
Asia Pacific	47,928	33,744
Latin America	8,385	6,068
Middle East and Africa	17,749	12,636
Total revenue from contracts with customers	174,504	125,293

	For the six months ended June 30,	
	2022	**2021**
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Goods transferred at a point in time	166,256	118,050
Services transferred over time	8,248	7,243
Total revenue from contracts with customers	174,504	125,293

5. PROFIT BEFORE TAX

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

	For the six months ended June 30,	
	2022	**2021**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	48,342	35,727
Cost of services and others	26,548	18,088
	74,890	53,815
Research and development costs:		
Current year expenditure	8,329	8,050
Depreciation of property, plant and equipment	1,174	1,119
Depreciation of right-of-use assets	1,883	1,708
Amortization of other intangible assets	3,120	3,795
Provision for impairment of inventories	2,725	2,148
Provision for impairment of trade receivables	778	1,715
Share of profits and losses of associates	74	270
Foreign exchange differences, net	3,059	(759)

6. INCOME TAX

The Israeli corporate tax rates applicable to the Company were 23% for the Reporting Period (2021: 23%). Each entity in the group is taxable based on its standalone results as measured by the local tax system.

No income tax has been provided for the Company itself as there was no assessable profit earned by the Company for the Reporting Period. 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. ("**Nova**") is taxed based upon the tax law in Israel, the country of residence. Income was taxed at corporate income tax rate of 23% for the Reporting Period (2021: 23%).

Alma Lasers Ltd. ("**Alma**"), 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 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 Organisation 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 deriving 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 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 grants 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 June 30, 2022, Alma enjoyed a preferential effective tax rate of 6%, for being a SPTE for the period ended June 30, 2022 (2021: 6%).

On November 15, 2021, the Economic Efficiency Law (amending legislation to achieve the budget targets for the 2021 and 2022 budget years) was published, 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 corporation tax ("**claw backs profits**") taking into account the mechanism established for the payment of reduced tax ("**Temporary Provisions**").

In light of the expectation of the subsidiary's management that the subsidiary will release their claw backs profits and choose to pay reduced corporate income tax, the Company provided in its consolidated financial statements as of June 30, 2022, 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 US is subject to various state income taxes of which the rates vary by state.

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 25% and 4% Surcharge bringing it to 29% 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.* ("**Foshion**") and Xingyuanda Medical Technology Huaian Co., Ltd., subsidiaries incorporated in the Mainland China, 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%.

	For the six months ended June 30,	
	2022	**2021**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Current	3,981	3,789
Deferred	(1,436)	(1,013)
Total tax charge for the period	2,545	2,776

7. DIVIDENDS

The Board resolved not to declare any interim dividend for the Reporting Period (six months ended June 30, 2021: Nil).

On March 16, 2022, the Board resolved to declare a final dividend of HK$0.157 (inclusive of tax) per share for the year ended December 31, 2021. No dividends were paid during the period ended June 30, 2022 (six months ended June 30, 2021: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the six months ended June 30, 2022 and 2021 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 466,155,600 (six months ended June 30, 2021: 442,155,600) in issue during the 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 weighted average number of ordinary shares in issue during the Reporting Period, 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 calculation of basic and diluted earnings per share are based on:

	For the six months ended June 30,	
	2022	**2021**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	20,621	16,379

	Number of shares For the six months ended June 30,	
	2022	**2021**
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	466,155,600	442,155,600
Effect of dilution – weighted average number of ordinary shares: Restricted Share Units Scheme	545,805	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	466,701,405	442,155,600

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2022, the Group acquired assets at a cost of US$1,628,000 (six months ended June 30, 2021: US$2,080,000).

During the six months ended June 30, 2022, depreciation for property, plant and equipment was US$1,174,000 (six months ended June 30, 2021: US$1,119,000).

During the six months ended June 30, 2022, disposal of property, plant and equipment was US$59,000 (six months ended June 30, 2021: nil).

10. TRADE RECEIVABLES

	June 30, 2022 *US$'000* *(Unaudited)*	**December 31, 2021** *US$'000* *(Audited)*
Trade receivables	87,358	84,717
Current	74,567	72,107
Non-current	12,791	12,610
Impairment	(2,876)	(2,294)
Current	(2,734)	(2,232)
Non-current	(142)	(62)
	84,482	82,423

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the due date and net of loss allowance, is as follows:

	June 30, 2022 *US$'000* *(Unaudited)*	**December 31, 2021** *US$'000* *(Audited)*
Within 1 month	46,038	46,951
1 to 2 months	6,024	4,894
2 to 3 months	5,418	5,422
Over 3 months	27,002	25,156
	84,482	82,423

11. TRADE PAYABLES

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

	June 30, 2022 *US$'000* *(Unaudited)*	**December 31, 2021** *US$'000* *(Audited)*
Within 1 month	8,985	10,141
1 to 2 months	4,836	2,321
2 to 3 months	4,038	295
Over 3 months	1,461	261
	19,320	13,018

12. COMMITMENTS

The Group did not have any significant capital commitments as at the end of the Reporting Period.

13. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of these condensed consolidated financial statements, there have been no significant events after the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Sisram Medical Ltd, 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, aesthetics and digital dentistry and more.

The Group includes the following global brands – Alma, a medical aesthetics Energy Based Device provider; Foshion – a leading distributor of global dental equipment brands in the PRC, also operating a global standard dental CAD/CAM centre in China; Copulla – a new, innovative digital dentistry service; and LMNT, a personal care brand that offers 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, 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 FIRST HALF OF 2022

In the first half of 2022, Sisram recorded revenue of US$174.5 million for the Reporting Period, representing an increase of 39.3% when compared to the corresponding period in 2021. The increase is primarily attributable to the fact that Sisram continues expansion of existing distribution network and successful introduction of new products and new B2C activity.

During the first six months of 2022, the Company introduced the following new products:

- A novel trans-epidermal delivery platform (Alma Ted™) – an ultrasound-based system that offers a non-invasive, non-traumatic option to address the growing North America market of treatment for hair loss.

- CBD+ Professional Skincare Solution™ – the first professional skincare solution that combines the scientific benefits of full-spectrum cannabidiol (CBD), shown to visibly reduce redness and calm the appearance of stressed skin, with clinically proven cosmetic ingredients to visibly rebalance the skin back to a natural and healthy state.

- First home-use device – LMNT One™ – making our offering based on years of experience in the professional medical aesthetics industry available for all consumers in a comfort of their own homes and available for purchase on a leading e-commerce marketplace.

As part of Sisram's long term strategy to expand our direct reach, the Company has established a new direct office in the United Kingdom to support the strong growth in demands for Sisram's products and services in the European continent.

We also keep doing business development to facilitate the long-term growth of the Company. During the Reporting Period, we have invested in a company doing research and develop of silk fibroin-sodium hyaluronate composite gel – and facial implant thread – products. Besides, we have invested an innovative bio-glass developer and manufacturer for aesthetic, computer assisted design and manufacturing of restoration material and unique non-invasive veneers to broaden our product offerings in aesthetics and digital dentistry business. Further information about the two investments can be found in Business Development section.

Profit for the period attributable to owners of the parent was US$20.6 million, which represent 11.8% of revenue for the Reporting Period. Such percentage decreased by 1.3% as compared to that for the corresponding period in 2021.

During the Reporting Period, gross profit of the Group amounted to US$99.6 million compared to US$71.5 million for the corresponding period in 2021, representing an increase of 39.4%. The gross profit margin increased to 57.1% for the Reporting Period from 57.0% for the corresponding period in 2021, driven by continued expansion of direct sales portion and launch of high profit products into leading markets. With this methodology in place, revenue derived from direct sales amounted to 64.8% of total revenue versus 35.2% of the total revenue attributed to sales via distributors.

During the Reporting Period, the Group recorded profit before tax of US$23.1 million and recorded profit for the period of US$20.5 million, representing an increase of 14.6% and 18.2% respectively, when compared to the corresponding period in 2021. The increase in profit before tax and profit for the period was mainly due to the increase in sales volume and the increase in gross profit (US$28.1 million).

During the Reporting Period, the Group recorded an adjusted net profit of US$24.9 million representing an increase of 27.5% when compared with the corresponding period of 2021. The adjusted net profit margin for the Reporting Period was 14.3%. The increase in the adjusted net profit is mainly due to increase in revenue and a corresponding increase in gross profit.

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

2. Continuing investments in strategic projects and non-organic growth capability – R&D projects, clinical studies, sales channels, information systems, digital applications and business development projects etc.

3. Ramping up our operational capabilities in order to support the market's growing demands for Sisram's products and services while improving our delivery time in a challenging global operation environment.

R&D

- R&D investments increased by 3.5% to US$8.3 million, compared to US$8.1 million in the corresponding period in 2021.

- 10% of corporate employees are R&D specialists.

- During the Reporting Period, the Company launched 3 new products.

    - ***Alma TED™*** – an ultrasound-based system with a propriety tip engineered with Impact Delivery™ that offers a non-invasive, non-traumatic option to address the market's growing hair loss concerns. Impact Delivery™ is a patented ultrasound technology using acoustic pressure to deliver pharmaceuticals and cosmeceuticals trans-epidermally to achieve enhanced results.

    - ***CBD+ Professional Skincare Solution™*** – the first professional skincare solution that combines the scientific benefits of full-spectrum cannabidiol (CBD), shown to visibly reduce redness and calm the appearance of stressed skin, with clinically proven cosmetic ingredients to visibly rebalance the skin back to a natural and healthy state.

    - ***LMNT one*** – a light-based skin rejuvenation treatment designed to achieve skin rejuvenation through multiple dimensions such as giving an instant glow and promoting collagen production in the comfort of consumers' homes. LMNT one delivers the Group's standards and technology capabilities providing a medical-grade treatment to consumers.

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:

- Kept the momentum in North America market to capture more market shares with an increase of 42.2% for the corresponding period in 2021.

- Established a new office in the United Kingdom that aligns with the growing direct operation strategy and aims to cover the full business lines of the Company.

- Returned to face-to-face events: hosted hundreds of physicians and business partners around the world at Global Alma Academy Events and Sales meetings such as Alma Academy Spain in Toledo, Alma Academy USA in Texas. Besides, a first-time attendance at AMWC and IMCAS post-COVID-19.

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

- Launched a "fake Soprano" campaign to raise awareness regarding buying off-brand products.

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

Business Development

Tianjin Xingsiyi Investment

On January 10, 2022, the Company entered into an investment agreement with, among others, (i) Suzhou Fujian Xingyi Venture Investment Partnership* (Limited Partnership), (ii) Tianjin Fosun Haihe Healthcare Industry Fund Partnership* (Limited Partnership) 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.

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.

Fuzhou Rick Brown Investment

On March 16, 2022, the Company entered into an investment agreement with Fuzhou Rick Brown Bio-technology Company Limited (the "**Target**"), pursuant to which the Company agreed to make investment of RMB35.0 million into the Target (the "**Investment**"). Immediately upon the completion of the Investment, the Company will hold 23.2% of the enlarged equity interest of the Target.

The Target is an innovative bio-glass developer and manufacturer for aesthetic, computer assisted design and manufacturing of restoration material and unique non-invasive veneers. Following the completion of the Investment, the Company's aesthetics and digital dentistry division will distribute the Target's products in PRC and international markets. Please refer to the announcement of the Company dated March 16, 2022 for further information.

Operations and Regulations

During the Reporting Period, there are still 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

- Expand production capacity to support business growth and set all-time deliveries record while dealing with global supply challenges.

- Perform LEAN manufacturing projects focused on capacity improvements.

- Production capacity increased by 45.5% in first half of 2022 compared to the first half of 2021.

Strong emphasize was placed on Regulation Strategy in Group level to face the new challenge but also create growth opportunities

- Sisram constantly puts effort and resources to comply with European Commission Regulation (EU) No. 2017/745, commonly known as the Medical Device Regulation (MDR) to renew all the CE Marking certifications.

- Expand the products global registrations into more countries and territories.

- Intensive regulation work on current injectable portfolios in Mainland China. The submission plans are on schedule.

Information Systems and Digitalization

Sisram constantly invests in its information systems providing tools and systems to support the wellness ecosystem strategy and to give a 360 degree customers view. The information systems offer sufficient insights of the business and play an important and innovative role in daily operation.

- During the Reporting Period, Sisram kept investing in Information Systems and Digital Transformation program with focus on global implementation of the ERP and CRM, enhancing Business Intelligence tools, upgrading cyber security and initiating Copulla's software.

3. OUTLOOK FOR SECOND HALF OF 2022

Based on an increase in the demand for the Company's products and the backlog of orders as of June 30, 2022, barring any unforeseen circumstances or material change in market conditions, the Group expects to record revenue growth of at least 20% -25% in the whole year of 2022 as compared to the revenue recorded in the corresponding period in 2021.

In the second half of 2022, Sisram intends to follow its 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 lean innovation, digitalization, brand awareness and eco-system building.

The Group will adhere its mission to provide modular, offering medical grade products and services and fulfilling the corporate vision of "Enhancing Quality of Life".

Strategic branding & positioning:

- Following a strategic branding process and implementation, the Group continues to establish its global positioning of Sisram as a unique business group in the greater wellness industry.

- As part of LMNT's global positioning, we are exploring new markets while expanding existing markets.

- Establish a strategic and branding plan for injectables for EMEA and APAC markets.

The Group plans to expand its digital transformation strategy with the following major objectives in sight:

- Rollout of the CRM and ERP to additional companies of the Group.
- Enable customers' centric operation mindset whereas activities are based on customer data, to facilitate informed decisions making corporate process.
- Digitize existing processes, create new ones and centralize data.

In addition, we plan to:

- Focus R&D operation on next generation platforms in the areas of pre-juvenation, regenerative medicine and combined technologies.
- Continue ongoing clinical studies, in addition to new studies aimed to support regulatory requirements (i.e., FDA study for additional clinical indications).
- Further develop our market share in direct operation territories.
- Explore unexploited direct operation opportunities worldwide.
- Distribute affiliating products and technologies in a private label/ODM model.
- Follow our eco-system 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.
- 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 office oversees are: aesthetics and digital dentistry, registration of dermal facial fillers, expansion of the injectables category offering, and the establishment of a regional service center and regional warehouse.
- Prepare for ecosystem expansion efforts of 2023 in North America office with focus on personal care and Sisram Concept Centre.

4. FINANCIAL REVIEW

During the Reporting Period, the unaudited interim results and the summary of financial results are as follows:

A. Revenue

During the Reporting Period, revenue of the Group increased from US$125.3 million to US$174.5 million, representing an increase of 39.3% when compared to the corresponding period in 2021. The overall increase was primarily attributable to across the board growth of existing leading products enhanced by introduction of new and novel offerings (Alma Ted™ and LMNT One™). Further to the organic growth, acquisition of Foshion in the second half of 2021 has contributed to our revenue growth.

Revenue by main product segments

The Group generates revenue from the following revenue streams: (i) sale of goods; and (ii) services and others. The revenue from sale of goods amounted to US$166.3 million, representing an increase of 40.8% as compared to the corresponding period in 2021. The revenue from service and others amounted to US$8.2 million, representing an increase of 13.9% as compared to the corresponding period in 2021.

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

	Six months ended June 30,				
	2022		**2021**		**YOY %**
Sale of Goods:	*(US$ in thousands, except for percentages)*				
Energy Based Device	155,174	88.9%	115,177	91.9%	34.7%
Aesthetics and Digital Dentistry	7,311	4.2%	0	0%	100%
Injectables	3,771	2.2%	2,873	2.3%	31.3%
Subtotal	166,256	95.3%	118,050	94.2%	40.8%
Services and Others	8,248	4.7%	7,243	5.8%	13.9%
Total	**174,504**	**100.0%**	**125,293**	**100.0%**	**39.3%**

We have derived a substantial majority of our revenue from our Energy Based Device product line, representing 88.9% of our total revenue for the Reporting Period. Revenue from the sale of our Energy Based Devices line was US$155.2 million for the six months ended June 30, 2022, representing an increase of 34.7% in comparison with a revenue of US$115.2 million in the corresponding period in 2021. The majority of revenue derived from our traditional leading platforms such as "Soprano", "Harmony", "Opus" and "Accent". Enhanced by successful introduction of Alma Ted™.

Revenue from our aesthetics and digital dentistry product line increased by 100% and amounted to US$7.3 million compared to US$0. The aesthetics and digital dentistry line started in July 2021.

Revenue by geographic segments

The following table sets forth our revenue by geographic segments for the six months ended in the years indicated (measured by the location of our direct sales customers and our distributors):

	Six months ended June 30,				
	2022		**2021**		**YOY %**
Sale of Goods:	*(US$ in thousands, except for percentages)*				
North America	69,905	40.0%	49,147	39.2%	42.2%
APAC	47,928	27.5%	33,744	26.9%	42.0%
Europe	30,537	17.5%	23,698	18.9%	28.9%
Middle East and Africa	17,749	10.2%	12,636	10.2%	40.5%
Latin America	8,385	4.8%	6,068	4.8%	38.2%
Total	**174,504**	**100%**	**125,293**	**100.0%**	**39.3%**

The major increase in the revenue during the Reporting Period incurred in North America, APAC and Europe, though sales were distributed broadly across all the regions globally.

The revenue derived from North America accounted for US$69.9 million during the Reporting Period, an increase of 42.2% from US$49.1 million for the corresponding period in 2021. The increase is attributed to the strong position of Alma's brand, increase investments in sales operation and the successful launch of Alma Ted™.

The revenue derived from APAC increased by 42.0% to US$47.9 million in the Reporting Period from US$33.7 million for the corresponding period in 2021. The increase is mainly attributed to our strong performance in China (Supported by integration of Foshion dental and successful launch of LMNT One™) and our Australia and Korea direct operation.

The revenue derived from Europe increased by 28.9% to US$30.5 million in the Reporting Period from US$23.7 million for the corresponding period in 2021. The increase is mainly attributed to the continued momentum of our strong hair removal brand "Soprano", as well as strong distribution channel in Italy, France and Poland.

The revenue derived from Middle East and Africa increased by 40.5% to US$17.7 million in the Reporting Period from US$12.6 million for the corresponding period in 2021. The increase is mainly attributed to the expansion of our direct office in Israel. The revenue derived from Latin America increased by 38.2% to US$8.4 million in the Reporting Period from US$6.1 million for the corresponding period in 2021.

During the Reporting Period, the cost of sales primarily comprised of the costs of production materials, and to a lesser extent, remuneration of production employees, the cost of rendering of services, overheads and other miscellaneous costs relating to production. For the Reporting Period, the cost of sales of the Group increased by 39.2% to US$74.9 million from US$53.8 million for the corresponding period in 2021, which is mainly due to the increase in sales volume.

B. Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group increased by 39.4% to US$99.6 million from US$71.5 million for the corresponding period in 2021 for the reasons set out in Revenue section above.

The gross profit margin increased to 57.1% for the Reporting Period from 57.0% for the corresponding period in 2021. The increase is primarily driven by continued expansion of direct sales portion and launch of high profit products into leading markets, overcoming operational challenges of increasing component and logistic costs.

C. 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 digital activities.

During the Reporting Period, selling and distribution expenses of the Group increased by 57.9% to US$47.4 million from US$30.0 million for the corresponding period in 2021, the increase is resulted from higher commission expenses following the increase in sales volume, mainly in the North America operation, and back to standard level of marketing activities (tradeshows conferences, academies etc.).

D. Administrative expenses

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

During the Reporting Period, administrative expenses of the Group increased by 49.7% to US$13.9 million from US$9.3 million for the corresponding period in 2021. The increase is mainly attributed to investments in our information systems and other corporate functions.

E. R&D

The Group's R&D expenses primarily consist of: (i) remuneration to R&D employees; (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, 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 expenses increased by 3.5% to US$8.3 million from US$8.1 million for the corresponding period in 2021.

F. Finance cost

Finance costs are comprised mainly of (i) interest on bank loans and (ii) interest on lease liabilities. Finance costs increased to US$1.0 million in the Reporting Period from US$0.9 million for the corresponding period in 2021.

G. Income tax expense

The Israeli corporate tax rates are both 23% in 2021 and 2022. 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 decreased to US$2.5 million, representing a decrease of 8.3% from US$2.8 million for the corresponding period in 2021. This was primarily attributable to a higher portion of income before tax eligible to a special taxation term – A SPTE.

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.

H. Profit for the period

As a result of the foregoing, during the Reporting Period, our profit for the period increased by 18.2% to US$20.5 million from US$17.4 million for the corresponding period in 2021. The net profit margin of the Group for the six months ended on June 30, 2022 and 2021 were 11.8% and 13.9%, respectively.

I. 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. 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 period:

	Six months ended June 30, 2022 US$'000	2021 US$'000	YOY%
PROFIT FOR THE PERIOD	20,527	17,361	18.2%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisitions	2,305	2,305	0%
Amortization of other intangible assets arising from the Nova acquisitions	239	239	0%
Amortization of other intangible assets arising from the Foshion acquisition	234	0	100%
Contingent consideration arising from acquisitions	0	(9)	(100%)
Deduct: deferred tax arising from other intangible assets	(534)	(339)	(57.5%)
Previous years taxes	547	0	100%
RSU Expenses	1,626	0	100%
Adjusted net profit	24,944	19,557	27.5%

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 June 30, 2022 and June 30, 2021, 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 EBIT (Earnings Before Interest and Taxes) divided by financial costs was 23.4 times as compared with 22.9 times for the corresponding period in 2021. The interest coverage increased mainly because the Group's EBIT during the Reporting Period increased by 14.5% to US$24.1 million from US$21.1 million for the corresponding period in 2021, and finance cost increased by 11.7% to US$1 million from US$0.9 million for the corresponding period in 2021.

D. Available facilities

As at June 30, 2022, Sisram did not have any unutilized banking facilities. Sisram is mainly financing its operations through cash generated from operating activities.

E. Interest rate

As at June 30, 2022, total interest-bearing bank and other borrowings at a floating interest rate amounted to US$5.0 million (As at December 31, 2021: US$7.3 million).

F. Maturity structure of outstanding debts

The following tables sets forth the maturity structure of outstanding debts as at June 30, 2022 and December 31, 2021.

	June 30, 2022 *US$'000*			**December 31, 2021** *US$'000*		
	Effective interest rate *(%)*	*Maturity*	*US$'000*	**Effective interest rate** *(%)*	*Maturity*	*US$'000*
Current						
Bank loan, unsecured	3.70	2023	745	–	–	–
Other borrowings*	3.85-4.15	2022-2023	4,992	3.85-4.15	2022	7,293
			5,737			7,293

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

	June 30, 2022	December 31, 2021
	US$ '000	*US$ '000*
Within 1 year	5,737	7,293

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 the Reporting Period and the corresponding period of 2021.

	Six months ended June 30, 2022	2021	YOY%
	US$'000	*US$'000*	
Net cash flows generated from operating activities	10,688	20,834	(48.7%)
Net cash flows generated from/(used in) investing activities	7,946	(9,752)	181.5%
Net cash flows used in financing activities	(3,357)	(3,464)	(3.1%)
Net increase in cash and cash equivalents	15,277	7,618	100.5%
Cash and cash equivalents at the beginning of the period	124,920	83,373	49.8%
Effect of foreign exchange rate changes, net	101	(1,710)	105.9%
Cash and cash equivalents at the end of the period	140,298	89,281	57.1%
Cash and cash equivalents			
Pledged bank balances	131	149	(12.1%)
Term deposits with original maturity of more than three months	8,286	40,000	(79.3%)
Cash and bank balance at the end of the period	148,715	129,430	14.9%

Net cash flows generated from operating activities

During the Reporting Period, the net cash flows generated from operating activities were US$10.7 million, which was primarily attributable to: (i) the profit before tax of US$23.1 million; (ii) total adjustments for profit or loss items of US$13.0 million; (iii) working capital adjustments of US$25.4 million.

Net cash flows generated from investing activities

During the Reporting Period, the net cash flows generated from investing activities were US$7.9 million, which was primarily attributable to: (i) maturity of short term bank deposits with the amount of US$19.7 million, (ii) US$4.5 million long term deposit, (iii) US$1.6 million in purchase of plant and equipment and (iv) Investments in associates in the amount of US$5.8 million.

Net cash flows used in financing activities

During the Reporting Period, the net cash flows used in financing activities was US$3.4 million, which was primarily attributable to: (i) repayments on loan and interest of US$4.4 million, (ii) payment of lease payments of US$2.4 million and (iii) borrowing new loans of US$2.8 million.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$1.9 million, which mainly consisted of purchase of computers, hardware and softwares.

As at June 30, 2022, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As at June 30, 2022, the Group did not have any contingent liabilities.

9. MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, the Group did not conduct material acquisition or disposal.

10. 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 June 30, 2022. The Group did not have other plans for material investments and capital assets.

11. RISK MANAGEMENT

The operation and development of the Group are not exposed to any material risk factors, but they 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. Interest rate exposure

It is the Group's strategy to use debts with fixed and floating interest rates to manage its interest costs. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

12. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of employees by function as at June 30, 2022:

Function	Number of Employees
Operations	269
R&D	79
Sales & Marketing	337
General and Administration	118
Total	803

Employees' headcount as at the end of Reporting Period increased by 14% due to 101 new positions, as compared to the December 31, 2021.

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.

13. USE OF PROCEEDS FROM THE 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**"). The Placing Shares have been placed to no less than six placees 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.

The Placing had been completed on July 27, 2021 and the net proceeds (after deducting all applicable costs and expenses, including commissions and legal fees) raised from the Placing were approximately HK$615.47 million. As at the end of the Reporting Period, the net proceeds from the Placing have not been utilised. The unutilised amount is expected to be utilised for the purposes as set out in the section headed "13. Use of Proceeds" in the announcement of the Company dated July 20, 2021 by the end of 2023.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2022.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the Reporting Period, 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 Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

During the Reporting Period, the Company has complied with all applicable principles and code provisions as set out in Part 2 of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Directors' and Chief Executive Officer's Dealing Policy on terms no less exacting than the required standard under 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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim results of the Group for the six months ended June 30, 2022 prepared in accordance with IFRSs.

PUBLICATION OF INTERIM RESULTS AND 2022 INTERIM REPORT

This results announcement is published on the website of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at http://www.hkexnews.hk and on the website of the Company at http://www.sisram-medical.com. The 2022 interim 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 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, August 19, 2022

As at the date of this announcement, the Board of the Company comprises Mr. Yi LIU, Mr. Lior Moshe DAYAN and Mr. Guojun BU as executive directors; Mr. Yifang WU 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*