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, 2022

FINANCIAL HIGHLIGHTS

- For the year ended December 31, 2022, the revenue for the year was US$354.5 million, increased by 20.5% as compared to that for the previous year.

- For the year ended December 31, 2022, the profit for the year was US$40.1 million, increased by 23.2% as compared to that for the previous year.

- All the sales regions covered by the Group achieved revenue growth, especially in North America, the Middle East and the Asia Pacific region. As of December 31, 2022, revenues in the North America region for the year were US$143.7 million, increased by 28.2% as compared to that for the previous year. Revenues in the APAC region for the year were US$98.1 million, increased by 15.1% as compared to that for the previous year. Revenues in the Middle East and Africa region for the year were US$36.6 million, increased by 18.7% as compared to that for the previous year.

- Gross profit margin increased to 57.0% for the reporting period from 56.7% for the corresponding period in 2021. The increase was primarily attributable to the continued expansion of direct sales portion, reaching to 66% of the revenue compared to 62% for the corresponding period in 2021, and launch of the products with a high gross profit margin into leading markets.

FINAL DIVIDEND

The Board resolved to declare a final dividend of HK$0.173 (inclusive of tax) per share for the year ended December 31, 2022.

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, 2022 (the "**Reporting Period**"), prepared under International Financial Reporting Standards ("**IFRSs**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2022

	Notes	2022 *US$'000*	2021 *US$'000*
REVENUE	4	354,480	294,294
Cost of sales		(152,254)	(127,433)
Gross profit		202,226	166,861
Other income and gains	4	1,326	1,223
Selling and distribution expenses		(99,684)	(78,893)
Administrative expenses		(29,075)	(21,815)
Research and development expenses		(18,023)	(15,594)
Other expenses		(10,035)	(7,798)
Finance costs	6	(1,972)	(2,005)
Share of profits and losses of associates		(521)	(307)
PROFIT BEFORE TAX	5	44,242	41,672
Income tax expense	7	(4,162)	(9,152)
PROFIT FOR THE YEAR		40,080	32,520
Attributable to:			
Owners of the parent		40,170	31,245
Non-controlling interests		(90)	1,275
		40,080	32,520
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (US cents)	9	8.62	6.90
Diluted			
– For profit for the year (US cents)	9	8.61	6.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2022

	2022	2021
	US$'000	*US$'000*
PROFIT FOR THE YEAR	40,080	32,520
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	(1,667)	254
Reclassification adjustments for gains included in the consolidated statement of profit or loss	1,171	(174)
	(496)	80
Exchange differences:		
Exchange differences on translation of foreign operations	(5,363)	(868)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(5,859)	(788)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to a defined benefit plan	538	371
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	538	371
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(5,321)	(417)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	34,759	32,103
Attributable to:		
Owners of the parent	34,849	30,828
Non-controlling interests	(90)	1,275
	34,759	32,103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

	Notes	2022 *US$'000*	2021 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		16,847	14,565
Right-of-use assets		35,355	30,892
Goodwill		111,183	111,183
Other intangible assets		45,288	51,224
Deferred tax assets		7,246	4,698
Trade receivables	10	13,047	12,548
Investments in associates		6,176	1,385
Other non-current assets		69,894	6,037
Total non-current assets		305,036	232,532
CURRENT ASSETS			
Inventories		74,720	64,236
Trade receivables	10	80,378	69,875
Prepayments, other receivables and other assets		13,919	9,732
Derivative financial instruments		–	695
Cash and bank balances		81,548	153,062
Total current assets		250,565	297,600
CURRENT LIABILITIES			
Contract liabilities		14,375	15,038
Trade payables	11	13,335	13,018
Other payables and accruals		41,377	41,057
Interest-bearing bank and other borrowings		5,743	7,293
Lease liabilities		2,880	3,093
Derivative financial instruments		586	–
Tax payables		1,829	4,057
Total current liabilities		80,125	83,556
NET CURRENT ASSETS		170,440	214,044
TOTAL ASSETS LESS CURRENT LIABILITIES		475,476	446,576

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
December 31, 2022

	Notes	2022	2021
		US$'000	*US$'000*
NON-CURRENT LIABILITIES			
Contract liabilities		592	262
Lease liabilities		32,718	31,235
Deferred tax liabilities		8,646	9,409
Other long-term liabilities		1,295	2,045
Total non-current liabilities		43,251	42,951
NET ASSETS		432,225	403,625
EQUITY			
Equity attributable to owners of the parent			
Share capital		1,331	1,328
Reserves		429,541	400,854
Non-controlling interests		1,353	1,443
Total equity		432,225	403,625

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 2022. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 intra-group 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 3	*Reference to the Conceptual Framework*
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 the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to 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* (the "Conceptual Framework") issued in June 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 year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments 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 recognizes the proceeds from selling any such items, and the cost of those items, as determined by IAS 2 Inventories, 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 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, 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 1 January 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 Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment 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 from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

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

	2022	**2021**
	US$'000	*US$'000*
Europe	58,323	51,890
North America	143,664	112,040
Asia Pacific	98,069	85,211
Latin America	17,842	14,343
Middle East and Africa	36,582	30,810
	354,480	294,294

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

(b) Non-current assets

	2022	**2021**
	US$'000	*US$'000*
Israel	224,936	217,906
United States	4,986	1,483
Other countries	67,868	8,445
	297,790	227,834

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

Information about a major customer

There were no revenues from transactions with a single external customer amounting to 10% or more of total revenue for the reporting period (Revenue from sales to one single customer accounted for about 12.9% of the total revenue in 2021).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 *US$'000*	2021 *US$'000*
Revenue from contracts with customers	354,480	294,294

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended December 31, 2022

	2022 *US$'000*	2021 *US$'000*
Types of goods or services		
Sale of products	334,653	278,733
Services provided	19,827	15,561
Total revenue from contracts with customers	354,480	294,294
Timing of revenue recognition		
Goods transferred at a point in time	334,653	278,733
Services transferred over time	19,827	15,561
Total revenue from contracts with customers	354,480	294,294

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:

	2022 *US$'000*	2021 *US$'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	8,925	5,129
Services provided	6,113	3,049
	15,038	8,178

(ii) Performance obligations

Information about the Group's performance obligations is summarised 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:

	2022	**2021**
	US$'000	*US$'000*
Amounts expected to be recognized as revenue:		
Within one year	14,375	15,038
After one year	592	262
	14,967	15,300

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

	2022	**2021**
	US$'000	*US$'000*
Bank interest income	613	543
Fair value gains from foreign exchange forward contracts not qualifying as hedges	–	492
Others	713	188
	1,326	1,223

5. PROFIT BEFORE TAX

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

	2022	2021
	US$'000	*US$'000*
Cost of inventories sold	106,234	88,991
Cost of services provided	46,020	38,442
	152,254	127,433
Employee benefit expense (including directors' and senior management's remuneration):		
Wages and salaries	92,831	78,282
Equity-settled share base payments	3,166	294
Defined benefit scheme	721	880
	96,718	79,456
Research and development costs:		
Current year expenditure	18,023	15,594
Auditors' remuneration	524	418
Lease payments not included in the measurement of lease liabilities	1,155	836
Depreciation of property, plant and equipment	2,335	2,211
Depreciation of right-of-use assets	3,817	3,463
Amortization of other intangible assets	6,250	6,611
Provision for impairment of inventories	6,621	4,878
Provision for impairment of trade receivables	560	1,399
Fair value loss/(gain) from foreign exchange forward contracts not qualifying as hedges	2,812	(492)
Share of profits and losses of associates	521	307
Foreign exchange differences, net	(31)	1,538

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	US$'000	*US$'000*
Interest on loans and borrowings	272	518
Interest on lease liabilities	1,463	1,487
Bank charges	237	–
	1,972	2,005

7. INCOME TAX

The Israeli corporate tax rate applicable to the Company was 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.

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

Alma Lasers Ltd., a 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 Organisation for Economic Co-operation and Development recently published the guideline of 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", where tax rates of 12% and 7.5% were applicable for income derived from central Israel and special areas in Israel, respectively, 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. Preferred Technology Enterprises is defined as an enterprise which meets the aforementioned conditions with the 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.

For 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 its geographical location. On December 4, 2018, the Company received a ruling from the Israeli Income Tax Authority, that it was granted 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, 2022, Alma enjoyed a preferential effective tax rate of 6%, for being a SPTE for the year ended December 31, 2022 (2021: 6%).

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

The subsidiary released their Clawback Profits and chose to pay reduced corporate income tax. The Company made tax provision of US$0.9 million and US$2.9 million in its consolidated financial statements for 2022 and 2021, respectively, in accordance with the Temporary Provisions.

On February 26, 2022 Alma and Nova received the approval from the ITA effective as of December 31, 2022 for the merger of Nova into Alma under section 103 to the Israeli Tax Ordinance. Following the approval, the Israeli tax rate for Nova's profits derived from Alma products will be reduced tax rate of 6% (under the SPTE).

The U.S. Tax Cuts and Jobs Act of 2017 ("**TCJA**") was approved by the United States Congress on December 20, 2017 and signed into law by the United States President Donald J. Trump on December 22, 2017. This legislation has brought complex and significant changes to the United States 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 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 established in PRC, 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 20%.

	2022	2021
	US$'000	*US$'000*
Current	7,473	10,534
Deferred	(3,311)	(1,382)
Total tax charge for the year	4,162	9,152

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:

	2022	2021
	US$'000	*US$'000*
Profit before tax	44,242	41,672
Statutory tax rate	23%	23%
Tax at the statutory tax rate	10,176	9,586
Different tax rates for certain entities	(7,737)	(6,298)
Effect on opening deferred tax from changes in tax rates	67	148
Tax losses utilized from previous periods	(545)	–
Expenses not deductible for tax	521	337
Taxes in respect of previous years*	940	3,515
Deductible temporary differences not recognised	5	–
Tax losses not recognized	85	671
Others	650	1,193
Total tax charge for the year	4,162	9,152

* Tax in respect of previous year in 2022 includes the tax provision amounted to US$0.9 million (2021: 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 21, 2023, the Board resolved to declare a final dividend of HK$0.173 (inclusive of tax) per share for the year ended December 31, 2022 (for the year ended December 31, 2021: HK$0.157).

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 466,245,938 (2021: 452,544,641) 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:

	2022	**2021**
	US$'000	*US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	40,170	31,245

	Number of shares	
	2022	**2021**
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	466,245,938	452,544,641
Effect of dilution – weighted average number of ordinary shares: – 2021 Restricted Share Units Scheme ("**2021 RSU Scheme**")	528,394	322,973
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	466,774,332	452,867,614

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.

On November 22, 2022, 1,137,009 ordinary shares have been issued to certain RSU holders upon the vesting of these RSUs.

10. TRADE RECEIVABLES

	2022	2021
	US$'000	*US$'000*
Trade receivables		
Current	81,856	72,107
Non-current	13,777	12,610
	95,633	84,717
Impairment		
Current	(1,478)	(2,232)
Non-current	(730)	(62)
	(2,208)	(2,294)
	93,425	82,423

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 due date and net of loss allowance, is as follows:

	2022	2021
	US$'000	*US$'000*
Within one month	49,586	46,951
1 to 2 months	6,162	4,894
2 to 3 months	5,111	5,422
Over 3 months	32,566	25,156
	93,425	82,423

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

	2022 *US$'000*	2021 *US$'000*
At beginning of year	2,294	1,670
Impairment losses	560	1,399
Amount written off as uncollectible	(546)	(783)
Effect of foreign exchange rate changes, net	(100)	8
At end of year	2,208	2,294

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:

	2022 *US$'000*	2021 *US$'000*
Within 1 month	8,524	10,141
1 to 2 months	3,642	2,321
2 to 3 months	93	295
Over 3 months	1,076	261
	13,335	13,018

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

12. EVENT AFTER THE REPORTING PERIOD

The final approval for the sublicense agreement of Daxxify between Sisram Tianjin and Fosun Industrial has been granted by the extraordinary general meeting of the Company on February 9, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Sisram Medical, as a global group company developing its wellness business, is deeply rooted in the medical aesthetics industry for over two decades, specializing in the R&D and application of the technologies related to natural energy sources, providing customers with solutions for the treatment of medical aesthetics and related medical clinical indications.

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

We continued to increase and expand the diversity of our products and treatments portfolio, covering a number of wellness businesses, such as 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 and aesthetic dentistry.

Sisram's Group includes the following global brands: Alma Lasers Ltd. ("**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 Dental CAD/CAM center in mainland China, Copulla – a new, innovative digital dentistry service and LMNT – a personal care brand, now launching a light-based skin rejuvenation home use device. Through Alma, the Company's core subsidiary, the Company also established its presence in the injectables sector 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. In addition, the Company also entered sublicense-related agreements with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. to obtain the exclusive right to import and commercialize Daxxify in mainland China, Hong Kong S.A.R. and Macao S.A.R..

2. BUSINESS REVIEW OF 2022

Revenues

In 2022, Sisram achieved total revenue of US$354.5 million through its established global sales and distribution network, representing an increase of 20.5% compared to 2021. The increase was mostly attributed to the fact that the Company's continuous expansion of existing distribution network and successful introduction of new products and new B2C activity.

The Company introduced new products and promoted the existing product to new markets in 2022.

Brand new products:

- A novel trans-epidermal delivery platform (Alma Ted™) – an ultrasound-based platform that offers a non-invasive, non-traumatic option to address the growing demand from North America market for treatment of hair loss. The product was launched in the U.S. in March 2022 and in Canada in August 2022.

- CBD+ Professional Skincare Solution™ – the first professional skincare solution that combines the scientific research achievements 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. The product was launched in the U.S. in March 2022.

- 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 the comfort of their own homes and available for purchase on a leading e-commerce marketplace. The product was initially launched in China in May 2022 and in Italy in June 2022.

Existing products promotion to new markets:

- Alma Hybrid – the first laser device to include an ablative 10,600 nm (CO2) laser and a non-ablative 1,570 nm laser for skin resurfacing that can be used independently, or as a tailored treatment solution by combining both wavelengths. After being launched in the European market in 2020 and in the U.S. market in 2021, the product was introduced in Canada in 2022.

- Alma Duo™ – an advanced, effective, FDA – cleared solution that uses the gold standard in shock wave technology – focused low-intensity extracorporeal shock wave therapy (LI-ESWT) – to promote blood flow to the sexual organs, restoring natural function and helping with the effects of aging on vascular function. As part of Sisram's sexual wellness focus, the product was successfully launched in the global market in November 2022.

Direct Channels

As part of Sisram's long term strategy to expand our direct reach and being closer to our customer, the Company has established new direct offices in the United Kingdom in June 2022 and in Dubai in February 2023 to support the strong growth in demands for Sisram's products and services in the European continent and the United Arab Emirates. With the successful launch of the new direct business channels, Sisram expects to further enhance its direct sales globally.

We always maintained continuous business development to facilitate the long-term growth of the Company. During the Reporting Period, we have invested in a company which develops silk fibroin-sodium hyaluronate composite gel and facial implant thread products. In addition, we have invested in a manufacturer which adopts the digitally-aided aesthetic design, creating restoration products, unique non-invasive veneers and innovative bio-glass, to increase the product diversity of the aesthetics and digital dentistry business. Further information about the two investments can be found in Business Development section.

The main regions where revenue was increased during the Reporting Period were North America with an increase of 28.2%, Asia Pacific with an increase of 15.1%, Latin America with an increase of 24.4%, Middle East and Africa with an increase of 18.7% and Europe with an increase of 12.4%.

The gross profit increased from US$166.9 million in 2021 to US$202.2 million in 2022, representing an increase of US$35.3 million. The gross profit margin in 2022 amounted to 57.0%, representing an increase of 0.3% compared to 56.7% in 2021. The increase in gross profit and gross profit margin was primarily affected by the expansion of our direct sales channels which shortened the supply chain of the Company, increased the average selling price, and gained a higher brand visibility and ensured efficient communications with customers. During 2022, revenue derived from direct sales surpassed that from distributors with 66% attributed to the former, representing an increase of 4% when compared with 2021, and 34% attributed to the latter.

For the Reporting Period, the Group achieved profit before tax of US$44.2 million and profit for the year of US$40.1 million, representing an increase of 6.2% and 23.2% respectively, when compared with 2021. The increase in profit before tax and profit for the year was mostly due to an increase in revenue (US$60.2 million), an increase in gross profit (US$35.3 million), while operating expenses' percentage from revenue increase by 2% compared with the year ended December 31, 2021.

For the Reporting Period, the Group achieved an adjusted net profit of US$48.6 million representing an increase of 20.7% when compared with the corresponding period of 2021. 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 details.

The Company has maintained stable operation. The Company has sufficient funds to meet its future business needs and sustain the corresponding operational resilience to address the following leading goals:

1. Supporting employees and business partners during challenging times.

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

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

4. Protecting financial assets' and Company's value.

5. Creating and developing our ecosystem of various business lines and consumer brands, fulfilling the Group's long-term strategic goals.

R&D

- R&D investments increased by 15.6% YOY.

- 10.9% 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 research achievements 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 create a medical-grade treatment experience for consumers through multiple dimensions such as giving an instant glow and promoting collagen production, and provide technical support to help consumers achieve skin rejuvenation at home.

  On the clinical research front, the Group has conducted 18 clinical studies and 2 preclinical studies for FDA approval of a new device. During the Reporting Period, the Group received FDA approval for Soprano Titanium.

Sales and Marketing

Sisram, as a multi-national entity, makes significant efforts in the localization of operations in each country and region, while building a global brand experience.

During the Reporting Period, we have:

- established new offices in the United Kingdom and Dubai (in early 2023) 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, Alma Academy USA, Alma Academy UAE. Besides, we have attended the Aesthetic & Anti-Aging Medicine World Congress and the International Master Course on Aging Science for the first time after the COVID-19 pandemic;

- continued the development of new social media accounts, targeting customers and consumers worldwide for education, awareness and achieve traffic conversion;

- built up the B2C channels and activities to support LMNT launch and market penetration;
- continued the launch of audio and video contents by releasing nearly 30 new videos, supporting our entire portfolio and different brands;
- launched a "fake Soprano" campaign to raise awareness regarding buying counterfeit products; and
- launched the Global Customers Experience operation as part of headquarters' customer business unit, focusing on driving customer centricity approach and improving overall customer experience.

Mergers & Acquisition

The Company's investment is focusing mainly on investing innovative products and business lines, expanding direct channels and partnering with strategic players, being committed to creating and expanding the beauty and health ecosystem.

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), (ii) Tianjin Fosun Haihe Healthcare Industry Fund Partnership (Limited Partnership) and (iii) Tianjin Xingsiyi Bio-technology Co., Ltd. (the "**Tianjin Xingsiyi**"), to jointly set up Tianjin Xingsiyi with an aggregate investment amount of RMB25.0 million. The Company agreed to contribute RMB2.6 million in total and would hold approximately 10.4% of the total issued shares of Tianjin Xingsiyi upon completion.

Tianjin Xingsiyi intends to engage in the research and development, technical services and supply of silk fibroin-sodium hyaluronate composite gel and facial implant thread. Please refer to the announcement of the Company on January 10, 2022 for further information. As of the date of this announcement, the investment in Tianjin Xingsiyi as contemplated under the investment agreement was completed.

Fuzhou Rick Brown Investment

On March 16, 2022, the Company entered into an investment agreement with Fuzhou Rick Brown Biotechnology Company Limited (the "**Rick Brown**"), pursuant to which the Company agreed to make investment of RMB35.0 million into Rick Brown. Upon completion of the investment, the Company would hold 23.2% of the equity interest of Rick Brown.

Rick Brown is an innovative bio-glass developer and manufacturer which adopts the digitally-aided aesthetic design, creates restoration products and unique non-invasive veneers. Following the completion of the investment, the Company's aesthetics and digital dentistry division will distribute the products of Rick Brown in PRC and international markets. Please refer to the announcement of the Company on March 16, 2022 for further information. As of the date of this announcement, the investment in Rick Brown as contemplated under the investment agreement was completed.

Business Development

Sub-license Agreement

On October 26, 2022 and December 15, 2022, respectively, Sisram Medical (Tianjin) Limited ("**Sisram Tianjin**") entered into the sublicence agreement and its amendments 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 a research-based product and the first neuromodulator with long-acting duration. It is a new generation neuromodulator in development for the treatment of aesthetic indications and a number of potential therapeutic conditions. Revance Therapeutics, Inc. ("**Revance**"), the head licensor, has successfully obtained the BLA for the aesthetic indications of the Licensed Product from FDA on September 8, 2022. Please refer to the announcements of the Company dated October 26, 2022 and December 16, 2022 and the circular dated December 23, 2022 for further information. The final approval of the sublicense agreement has been achieved by the extraordinary general meeting of the Company on February 9, 2023.

New Direct Business Channels in the United Kingdom and Dubai

In June 2022, the Company established a direct business channel in the United Kingdom and also in February 2023 in Dubai. It is one of the Company's long-term strategies to set up direct business channels in strategic markets and focus on end users and customers directly, and the Company recognizes the United Kingdom and the United Arab Emirates as a premium and strategic markets to execute its development strategy and build global wellness ecosystem. Please refer to the announcement of the Company dated June 15, 2022 and February 21, 2023 for further information.

Operations

The group experienced global supply chain risks associated with long lead time of electronic components and material price changes. The Group actively promoted the procurement of strategic materials, realizing a 20.5% increase in revenue and impacted on the company inventory level.

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

- Production lines capacity expanded by recruiting additional manpower
- Procurement of required raw materials to support growing demand, with purchase orders planned a year ahead to avoid shortages

We focused on the performance appraisal in respect of the improvement of product quality, such as the pass rate and the critical failure rate of new products.

Information Systems and Digital Transformation

Over the past 4 years (2019-2022), Sisram spend more than US$8.5 million in:

- new ERP system rollouts;
- initiating digital processes – business intelligence, customer relationship management, chatbot, customers surveys (Voice of the Customer), digital forms;
- marketing automation;
- migration to cloud-based systems to serve the growing and diverse ecosystem;
- internal organization management – human capital, online training, reporting and more;
- enhanced cyber security systems and tools; and
- new software infrastructure to support our new personal care line and digital dentistry service (Copulla), cyber security, on-line presence consolidation and upgrade.

3. OUTLOOK FOR 2023

Based on the demand for the Company's products, barring any unforeseen circumstances or material change in market conditions, the Group expects to record revenue growth of at least 15% -25% in the whole year of 2023 as compared to the revenue recorded in the corresponding period in 2022.

In 2023, Sisram will continue to follow the constructive disruption strategy by evaluating and implementing technologies, ventures, and synergies in the near future so as to bolster its global position.

The Group's efforts throughout 2023 will strategically focus on developing the North America and China, and explore development opportunities in the Middle East market.

- North America market: Prepare for business ecosystem expansion efforts of 2023 in North America office with focus on personal care and Sisram Concept Centre;
- China: Maintain market leadership through new Alma product launches and R&D investments targeted at a new generation of device platform; establish a strategic and branding plan for injectables; invest in the aesthetics and digital dentistry business line; and upgrade the software infrastructure and increase synergy among different business units by sharing the data base.

In addition, we plan to:

- expand direct operation to strengthen Sisram's customer engagement and market position;

- complete R&D development and clinical phases of a next generation of high-level devices, to create the future growth engines;

- continue investing in information system infrastructure to support the growing direct operating business, customer engagement marketing activities, CRM & E-Commerce platforms;

- extend the Group dentistry business by investing in a point-to-point digital service platforms for restorative treatments;

- continue investing in the strategic material purchasing activities to ensure inventory of critical components to support the growing business and ensure the company inventory level;

- continue to enhance the Group global brand awareness and focus on digital and B2C marketing; and

- increase and adjust manufacturing capacity to meet the growing market demands.

4. FINANCIAL REVIEW

Overview

Sisram Medical, as a global group company developing its beauty and health business, is deeply rooted in the medical aesthetics industry for over two decades, specializing in the R&D and application of the technologies related to natural energy sources, providing customers with solutions for the treatment of medical aesthetics and related medical clinical indications.

We continued to enhance and expand the diversity of our products and treatments portfolio, covering a number of beauty and health businesses, such as 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:

	2022		2021		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Revenue	354,480	100%	294,294	100%	20.5%
Cost of sales	(152,254)	43%	(127,433)	43.3%	19.5%
Gross profit	202,226	57%	166,861	56.7%	21.2%
Other income and gains	1,326	0.4%	1,223	0.4%	8.4%
Selling and distribution expenses	(99,684)	28.1%	(78,893)	26.8%	26.4%
Administrative expenses	(29,075)	8.2%	(21,815)	7.4%	33.3%
Research and development expenses	(18,023)	5.1%	(15,594)	5.3%	15.6%
Other expenses	(10,035)	2.8%	(7,798)	2.6%	28.7%
Share of profits and losses of associates	(521)	0.1%	(307)	0.1%	69.7%
Finance costs	(1,972)	0.6%	(2,005)	0.7%	(1.6)%
Profit before tax	44,242	12.5%	41,672	14.2%	6.2%
Income tax expense	(4,162)	1.2%	(9,152)	3.1%	(54.5)%
Profit for the year	40,080	11.3%	32,520	11.1%	23.2%

(a) Revenue

During the Reporting Period, revenue of the Group increased from US$294.3 million to US$354.5 million, representing an increase of 20.5% when compared to 2021. The overall increase was primarily attributable to the continuous growth of our existing leading products alongside successful introduction of Alma Ted™, LMNT One™ and CBD+ Professional Skincare Solution™.

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:

	2022		**2021**		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Sale of Goods:					
Medical Aesthetics	306,853	86.6%	258,500	87.8%	18.7%
Dental	18,605	5.2%	13,844	4.7%	34.4%
Injectables	9,195	2.6%	6,389	2.2%	43.9%
Subtotal	334,653	94.4%	278,733	94.7%	20.1%
Services and Others	19,827	5.6%	15,561	5.3%	27.4%
Total	354,480	100.0%	294,294	100.0%	20.5%

We derived a substantial majority of our revenue from our Medical Aesthetics product line, representing 86.6% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: "Soprano", "Harmony" and "Accent" equipment platforms. Revenue from the sale of our Medical Aesthetics product line was US$306.9 million in 2022, representing an increase of 18.7% in comparison with a revenue of US$258.5 million in 2021. The majority of revenue derived from our traditional leading devices such as "Soprano", "Harmony", "Opus" and "Accent", whilst the overall revenue was enhanced by successful introduction of Alma Ted™, LMNT One™ and CBD+ Professional Skincare Solution™.

During the Reporting Period, the revenues derived from Harmony family represented an increase of 23% when compared to 2021, the revenues derived from Opus represented an increase of 33% when compared to 2021, the revenues derived from Soprano family represented an increase of 25% when compared to 2021 and the revenues derived from Accent family represented an increase of 63% when compared to 2021.

Revenue from our new Dental business line amounted to US$18.6 million during the Reporting Period, representing an increase of 34.4% as compared with 2021.

Revenue from Injectable line amounted to US$9.2 million, representing an increase of 43.9% as compared with 2021.

The revenue from service and others amounted to US$19.8 million, representing an increase of 27.4% as compared with 2021.

Growing revenues from consumables amounted to US$5.1 million in 2021 and US$6.2 million in 2022 which represent a 22% growth YOY.

Revenue by geographic segments

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

	2022		2021		YOY %
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Europe	58,323	16.5%	51,890	17.5%	12.4%
North America	143,664	40.5%	112,040	38.1%	28.2%
APAC	98,069	27.7%	85,211	29.0%	15.1%
Middle East and Africa	36,582	10.3%	30,810	10.5%	18.7%
Latin America	17,842	5.0%	14,343	4.9%	24.4%
Total	354,480	100.0%	294,294	100.0%	20.5%

During 2022, 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 ten direct offices.

The revenue derived from North America increased by 28.2% to US$143.7 million in 2022 from US$112.0 million in 2021. The increase was primarily attributed to the strong position of Alma's brand and sales operation and the successful launch of Alma Ted™.

The revenue derived from APAC increased by 15.1% to US$98.1 million in 2022 from US$85.2 million in 2021. The increase was mainly attributed to the integration of Foshion dental and successful launch of LMNT One™ alongside direct operation expansion (Australia, Korea, and India)

The revenue derived from the Europe segment increased by 12.4% to US$58.3 million in 2022 from US$51.9 million in 2021. The increase was mainly attributed to the strong performance of our EBD branding and distribution channel.

The revenue derived from Middle East and Africa increased by 18.7% to US$36.6 million in 2022 from US$30.8 million in 2021. The increase was mainly attributed to the expansion of our direct operation in Israel.

Our Latin America revenue increased by 24.4% to US$17.8 million in 2022 from US$14.3 million in 2021.

(b) Cost of sales

Cost of sales primarily comprised (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 19.5% to US$152.3 million from US$127.4 million in 2021, which was mainly caused by the increase in revenue volume.

(c) Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group increased by 21.2% to US$202.2 million from US$166.9 million in 2021 for the reasons set out in revenue and cost of sales above.

The gross profit margin increased to 57.0% for the Reporting Period from 56.7% in 2021. The increase was mainly due to the Company's continuous expansion of direct sales operation and launches of high profit margin products into leading markets, overcoming operational challenges of increasing component and logistic costs.

(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 academies, participation in trade shows and presence in social network; and (iv) other sales and marketing expenses.

During the Reporting Period, selling and distribution expenses of the Group increased by 26.4% to US$99.7 million from US$78.9 million in 2021. The increase was mainly due to higher compensation expenses to sales team associated with the increase in sales volume, as well as the costs and travel expenses arisen from conducting marketing activities (tradeshows, academies, etc.).

(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 33.3% to US$29.1 million from US$21.8 million in 2021. The increase was mainly attributed to information systems manpower investments and other new corporate functions.

(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, 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 15.6% to US$18.0 million from US$15.6 million in 2021. The increase was mainly attributed to manpower expenses.

(g) Finance costs

Finance costs are comprised mainly of (i) interest on bank loans, (ii) bank commissions and (iii) interest on lease liabilities. Finance costs decreased to US$1.98 million in 2022 from US$2.0 million in 2021.

(h) Income tax expense

The Israeli corporate tax rates are both 23% in 2022 and 2021. 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$4.2 million, representing a decrease of 54.5% from US$9.2 million in 2021.

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 released 100% of their earnings, which was subject to US$3.8 million of tax expenses.

Alma enjoyed special taxation terms from January 1, 2017.

As of December 31, 2022, Alma, as a SPTE, enjoyed a preferential effective tax rate of 6% (2021: 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.

On February 26, 2022 Alma and Nova Medical Israel ltd. ("**Nova**") received the approval from the Israeli Income Tax Authority effective as of December 31, 2022 for the merger of Nova into Alma under section 103 to the Israeli Tax Ordinance.

(i) Profit for the year

As a result of the foregoing, during the Reporting Period, our profit for the year increased by 23.2% to US$40.1 million from US$32.5 million for the corresponding period in 2021. The net profit margin of the Group for 2022 and 2021 was 11.3% and 11.1%, 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 to 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 can be used to evaluate financial performance by excluding the impact of items which are not 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:

	2022 *US$ '000*	**2021** *US$ '000*	YOY %
PROFIT FOR THE YEAR	40,080	32,520	23.2%
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	478	0.0%
Amortization of other intangible assets arising from the Foshion acquisition	438	242	80.9%
Contingent consideration arising from acquisitions	–	(9)	(100)%
Previous years taxes (Clawback earnings)	920	2,891	(68.2)%
RSU expenses	3,166	294	976.9%
Deduct: deferred tax arising from other intangible assets	(1,061)	(738)	43.8%
Adjusted net profit	48,632	40,289	20.7%
Adjusted net profit margin	13.7%	13.7%	

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 "12. Risk Management – (a) 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, 2022 and December 31, 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 Earnings Before Interest and Taxes ("**EBIT**") divided by financial costs was 24.6 times as compared with 21.8 times for the corresponding period in 2021. The interest coverage increased mainly because the Group's EBIT during the Reporting Period increased by 11.1% to US$48.5 million from US$43.6 million in 2021.

(d) Available Facilities

As of December 31, 2022, 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, 2022, total interest-bearing bank and other borrowings at a fixed interest rate amounted to US$5.7 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 December 31, 2022 and December 31, 2021.

	2022			2021		
	Effective interest rate *(%)*	*Maturity*	*US$'000*	**Effective interest rate** *(%)*	*Maturity*	*US$'000*
Current						
Bank and other borrowings*	3.7-4.15	2023	5,743	3.85-4.15	2022	7,293
			5,743			7,293

	December 31, 2022 *US$'000*	December 31, 2021 *US$'000*
Interest-bearing bank and other borrowings balance	5,743	7,293
Analysed into:		
Within one year	5,743	7,293
In the second year	–	–
Total	5,743	7,293

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

	US$'000 2022	2021
Bank borrowing	718	–
Other borrowings from the Group's related parties	5,025	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 procurement 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 2022 and 2021.

	2022 *US$'000*	**2021** *US$'000*	YOY %
Net cash flows from operating activities	22,039	32,377	(31.9)%
Net cash flows used in investing activities	(52,113)	(46,767)	11.4%
Net cash flows (used in)/from financing activities	(17,847)	55,777	(132.0)%
Net (decrease)/increase in cash and cash equivalents	(47,921)	41,387	(215.8)%
Cash and cash equivalents at beginning of year	124,920	83,373	49.8%
Effect of foreign exchange rate changes, net	(2,206)	160	(1,478.8)%
Cash and cash equivalents at the end of the year	74,793	124,920	(40.1)%
Pledged bank balances for bank loans	134	142	(5.6)%
Term deposits with original maturity of more than three months	6,621	28,000	(76.4)%
Cash and bank balances as stated in the consolidated statement of financial position	81,548	153,062	(46.7)%

Net cash flows from operating activities

For the Reporting Period, the net cash flows from operating activities were US$22 million, which was primarily attributable to excellent year with higher revenues and net income compared to 2021.

Net cash flows from investing activities

For the Reporting Period, the net cash flows used in investing activities were US$52.1 million, which was mainly attributable to investment in Rick Brown of US$5 million; investment in Tianjin Xingsiyi Bio-technology Co., Ltd. of US$0.4 million; investment in Revance of US$59.3 million; investing in fixed assets of US$4.7 million; decrease in term deposits US$17 million; purchases of intangibles of US$0.3 million; and interest received of US$0.6 million.

Net cash flows used in financing activities

For the Reporting Period, the net cash flows used in financing activities was US$17.8 million, which was primarily attributable to: lease payments and interest paid under IFRS16 of US$5 million; forward contracts of US$2 million; dividend paid to shareholders (including tax) of US$9.3 million; new bank loans, net of US$1.1 millions; and interest paid of US$0.4 millions.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$4.7 million, which mainly consisted of the costs for additions to plant facilities and the establishment of information system.

As of December 31, 2022, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As of December 31, 2022, 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. 2021 RSU SCHEME

On November 30, 2021, the Group adopted the 2021 RSU Scheme, pursuant to which it may grant the directors of the Company (including executive directors, and non-executive directors, but excluding independent non-executive directors), the directors of the Company's subsidiaries and the employees of the Group, and any other persons who the Board considers, in its absolute discretion, have contributed or will contribute to the Group ("**Participants**") restricted share units ("**RSUs**"). The purpose of the 2021 RSU Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and motivate personnel to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The RSUs are to be granted by the Company to the Participants at nil consideration subject to the acceptance of the Participants. The RSUs to the Participants shall be vested in four equal instalments in a period of four years after the date of grant. No RSUs shall be granted under the 2021 RSU Scheme after November 30, 2026.

The maximum aggregate number of shares that may be issued under the RSU Scheme shall not exceed 22,107,780 Shares, representing 4.74% of the total number of issued shares as at the date of this announcement.

On November 30, 2021, the shareholders of the Company granted a specific mandate to the directors of the Company to issue and allot up to 22,107,780 shares upon vesting of the RSUs to be granted under the 2021 RSU Scheme ("**Scheme Mandate**"). As at January 1, 2022 and December 31, 2022, 17,488,230 RSUs were available for grant under the Scheme Mandate, respectively. The number of shares that may be issued in respect of the RSUs granted under the 2021 RSU Scheme during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period is 0.99%.

The aggregate fair value at the grant day of the free shares granted during the year ended December 31, 2021 amounted to approximately US$6,766,802, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group recognized an expense of US$3,165,695 for the year ended December 31, 2022 (2021: US$294,000).

At December 31, 2022, the 3,232,104 ordinary shares granted in the form of share units have not been registered as share capital of the Company yet and remained unvested, which represented approximately 0.69% of the Company's shares in issue as at December 31, 2022.

11. 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, 2022. The Group did not have other plans for material investments and capital assets.

12. 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:

(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, Australian Dollar, GBP and CNY. 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 experienced during the past two years global supply chain challenges of long lead time and materials shortages mostly of electronic and optic components which resulted in material price fluctuations. The Group made a strategic material purchasing to secure inventory of critical components to support the growing business and to better control the company's inventory level.

13. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of our employees by function as at December 31, 2022:

Functions	**Number of Employees**
Operations	282
R&D	93
Sales & Marketing	346
General and Administration	131
Total	851

Employees' headcount in 2022 increased by 21% with the recruitment of 148 employees. R&D activity is conducted only at Alma, with 93 employees, out of total 727 employees in Alma representing 12.8% 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.

14. 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 (the "**Placing**"), 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 aggregate nominal value of the Placing Shares under the Placing was approximately NIS240,000. The Placing Shares have been placed to no less than six placees who and whose ultimate beneficial owner shall be a third party independent of the Company and were issued at a placing price of HK$25.90 per Share representing a discount of approximately 12.79% to the closing price of HK$29.70 per Share as quoted on the Stock Exchange on July 19, 2021, being the date on which the terms of the Placing were fixed. The net price (after deducting all applicable costs and expenses, including commissions and legal fees) raised per Share upon completion of the Placing was approximately HK$25.64.

The Directors consider that the Placing represents an opportunity to raise capital for the Company for its business development and to broaden the Shareholder base of the Company.

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. Such net proceeds were intended to be used for the (a) development and operation of the Group's injectables businesses (including Daxxify under the sublicense agreement which was approved by the shareholders at the extraordinary general meeting of the Company on February 9, 2023 or other injectables business opportunities) and aesthetic dentistry and personal care business units, (b) the expansion of the Group's global sales channels and (c) general working capital purposes. For details, please refer to the announcements of the Company dated July 20, 2021 and July 27, 2021.

As at the end of the Reporting Period, the net proceeds from the Placing have not been fully utilised. The unutilised amount is expected to be utilised for the purposes as set out above by the end of 2023.

An analysis of the application and utilisation of the net proceeds from the Placing as at December 31, 2022 is set out below:

Allocation of the net proceeds		Allocation of the net proceeds (HK$ million)	Unutilised amounts as at December 31, 2021 (HK$ million)	Utilised amounts during the Reporting Period (HK$ million)	Unutilised amounts as at December 31, 2022 (HK$ million)
(a)	Development and operation of the Group's injectables businesses and aesthetic dentistry and personal care business units	546	546	475	71
(b)	Expansion of the Group's global sales channels	61	61	–	61
(c)	General working capital	8	8	–	8
Total		**615**	**615**	**475**	**140**

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: ir@sisram-medical.com).

FINAL DIVIDEND

The Board has resolved to declare a final dividend of HK$0.173 (inclusive of tax) per Share for the year ended December 31, 2022 (the "**2022 Final Dividend**"). A separate announcement will be made by the Company in relation to the record date for ascertaining shareholders' entitlement to the 2022 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 2022 Final Dividend is confirmed.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save for those disclosed in this announcement, no major subsequent events have occurred since the end of the Reporting Period and up to the date of this announcement.

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, 2022, 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, 2022 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 2022 annual results and the financial statements for the year ended December 31, 2022 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 2022 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 21, 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Yi LIU and Mr. Lior Moshe DAYAN 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*