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, 2024

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2024 was US$349.1 million, decreased by 2.8% as compared to the revenue for the previous year.
- Gross profit margin increased to 62.1% for the Reporting Period from 61.1% for the corresponding period in 2023.
- For the year ended December 31, 2024, the profit for the year was US$28.8 million, decreased by 12.6% as compared to that for the previous year.
- Revenue portion derived from direct sales for the year ended December 31, 2024, was 87% of total revenue, as compared to 78% for the corresponding period in 2023.
- Revenues in APAC, Europe, and Middle East and Africa for the year ended December 31, 2024, were US$116.2 million, US$50.5 million and US$34.6 million, respectively, increased by 6.0%, 0.7% and 27.1%, respectively, as compared to that for the previous year. North America revenue has decreased by 12.4% due to the challenging high-interest rate environment impacting the industry through the Reporting Period.

FINAL DIVIDEND

- The Board has resolved to declare a final dividend of HK$0.126 (inclusive of tax) per Share for the year ended December 31, 2024.

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, 2024 (the "**Reporting Period**"), prepared under International Financial Reporting Standards ("**IFRSs**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended December 31, 2024

	Notes	2024 *US$'000*	2023 *US$'000*
REVENUE	4	349,112	359,292
Cost of sales		(132,432)	(139,767)
Gross profit		216,680	219,525
Other income and gains	4	7,289	1,970
Selling and distribution expenses		(131,515)	(125,345)
Administrative expenses		(33,571)	(34,092)
Research and development expenses		(15,937)	(18,029)
Other expenses		(7,980)	(4,033)
Finance costs	6	(2,455)	(2,445)
Share of profits and losses of associates		30	(421)
PROFIT BEFORE TAX	5	32,541	37,130
Income tax expense	7	(3,775)	(4,232)
PROFIT FOR THE YEAR		28,766	32,898
Attributable to:			
Owners of the parent		25,126	31,499
Non-controlling interests		3,640	1,399
		28,766	32,898
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
— For profit for the year (US cents)	9	5.36	6.74
Diluted			
— For profit for the year (US cents)	9	5.36	6.73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2024

	2024 *US$'000*	2023 *US$'000*
PROFIT FOR THE YEAR	28,766	32,898
OTHER COMPREHENSIVE INCOME		
Other comprehensive 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	(105)	(749)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	(136)	1,310
	(241)	561
Exchange differences:		
Exchange differences on translation of foreign operations	(3,035)	(316)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(3,276)	245
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to a defined benefit plan	(188)	(287)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(188)	(287)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(3,464)	(42)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	25,302	32,856
Attributable to:		
Owners of the parent	21,753	31,457
Non-controlling interests	3,549	1,399
	25,302	32,856

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2024

	Notes	December 31, 2024 *US$'000*	December 31, 2023 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		22,092	22,811
Right-of-use assets		37,377	40,098
Goodwill		126,915	126,915
Other intangible assets		142,543	136,069
Deferred tax assets		9,618	9,935
Trade receivables	10	26,553	12,909
Investments in associates		5,157	6,156
Financial assets at fair value through profit or loss		2,764	–
Other non-current assets		5,029	1,260
Total non-current assets		378,048	356,153
CURRENT ASSETS			
Inventories		81,023	80,550
Trade receivables	10	80,759	83,456
Prepayments, other receivables and other assets		14,945	22,131
Financial assets at fair value through profit or loss		1,745	–
Derivative financial instruments		508	611
Cash and bank balances		70,234	70,601
Total current assets		249,214	257,349
CURRENT LIABILITIES			
Contract liabilities		15,597	15,904
Trade payables	11	13,364	7,998
Other payables and accruals		48,447	50,287
Interest-bearing bank and other borrowings		4,796	4,421
Lease liabilities		4,407	4,717
Tax payable		8,876	4,923
Total current liabilities		95,487	88,250

	December 31, 2024 *US$'000*	December 31, 2023 *US$'000*
NET CURRENT ASSETS	153,727	169,099
TOTAL ASSETS LESS CURRENT LIABILITIES	531,775	525,252
NON-CURRENT LIABILITIES		
Contract liabilities	1,254	849
Lease liabilities	33,998	35,544
Deferred tax liabilities	8,668	14,355
Other long-term liabilities	3,063	4,979
Total non-current liabilities	46,983	55,727
NET ASSETS	484,792	469,525
EQUITY		
Equity attributable to owners of the parent		
Share capital	1,334	1,334
Reserves	462,695	450,977
Non-controlling interests	20,763	17,214
Total equity	484,792	469,525

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. ACCOUNTING POLICIES

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, financial assets at fair value through profit or loss 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, 2024. 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and 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 IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 17	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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-energy-based devices and cosmeceuticals. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	2024	**2023**
	US$'000	*US$'000*
North America	137,398	156,891
Asia Pacific	116,215	109,685
Europe	50,538	50,181
Middle East and Africa	34,605	27,235
Latin America	10,356	15,300
Total revenue	349,112	359,292

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

(b) Non-current assets

	2024	**2023**
	US$'000	*US$'000*
Israel	206,664	208,535
Mainland China	136,156	124,634
United States	7,458	6,919
Other countries	15,388	5,583
Total non-current assets	365,666	345,671

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 revenue from transactions with a single external customer amounting to 10% or more of total revenue for the reporting period (2023: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 *US$'000*	**2023** *US$'000*
Revenue from contracts with customers	349,112	359,292

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended December 31, 2024

	2024 *US$'000*	**2023** *US$'000*
Types of goods or services		
Sale of products	327,298	336,089
Services provided	21,814	23,203
Total revenue from contracts with customers	349,112	359,292
Timing of revenue recognition		
Goods transferred at a point in time	327,298	336,089
Services transferred over time	21,814	23,203
Total revenue from contracts with customers	349,112	359,292

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:

	2024 *US$'000*	**2023** *US$'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	7,452	5,953
Services provided	8,452	8,422
Total	15,904	14,375

(ii) Performance obligations

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

Sale of products

The performance obligation is satisfied when control of goods is transferred to the customers and there are different payment terms according to the region.

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:

	2024	**2023**
	US$'000	*US$'000*
Amounts expected to be recognized as revenue:		
Within one year	15,597	15,904
After one year	1,254	849
Total	16,851	16,753

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

	2024	**2023**
	US$'000	*US$'000*
Gain from disposal of investments in associates	4,152	–
Fair value gain on revenue commitment	1,218	547
Bank interest income	790	603
Others	1,129	820
Total other income and gains	7,289	1,970

5. PROFIT BEFORE TAX

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

	2024	2023
	US$'000	*US$'000*
Cost of inventories sold	100,529	103,947
Cost of services provided	31,903	35,820
Total	132,432	139,767
Employee benefit expense (including directors' and senior management's remuneration):		
Wages and salaries	115,984	112,771
Equity-settled share base payments	(794)	492
Defined benefit scheme	686	675
Total	115,876	113,938
Research and development costs:		
Current year expenditure	15,937	18,029
Auditors' remuneration	508	530
Lease payments not included in the measurement of lease liabilities	1,302	1,258
Depreciation of property, plant and equipment	3,452	2,955
Depreciation of right-of-use assets	6,075	4,763
Amortization of other intangible assets	7,779	6,517
Impairment of other intangible assets	102	–
Provision for impairment of inventories	3,093	1,909
Provision for impairment of trade receivables	2,202	1,138
Fair value (gain)/loss from foreign exchange forward contracts not qualifying as hedges	(480)	2,114
Fair value gain on revenue commitment	(1,218)	(547)
Gain from disposal of investment in associates	(4,152)	–
Share of (profits)/losses of associates	(30)	421
Foreign exchange differences, net	1,827	795

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	US$'000	*US$'000*
Interest on loans and borrowings	251	218
Interest on lease liabilities	2,204	1,846
Others	–	381
Total	2,455	2,445

7. INCOME TAX

Israel

The Israeli corporate tax rate applicable to the Company was 23% for the reporting period (2023: 23%). Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

Alma Lasers Ltd. ("**Alma**"), 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 period.

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.

As of December 31, 2024, Alma enjoyed a preferential effective tax rate of 6% for being a SPTE for the year ended December 31, 2024 (2023: 6%).

U.S.

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 change includes, but is 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.

Mainland China

The income of Sisram Medical (Tianjin) Ltd., Shanghai Foshion Medical System Co.,Ltd., Xingyuanda Medical Technology Huaian Co., Ltd. and Alma Feidun Technology (Chengdu) Co., Ltd., subsidiaries established in PRC, are taxed at the rate of 25%.

Other oversea subsidiaries

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

	2024 *US$'000*	2023 *US$'000*
Current	9,145	7,664
Deferred	(5,370)	(3,432)
Total tax charge for the year	3,775	4,232

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 and/or operate to the tax expense at the effective tax rates is as follows:

	2024 *US$'000*	2023 *US$'000*
Profit before tax	32,541	37,130
Statutory tax rate	23%	23%
Tax at the statutory tax rate	7,484	8,540
Different tax rates for certain entities	(3,708)	(4,507)
Effect on opening deferred tax from changes in tax rates	(123)	(20)
Tax losses utilized from previous period	(452)	(729)
Expenses not deductible for tax	142	472
Taxes in respect of previous year	375	183
Deductible temporary differences not recognized	95	6
Others	(38)	287
Total tax charge for the year at the effective rate	3,775	4,232

8. DIVIDEND

On March 19, 2025, the Board resolved to declare a final dividend of HK$0.126 (inclusive of tax) per share for the year ended December 31, 2024 (for the year ended December 31, 2023: HK$0.158).

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 of 468,343,092 (2023: 467,361,682) outstanding 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 outstanding 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 Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024.

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

	2024 *US$'000*	2023 *US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	25,126	31,499

	Number of shares 2024	 2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	468,343,092	467,361,682
Effect of dilution — weighted average number of ordinary shares:		
— 2021 Restricted Share Units Scheme ("**2021 RSU Scheme**")	–	981,410
Total	468,343,092	468,343,092

On December 8, 2023, 1,050,483 ordinary shares have been issued to certain Restricted Share Units ("**RSU**") holders upon the vesting of these RSUs.

10. TRADE RECEIVABLES

	2024 *US$'000*	2023 *US$'000*
Trade receivables		
Current	83,100	85,080
Non-current	28,039	13,631
Subtotal	111,139	98,711
Impairment		
Current	(2,341)	(1,624)
Non-current	(1,486)	(722)
Subtotal	(3,827)	(2,346)
Net carrying amount		
Current	80,759	83,456
Non-current	26,553	12,909
Total	107,312	96,365

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:

	2024	**2023**
	US$'000	*US$'000*
Within one month	44,078	51,522
1 to 2 months	5,522	3,738
2 to 3 months	5,061	5,158
Over 3 months	52,651	35,947
Total	107,312	96,365

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

	2024	**2023**
	US$'000	*US$'000*
At beginning of year	2,346	2,208
Impairment losses	2,202	1,138
Amount written off as uncollectible	(667)	(1,030)
Effect of foreign exchange rate changes, net	(54)	30
At end of year	3,827	2,346

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. 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:

	2024	2023
	US$'000	*US$'000*
Within 1 month	12,176	5,365
1 to 2 months	178	569
2 to 3 months	31	61
Over 3 months	979	2,003
Total	13,364	7,998

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

12. EVENT AFTER THE REPORTING PERIOD

There was no significant event that took place after the reporting period and up to the date of approval of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Sisram is emerging as a distinguished global wellness group, with a firm foundation in the medical aesthetics industry for more than 25 years. With a pioneering spirit, Sisram has been devoted to cultivating a unique synergetic ecosystem of business building blocks and consumer-focused brands. Our diverse portfolio emphasizes energy-based devices and injectables, alongside complementary offerings.

With a relentless pursuit of excellence, Sisram specializes in researching, developing, and applying energy technologies. This expertise empowers us to provide innovative solutions for medical aesthetics and related clinical indications, setting new industry standards of clinical excellence and innovation.

With a vision to create an entire wellness ecosystem for its partners and consumers, Sisram continues to expand its offerings, covering a wide range of wellness indications, including hair removal and hair growth, skin rejuvenation, acne and acne scars, body and face contouring, pigmentation and skin resurfacing, fat grafting, dermal facial fillers, skin tissue re-modelling injectables, personal care and aesthetic dentistry.

Recognized for our achievements, Sisram's award-winning products and services are prominently featured in leading surgical, medical, and beauty clinics worldwide. We bring beauty and health to millions of consumers every year, solidifying our position as a global leader.

Alma Lasers Ltd. ("**Alma**"), a world leader and innovator in energy-based devices and integrative aesthetic solutions, is a core subsidiary of the Sisram Group. Through Alma, the Company has established its presence in the injectables sector through a distribution agreement with IBSA Derma, a Swiss cosmeceutical company and a leading subsidiary of IBSA Pharma Corporation, granting Alma exclusive distribution rights in APAC markets, including Mainland China, Hong Kong S. A.R., Thailand and India as well as rights in Israel. In addition, the Company has entered into an agreement with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. to obtain the exclusive right to use, import, distribute and commercialize DAXXIFY® in mainland China, Hong Kong S.A.R. and Macao S.A.R. Expanding its dermal injectable line further, the Company has entered into a strategic partnership with Prollenium, a leading Canadian manufacturer of FDA-approved dermal fillers, to distribute renowned Revanesse® dermal fillers collection in several key markets including Germany, Austria, Switzerland, Australia and New Zealand.

2. BUSINESS REVIEW OF 2024

In 2024, Sisram's global sales and distribution network recorded a total revenue of US$349.1 million, representing a decrease of 2.8% compared to 2023. The decrease was mostly attributable to a challenging economic environment in North America, which is facing high interest rates, and in Latin America, which is dealing with instability. Main regions where revenue increased during the Reporting Period were Asia Pacific with an increase of 6.0% and Middle East and Africa with an increase of 27.1%. Main regions where revenue decreased during the Reporting Period were Latin America with a decrease of 32.3% and North America with a decrease of 12.4%.

Our geographically diversified direct global presence has enabled us to balance our top line performance and deliver nearly 20% growth in our direct offices, outside North America.

Gross profit decreased from US$219.5 million in 2023 to US$$216.7 million in 2024, representing a decrease of approximately US$2.8 million and corresponding to top line decrease. The gross profit margin in 2024 has improved to 62.1%, representing an increase of 1.0 percentage points compared to 61.1% in 2023. The increase in the gross profit margin was primarily driven by transition to the direct office operations model. This strategy enabled the Company to increase the average selling prices, culminating in expanded gross profit margins. The portion of revenue derived from direct sales has reached 87% vs. 13% attributed to distributors, compared to 78% direct sales and 22% attributed to distributors for the corresponding period in 2023.

During the Reporting Period, the Group recorded a net profit of US$28.8 million, representing a decrease of 12.6%, when compared to the year ended December 31, 2023, correspondingly the net profit margin has decreased from 9.2% to 8.2%. The decrease in net profit margin was mostly due to growth in operating expenses driven by the scale up of our new direct offices, partially offset by an improvement in gross profit margin. The net cash flow from operating activities amounted to US$33.1 million, representing a decrease of 24.7% when compared to 2023. The decrease was primarily attributable to lower revenues and net income and an extension of payment terms resulting from transition to the direct offices operation model and mitigating the negative impact of high interest to our customers.

The Company's leading goals are:

1. Supporting Stakeholders:

- Providing support to business partners during challenging times, by offering diversified financial solutions.

2. **Adapting Operations:**

    - Adjusting the ongoing operational scope based on market dynamics, while maintaining a balance across essential elements such as sales, production, distribution, and service.

3. **Strategic Investments:**

    - Continuing investments in strategic projects, including: injectables offering extension, integrative solutions commercialization, core technology development etc.

    - Upgrading IT infrastructures;

    - Funding R&D projects;

    - Conducting clinical studies;

    - Preparing for the launch of Hallura®'s innovative injectable product in strategic markets, including the upcoming launch in Israel;

    - Developing new injectable sales channels in the UK and DACH regions, including establishing dedicated sales teams; and

    - Driving core business development initiatives such as the injectables division, including advancing commercialization in mainland China for the DAXXIFY® launch.

4. **Financial Protection:**

    - Maintaining a cash level adequate for operational growth.

5. **Ecosystem Growth:**

    - Expanding the ecosystem with diverse business lines and consumer brands, aligning with the Group's long-term strategic vision.

R&D

- R&D expenses amounted to US$15.9 million.

- During the Reporting Period, the Company launched three products in new territories:

    - Alma Harmony™ — our innovative multiplatform product was launched globally with unprecedented demand and immediate market adoption, making it one of the most successful product introductions in Sisram history. Alma Harmony™ is a cutting edge, multi-modal platform tailored to address a myriad of skin conditions. CE certified under the new MDR, Alma Harmony revolutionizes the field to address multiple signs of aging across all skin types.

- Soprano Titanium™ Special Edition — a new and improved version of Alma's flagship platform for hair removal delivering 20% more energy, while remaining virtually painless. Soprano Titanium™ Special Edition is effective for all skin and hair types with the all-in-one TrioMax™ handpiece combining the three most clinically validated laser hair removal wavelengths — 755nm, 810nm and 1064nm. According to 'Sapio Research', an independent global research agency, the new Soprano is the fastest hair removal treatment in the market when compared with leading global laser hair removal brands.

- A whole new diagnostic product segment has emerged with the introduction of Alma IQ™ — an intelligent skin analysis and consultation solution. Alma IQ™ revolutionizes the consultation process by offering a visually engaging and interactive experience while addressing the patients' skin health concerns.

- These three successful product launches characterized by immediate market adoption emphasise the strength of our brand equity and high level of customer confidence in our Company's offerings.

Clinical Research, IP and Product Clearance

- On the clinical research front, the Group has conducted four additional clinical studies and preclinical studies (including sponsored & investigator sponsored trials) and published 20 clinical papers during the Reporting Period.

- On the intellectual property front, the Company has made significant progress, including applying for several new patents in the field of lasers, RF and ultrasound, securing granted patents in the field of ultrasound, registering new designs, and obtaining a considerable number of trademarks.

- After significant investment, Sisram's quality management system and some of the leading EBD products have been successfully audited and found compliant with the European Union MDR (Medical Device Regulation). This important certification, ahead of most players in the medical aesthetics arena is a major milestone as it is the first step towards the full portfolio. Please refer to the announcement of the Company dated December 4, 2024 for further information.

- Profhilo®, a next-generation hyaluronic acid injectable product, was granted approval by the China Hainan Medical Products Administration as a designated medical device in April 2024, playing a pivotal role in the commercialization of Profhilo® within mainland China.

- Botulinum toxin type A for injection (DaxibotulinumtoxinA-lanm, with the trademark of 达希斐® in Mainland China and the English trademark of DAXXIFY®, project code RT002, the "**DAXXIFY®**"), a product sublicensed by Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司) ("**Fosun Pharmaceutical Industrial**") which is indicated for temporary improvement in the appearance of moderate to severe glabellar lines associated with corrugator and/or procerus muscle activity in adult patients, was approved for drug registration by the National Medical Products Administration. Please refer to the announcement of the Company dated September 9, 2024 for further information.

Sales and Marketing

Sisram has made a concerted effort to implement its corporate strategy, tailoring it to the unique characteristics and cultural nuances of local countries and regions. At the same time, the Company provides ongoing support and guidance to its direct sales offices, empowering them to meet and exceed regional growth targets. Additionally, Sisram is making substantial investments to maintain brand recognition among both professionals and end-consumers, further strengthening its reputation as a leading high-end global brand while driving demand for its core products, integrative solutions, and services in key markets.

Sisram continued its momentum with three new product launches, with immediate market adoption and better-than-expected results, emphasizing the strength of our brand equity and high level of customer confidence in our company offering:

Following the record-breaking performance of Alma Harmony in the U.S. (H12024), Alma's the new and innovative multiplatform was launched globally with unprecedented demand and better-than-expected market adoption, making it the most successful product launch in Sisram's history. The new platform also drives growth across the entire Harmony family. In addition, Alma IQ™ was introduced to the North American market with immediate adoption and is set for a global launch in 2025. Alma's leadership in the hair removal segment continued, Alma is launching the Special Edition of Soprano Titanium globally, supported by cross-territorial B2B and B2C campaigns.

In addition, during the Reporting Period, the following milestones have been accomplished:

- Investing efforts in shifting the business focus from a product approach to a clinic-centric approach (from B2B to modern B2B2C) and expanding our offering of high-value and high-demand advanced products, the Company continued to build the infrastructure for the upcoming launch of its highly anticipated innovative skin-care concept. The groundbreaking skincare solution brings medical-grade AI-Based personalization to the forefront of patient care. Designed to complement in-clinic treatments, new personalized formulations are tailored to each patient's unique skin profile and concerns. Formulations are freshly prepared in-clinic during the treatment session, ensuring maximum effectiveness. By integrating advanced, science-backed ingredients with a customizable approach, the new solution enhances treatment outcomes and extends the benefits of aesthetic care beyond the clinic.

- Significant advancements were made during the Reporting Period in alignment with Sisram's direct-sales approach. Offices in UK, Australia, UAE, Korea and Japan – show notable growth in sales efficiency and profitability.

- Strengthening APAC, a direct sales office was established in Thailand (Alma Thailand), which had a strong launch and delivered impressive performance within a short period.

- Focusing on enhancing business relationships, the Company held four Alma Academies in North America, Spain, and Thailand, generating a record-breaking intake of new orders. The flagship event, taking place for the seventh year, was recognized as the leading professional academy event in the aesthetic industry, and serves as a strategic element for Alma's positioning as an industry leader. In addition, during this period, the Company participated in leading international industry congresses worldwide, such as IMCAS.

- Establishing 'My Alma' – a global partner portal with integrated e-commerce to strengthen collaboration and enhance business efficiency.

- Maintaining Sisram's global high-end brand leadership by driving bottom-up demand and empowering partners to sell Alma platforms. Through a strategic collaboration with actress Kate Hudson, the campaign has reached over 560 million people worldwide, generating more than 4.1 million social media engagements.

Business Development

New Strategic Partnerships

In January, 2024, the Company has entered into a strategic partnership with Prollenium, a premium Canadian manufacturer of FDA-approved dermal fillers, to expand its injectables product portfolio and offer a unique combination of high-quality dermal filler with energy-based devices to enhance the effectiveness and longevity of various common aesthetic treatments. Please refer to the announcement of the Company dated January 8, 2024 for further information.

In addition, as part of expanding our injectables portfolio with innovative and high-end products, Sisram has partnered with Hallura® for the exclusive distribution of their first-of-its-kind combination of HA and bio-stimulator in strategic markets.

Launch of Revanesse® in the U.K. Market

During the second half of the Reporting Period, the Company has launched Revanesse® in the U.K. market. Revanesse, Prollenium's flagship product collection, consists of multipurpose dermal fillers that utilize advanced hyaluronic acid technology, which are designed to restore volume, smooth wrinkles, create fuller-looking lips, and contour facial features. Please refer to the announcement of the Company dated September 2, 2024 for further information.

Launch of Profhilo® in Thailand

During the second half of the Reporting Period, the Company has launched Profhilo via recently established direct office in Thailand. The first of its kind, Profhilo is a revolutionary 'beneath the skin' hyaluronic acid moisturizing treatment. This results in a unique hyaluronic acid injectable, which has a prolonged stimulating activity on the dermal cells, The product launch was an immediate success in terms of market acceptance and generated demand, further promoting Sisram's comprehensive market offering of injectables solutions combined with EBD treatments.

M&A Transaction Updates

As part of the total consideration for the acquisition of the Chinese distributor, Alma HK 2023 Ltd paid the first installment of US$1.8 million deferred consideration. References of the targets and mechanism are mentioned in the announcement of the Company dated March 30, 2023.

Operations

As at the date of this announcement, the Company's production line in Israel is operating normally. The current inventory levels in Israel and globally remain sufficient to meet customer demand.

Significant efforts were invested in production optimization to accommodate the diversified global demand.

- Production capacity utilization has improved in 2024 compared with 2023, also following the in-house manufacturing of the leading product line and efforts to meet the growing demand for Sisram's core products globally.
- Raw materials planning has been optimized to accommodate dynamic changes in demand.

Emphasis was placed on improving quality performances KPIs such as FPY (First Pass Yield) and new platforms critical failure.

Information Systems and Digital

In recent years, Sisram has invested significant resources in standardization, streamlining and digitalization of the Company's business processes. In the Reporting Period, the Company has continued to improve its global CRM system and its integration with existing digital infrastructure unifying sales processes across the Company's direct sales offices. The Company invests in gathering data for analysis enabling proactive customer support and research-driven prediction and adding digital tools to manage the expansion of the global supply chain.

3. OUTLOOK FOR 2025

In 2025, Sisram will continue to execute our strategy extending the Company's global footprint with a focus on developing the direct-sales offices and supporting their growth milestones, seizing the opportunities that have developed from recently introduced technologies, preparing for product launches by strengthening high-end branding and creating demand in key markets.

The Group's efforts throughout 2025 will focus on corporate leadership in strategic markets (APAC and North America) continuing to expand Sisram's unique wellness ecosystem with high-value and synergetic offerings with a strategic focus on utilizing the building blocks of energy-based devices (EBD) and injectables. Additionally, Sisram will continue to enhance customer interactions and maintain long-term partner-patient relationships through supportive operations for clinics and post-sales teams. Furthermore, the Company will enhance brand awareness among end-consumers to strengthen global brand recognition and create bottom-up demand for the Company's core products and integrative solutions that will eventually drive business to its partners, impacting their growth.

In addition, we plan to:

- Prepare for the commercial launch of DAXXIFY® in Mainland China while introducing injectable products in new territories.

- Maximize the momentum from the launch of Alma Harmony™, expand the penetration of Alma IQ™ in the international markets, in addition to North America, and optimize the launch of Soprano Titanium™ in H1 2025.

- Launch Alma's new and highly anticipated personalized skincare concept and promote sales channels in key markets.

- Continue building on the strong momentum we have established in our injectable solutions, with a particular focus on leveraging sales of Revanesse® in the UK, DACH, Australia, and New Zealand; Profhilo® in Thailand; and Hallura in Israel.

- Expand our financing offering to address our customers' challenges under a high interest environment.

The Company will continue to focus on enhancing profitability while strategically rolling out new initiatives, ensuring a strong balance between driving growth and solidifying our core EBD business.

Besides, the Company will maintain on-going efforts to:

- Progress with regulatory clearances for new energy-based devices and injectable products.

- Follow our ecosystem strategic planning by searching, evaluating, and executing relevant M&A initiatives that will further strengthen our R&D capabilities and product portfolio.

- Leverage Fosun Pharma's resources in China to deepen market penetration and expand offerings tailored to Asian market segments.

4. FINANCIAL REVIEW

Overview

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

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

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

	2024		2023		YOY%
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Revenue	349,112	100.0%	359,292	100.0%	(2.8)%
Cost of sales	(132,432)	37.9%	(139,767)	38.9%	(5.2)%
Gross profit	216,680	62.1%	219,525	61.1%	(1.3)%
Other income and gains	7,289	2.1%	1,970	0.5%	270.0%
Selling and distribution expenses	(131,515)	37.7%	(125,345)	34.9%	4.9%
Administrative expenses	(33,571)	9.6%	(34,092)	9.5%	(1.5)%
Research and development expenses	(15,937)	4.6%	(18,029)	5.0%	(11.6)%
Other expenses	(7,980)	2.3%	(4,033)	1.1%	97.9%
Finance costs	(2,455)	0.7%	(2,445)	0.7%	0.4%
Share of profits and losses of associates	30	0.0%	(421)	0.1%	(107.1)%
Profit before tax	32,541	9.3%	37,130	10.3%	(12.4)%
Income tax expense	(3,775)	1.1%	(4,232)	1.2%	(10.8)%
Profit for the year	28,766	8.2%	32,898	9.2%	(12.6)%

(a) Revenue

During the Reporting Period, revenue of the Group decreased from US$359.3 million to US$349.1 million, representing a decrease of 2.8% when compared to 2023. The overall decrease was primarily attributable to challenging economic environment in North America facing high interest rates and Latin America dealing with instability.

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:

	2024		**2023**		YOY%
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
Sale of Goods:					
Medical Aesthetics	308,928	88.5%	316,627	88.1%	(2.4)%
Injectables	9,790	2.8%	10,050	2.8%	(2.6)%
Subtotal	318,718	91.3%	326,677	90.9%	(2.4)%
Services and Others	30,394	8.7%	32,615	9.1%	(6.8)%
Total	349,112	100.0%	359,292	100.0%	(2.8)%

We derived a substantial majority of our revenue from our Medical Aesthetics product line, representing 88.5% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: "Soprano", "Harmony", "Opus", "Accent" and "Hybrid" platforms. Revenue from the sale of our Medical Aesthetics product line was US$308.9 million in 2024, representing a decrease of 2.4% in comparison with a revenue of US$316.6 million in 2023. The decrease was mainly due to North and Latin America regions facing economic challenges affecting the sales of the Medical Aesthetics portfolio performance in those territories.

Revenue from Injectable line, another major building block in our comprehensive market offering, amounted to US$9.8 million, representing a decrease of 2.6% as compared with 2023. The decrease was mainly attributed to temporary shift of focus towards the development and commercialization of our new generation of injectables offering.

The revenue from service and others amounted to US$30.4 million, representing a decrease of 6.8% as compared with 2023. The decrease was mainly attributed to slow down in Dental business.

Revenue by geographic segments

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

	2024		2023		YOY%
	(US$ in thousands, except for percentages)				
	Amount	**% of revenue**	**Amount**	**% of revenue**	
North America	137,398	39.4%	156,891	43.7%	(12.4)%
APAC	116,215	33.3%	109,685	30.5%	6.0%
Europe	50,538	14.5%	50,181	14.0%	0.7%
Middle East and Africa	34,605	9.9%	27,235	7.6%	27.1%
Latin America	10,356	2.9%	15,300	4.2%	(32.3)%
Total	349,112	100.0%	359,292	100.0%	(2.8)%

During 2024, 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 110 countries worldwide, including 12 direct channel offices.

The revenue derived from North America decreased by 12.4% to US$137.4 million in 2024 from US$156.9 million in 2023. The decrease was primarily attributed to high interest environment impacting the financing cost of our customers for purchasing equipment.

The revenue derived from APAC increased by 6.0% to US$116.2 million in 2024 from US$109.7 million in 2023. The increase was mainly attributed to the successful implementation of "Go-Direct" strategy in the territory, starting direct operation in the newly established Thailand office and the scaling up of the China and Japan offices.

The revenue derived from the Europe segment increased by 0.7% to US$50.5 million in 2024 from US$50.2 million in 2023. The increase was mainly attributed to successful implementation of "Go-Direct" strategy in UK.

The revenue derived from Middle East and Africa increased by 27.1% to US$34.6 million in 2024 from US$27.2 million in 2023. The increase was mainly attributed to continued leadership in the hair removal segment supported by Soprano Titanium™ Special Edition introduction and success of the multi-platform product line supported by Alma Harmony™ market introduction.

Our Latin America revenue decreased by 32.3% to US$10.4 million in 2024 from US$15.3 million in 2023. The decrease was due to political instability in major territories impacting the Company's business performance in the respective region.

(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, the total cost of sales of the Group decreased by 5.2% to US$132.4 million from US$139.8 million in 2023, which correlates to change in top line and optimization of our production lines.

(c) Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group decreased by 1.3% to US$216.7 million from US$219.5 million in 2023.

The gross profit margin increased to 62.1% for the Reporting Period from 61.1% in 2023. The increase was mainly due to impact of transition to direct office operations model in leading territories in APAC and Europe, driving higher sales prices as we direct our sales effort towards end users.

(d) Selling and distribution expenses

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

During the Reporting Period, the selling and distribution expenses of the Group increased by 4.9% to US$131.5 million from US$125.3 million in 2023. The increase was mainly due to costs associated with the new direct offices' operations, partially offset by other cost savings.

(e) Administrative expenses

Administrative expenses mainly related to Finance, IT, HR and facilities, primarily consist of: (i) amortization of intangible assets related to M&A; (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, the administrative expenses of the Group decreased by 1.5% to US$33.6 million from US$34.1 million in 2023. The decrease was mainly attributed to a decrease in amortisation costs, partially offset by an increase in expenses related to new direct offices.

(f) R&D expenses

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

During the Reporting Period, R&D expense decreased to US$15.9 million from US$18.0 million in 2023, which was primarily due to regulatory expense decrease due to MDR certification progress made and optimization of labour utilization through productivity enhancements, and the use of advanced tools and technologies, leading to reduced spending without impacting R&D capacity. The Group continued to invest significant resources in two main areas: clinically and regulatory supported development of new generations of Sisram's leading products and innovative research of new applications, to keep our competitive edge as leading innovator.

(g) Finance costs

Finance costs are comprised mainly of (i) interest on bank loans and (ii) interest on lease liabilities. Finance costs amounted to US$2.5 million in 2024, which was similar to 2023.

(h) Income tax expense

During the Reporting Period, income tax expense stayed at approximately the same level as 2024 (US$3.8 million in 2024 and US$4.2 million in 2023).

The Group's effective tax rates for 2024 and 2023 were 11.6% and 11.4%, respectively.

(i) Profit for the year

As a result of the foregoing, during the Reporting Period, our profit for the year decreased by 12.6% to US$28.8 million from US$32.9 million for the corresponding period in 2023. The net profit margin of the Group for 2024 and 2023 was 8.2% and 9.2%, 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 relates to M&A transactions; (ii) deferred tax liability arising from other intangible assets, which primarily relates to acquisitions; (iii) RSU expenses; and (iv) one-off adjustment. 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 IFRS Accounting Standards. 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 IFRS Accounting Standards, which is profit for the year:

	2024	**2023**	YOY%
	US$'000	*US$'000*	
PROFIT FOR THE YEAR	28,766	32,898	(12.6)%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisition	2,751	3,526	(22.0)%
Amortization of other intangible assets arising from the Nova acquisition	478	478	0.0%
Amortization of other intangible assets arising from the Foshion acquisition	419	421	(0.5)%
Amortization of other intangible assets arising from acquisition of the business of Alma China	4,111	2,076	98.0%
One time income from realization of investment in Belkin	(802)	–	(100.0)%
One time income from Investment in Tianjin JuveStar Bio-technology Company Ltd.	(3,350)	–	(100.0)%
One time income from Investment in Brown	(1,218)	(547)	122.7%
One-off VAT adjustment	–	(1,010)	100.0%
RSU expenses	(794)	492	(261.4)%
Deduct: deferred tax arising from other intangible assets	(1,653)	(1,399)	18.2%
Adjusted net profit	28,708	36,935	(22.3)%
Adjusted net profit margin	8.2%	10.3%	

5. DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

(a) Treasury Policy

The Board aims to have better control of its treasury operations and endeavors to maintain an adequate level of cash and cash equivalents. The functional currency of the Company 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 of December 31, 2024, and December 31, 2023, 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 14.3 times as compared with 16.2 times for the corresponding period in 2023. The interest coverage decreased mainly due to a decrease in the income before income taxes.

(d) Available Banking Facilities

As of December 31, 2024, Sisram facilitated a credit line of US$16 million from Israeli Bank for a period of 12 months. As of December 31, 2024, the credit line has not been utilized.

(e) Interest Rate

As of December 31, 2024, total interest-bearing bank and other borrowings at a fixed interest rate amounted to US$4.8 million (as at December 31, 2023: US$4.4 million).

(f) Maturity Structure of Outstanding Debts

The following tables sets forth the maturity structure of outstanding debts as of December 31, 2024 and December 31, 2023.

	2024			2023		
	Effective interest rate *(%)*	*Maturity*	*US$'000*	**Effective interest rate** *(%)*	*Maturity*	*US$'000*
Current						
Bank and other borrowings*	4.10-4.15	2025	4,796	4.10-4.15	2024	4,421

* Bank and other borrowings are mainly loan from the Group's related parties.

6. CASH FLOW

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

The table below shows the cash flow of the Group generated from (or used in) operating activities, investing activities and financing activities for 2024 and 2023.

	2024 *US$'000*	**2023** *US$'000*	YOY%
Net cash flows from operating activities	33,083	43,936	(24.7)%
Net cash flows used in investing activities	(6,595)	(32,995)	(80.0)%
Net cash flows used in financing activities	(16,115)	(20,966)	(23.1)%
Net increase/(decrease) in cash and cash equivalents	10,373	(10,025)	(203.5)%
Cash and cash equivalents at beginning of year	60,535	74,793	(19.1)%
Effect of foreign exchange rate changes, net	(806)	(4,233)	(81.0)%
Cash and cash equivalents at the end of the year	70,102	60,535	15.8%
Pledged bank balances for bank loans	132	140	(5.7)%
Term deposits with original maturity of more than three months	–	9,926	(100.0)%
Cash and bank balances as stated in the consolidated statement of financial position	70,234	70,601	(0.5)%

Net cash flows from operating activities

During the Reporting Period, the net cash flows from operating activities were US$33.1 million, which was primarily attributable to lower revenues and net income and an extension of payment terms resulting from transition to the direct offices operation model and mitigating the negative impact of high interest to our customers.

Net cash flows used in investing activities

During the Reporting Period, the net cash flows used in investing activities were US$6.6 million, which was mainly attributable to (i) purchasing of intangible assets in the amount of US$15.4 million; (ii) acquisition of subsidiary in amount of US$1.8 million; (iii) US$2.7 million in purchase of plant and equipment; (iv) maturity of short-term bank deposits with the amount of US$9.9 million; and (v) equity gain from investments of US$2.2 million; and (vi) interest received amount of US$1.1 million.

Net cash flows used in financing activities

During the Reporting Period, the net cash flows used in financing activities was US$16.1 million, which was primarily attributable to (i) dividend paid to shareholders (including tax) of US$9.5 million; (ii) payment of lease payments and interest paid under IFRS 16 of US$7.2 million; (iii) repayment of bank loans, net of US$0.4 million; (iv) proceeds from settlement of foreign currency forward contracts of US$0.3 million and (v) interest paid of US$0.3 million.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$2.7 million, which mainly consisted of leasehold improvements.

As of December 31, 2024, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As of December 31, 2024, 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 of December 31, 2024. The Group did not have other plans for material investments and capital assets.

11. RISK MANAGEMENT

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

(a) Foreign Currency Exposure

The functional currency of the Company 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 and the Chinese RMB. 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 our employees by function as at December 31, 2024:

Functions	Number of Employees
Operations	257
R&D	84
Sales & Marketing	525
General and Administration	149
Total	1,015

Employees' headcount in 2024 decreased by 5.9% with the decrease of 64 employees.

R&D activity is conducted by 84 employees, representing 23.6% 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.

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 (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 (ir@sisram-medical.com).

FINAL DIVIDEND

The Board has resolved to declare a final dividend of HK$0.126 (inclusive of tax) per Share for the year ended December 31, 2024 (the "**2024 Final Dividend**"). A separate announcement will be made by the Company in relation to the record date for ascertaining shareholders' entitlement to the 2024 Final Dividend in due course.

During the year ended December 31, 2024 and up to the date of this announcement, the Company did not have any treasury shares (as defined in the Hong Kong Listing Rules).

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 2024 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, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company (including the sale of treasury shares).

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 C1 to the Listing Rules.

During the Reporting Period, the Company has complied with all applicable principles and code provisions set out in Part 2 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 C3 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, 2024 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 2024 annual results and the financial statements for the year ended December 31, 2024 prepared in accordance with the IFRS Accounting Standards.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.sisram-medical.com. The 2024 annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company who requested printed copy and published on the websites of the Company and the Stock Exchange in due course.

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 19, 2025

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