Sisram Medical Ltd
復銳醫療科技有限公司*

(Incorporated in Israel with limited liability)

(Stock Code: 1696)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2024:

- Revenue was US$168.7 million, decreased by 1.7% as compared to that for the six months ended June 30, 2023.
- Revenue derived from direct sales has reached 86.1% versus 13.9% attributed to distributors, compared to 72.1% direct sales and 27.9% attributed to distributors for the corresponding period in 2023.
- The gross profit margin increased by 1.0% to 62.4% for the Reporting Period from 61.4% for the corresponding period in 2023.
- The adjusted net profit was US$16.7 million, representing a 19.4% decrease compared to the corresponding period in 2023.

INTERIM DIVIDEND

- The Board resolved not to declare any interim dividend for the six months ended June 30, 2024.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Sisram Medical Ltd (the "**Company**" or "**Sisram**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**") for the six months ended June 30, 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2023. The results have been prepared in accordance with International Financial Reporting Standards (the "**IFRSs**").

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
For the six months ended June 30, 2024

	Notes	For the six months ended June 30 2024 *(Unaudited)* *US$'000*	2023 *(Unaudited)* *US$'000*
REVENUE	4	168,730	171,621
Cost of sales		(63,419)	(66,323)
Gross profit		105,311	105,298
Other income and gains	4	1,398	1,003
Selling and distribution expenses		(63,233)	(59,855)
Administrative expenses		(16,297)	(14,028)
Research and development expenses		(8,069)	(9,159)
Other expenses		(3,206)	(1,290)
Finance costs	5	(1,180)	(1,030)
Share of profits and losses of associates		(1)	(207)
PROFIT BEFORE TAX	6	14,723	20,732
Income tax expense	7	(1,521)	(1,949)
PROFIT FOR THE PERIOD		13,202	18,783
Attributable to:			
Owners of the parent		10,952	18,899
Non-controlling interests		2,250	(116)
		13,202	18,783
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– For profit for the period (US cents)		2.34	4.04
Diluted			
– For profit for the period (US cents)		2.34	4.03

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the six months ended June 30, 2024

	For the six months ended June 30	
	2024	**2023**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
PROFIT FOR THE PERIOD	13,202	18,783
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 period	(135)	(774)
Reclassification adjustments for (gain)/loss included in the consolidated statement of profit or loss	(109)	663
	(244)	(111)
Exchange differences:		
Exchange differences on translation of foreign operations	(1,116)	126
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(1,360)	15
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to a defined benefit plan	–	59
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	–	59
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(1,360)	74
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11,842	18,857
Attributable to:		
Owners of the parent	9,592	18,973
Non-controlling interests	2,250	(116)
	11,842	18,857

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2024

	Notes	June 30, 2024 (Unaudited) US$'000	December 31, 2023 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	22,356	22,811
Right-of-use assets		39,677	40,098
Goodwill		126,915	126,915
Other intangible assets		131,960	136,069
Deferred tax assets		9,702	9,935
Trade receivables	11	20,335	12,909
Investments in associates		5,824	6,156
Other non-current assets		651	1,260
Total non-current assets		357,420	356,153
CURRENT ASSETS			
Inventories		86,275	80,550
Trade receivables	11	89,612	83,456
Prepayments, other receivables and other assets		22,711	22,131
Financial assets at fair value through profit or loss		544	–
Derivative financial instruments		–	611
Cash and bank balances		70,246	70,601
Total current assets		269,388	257,349
CURRENT LIABILITIES			
Contract liabilities		17,940	15,904
Trade payables	12	17,107	7,998
Other payables and accruals		52,602	50,287
Derivative financial instruments		88	–
Interest-bearing bank and other borrowings		5,380	4,421
Lease liabilities		4,469	4,717
Tax payables		5,257	4,923
Total current liabilities		102,843	88,250

	June 30, 2024 *(Unaudited)* *US$'000*	December 31, 2023 *(Audited)* *US$'000*
NET CURRENT ASSETS	166,545	169,099
TOTAL ASSETS LESS CURRENT LIABILITIES	523,965	525,252
NON-CURRENT LIABILITIES		
Contract liabilities	1,193	849
Lease liabilities	34,909	35,544
Deferred tax liabilities	12,256	14,355
Other long-term liabilities	3,076	4,979
Total non-current liabilities	51,434	55,727
NET ASSETS	472,531	469,525
EQUITY		
Equity attributable to owners of the parent		
Share capital	1,334	1,334
Reserves	451,733	450,977
Non-controlling interests	19,464	17,214
Total equity	472,531	469,525

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's (Sisram Medical Ltd (the "**Company**") and its subsidiaries, collectively the "**Group**") consolidated financial statements as at December 31, 2023.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

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

The nature and impact of the revised IFRSs 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. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended June 30	
	2024	**2023**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue from contracts with customers	168,730	171,621

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended June 30	
	2024	**2023**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Types of goods or services		
Sale of goods	156,669	157,587
Provision of services	12,061	14,034
Total	168,730	171,621
Geographical information		
Europe	24,029	21,851
North America	67,023	79,502
Asia Pacific	55,953	48,447
Latin America	6,317	7,928
Middle East and Africa	15,408	13,893
Total	168,730	171,621

	For the six months ended June 30	
	2024	**2023**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Timing of revenue recognition		
Goods transferred at a point in time	156,669	157,587
Services transferred over time	12,061	14,034
Total	168,730	171,621

Other income and gains

	For the six months ended June 30	
	2024	**2023**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Bank interest income	442	393
Fair value gain on revenue commitment	–	130
Others	956	480
Total	1,398	1,003

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended June 30	
	2024	**2023**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Interest on loans and borrowings	101	111
Interest on lease liabilities	1,079	777
Bank charges	–	142
Total	1,180	1,030

6. PROFIT BEFORE TAX

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

	For the six months ended June 30	
	2024	**2023**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	48,688	43,406
Cost of services and others	14,731	22,917
	63,419	66,323
Research and development costs:		
Current period expenditure	8,069	9,159
Depreciation of property, plant and equipment	1,734	1,328
Depreciation of right-of-use assets	2,943	1,959
Amortization of other intangible assets	3,877	2,638
Provision for impairment of inventories	1,399	122
Provision for impairment of trade receivables	464	380
Share of profits and losses of associates	1	207
Foreign exchange differences, net	1,187	791

7. INCOME TAX

Israel

The Israeli corporate tax rates 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.

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. ("**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.

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.

The following applies to SPTE:

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

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

As of June 30, 2024, Alma enjoyed a preferential effective tax rate of 6% for being a SPTE for the period ended June 30, 2024 (six months ended June 30, 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.

Germany

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 15.83% during the reporting period and was also subject to additional trade income taxes of 16.35% as applicable.

Austria

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 23% during the reporting period and was also subject to additional trade income taxes as applicable.

India

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.

Hong Kong S.A.R.

The income of Alma Medical HK Limited, Sisram Medical HK Limited, and Alma Hong Kong 2023, subsidiaries incorporated in Hong Kong S.A.R., is taxed at the rate of 16.5% on its estimated assessable profits arising in Hong Kong S.A.R..

Chinese Mainland

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 major oversea subsidiaries

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

The income of Alma Lasers UAE Ltd., a subsidiary incorporated in United Arab Emirates ("**UAE**"), is taxed at the rate of 9% (six months ended June 30, 2023: 0%).

The income of Alma Korea Limited, a subsidiary incorporated in South Korea, is taxed at the rate of 20.9%.

The income of Alma Lasers UK Ltd., a subsidiary incorporated in the United Kingdom of Great Britain and Northern Ireland ("**UK**"), is taxed at the rates of 19%-25% (changing according to the profit range).

	For the six months ended June 30	
	2024	**2023**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Current	3,387	2,621
Deferred	(1,866)	(672)
Total tax charge for the period	1,521	1,949

8. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the reporting period (six months ended June 30, 2023: Nil).

On March 20, 2024, the board of directors resolved to declare a final dividend of HK$0.158 (inclusive of tax) per share for the year ended December 31, 2023. No dividends were paid during the period ended June 30, 2024 (six months ended June 30, 2023: Nil).

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 six months ended June 30, 2024 and 2023 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 468,343,092 (six months ended June 30, 2023: 467,292,609) in issue during the period.

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

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

	For the six months ended June 30	
	2024	**2023**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	10,952	18,899

	Number of shares For the six months ended June 30	
	2024	**2023**
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	468,343,092	467,292,609
Effect of dilution – weighted average number of ordinary shares:		
– 2021 restricted share units scheme	–	1,893,210
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	468,343,092	469,185,819

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2024, the Group acquired assets at a cost of US$1,340,000 (six months ended June 30, 2023: US$3,675,000).

During the six months ended June 30, 2024, depreciation for property, plant and equipment was US$1,734,000 (six months ended June 30, 2023: US$1,328,000).

During the six months ended June 30, 2024, there is no gain/loss from disposal of property, plant and equipment (six months ended June 30, 2023: Nil).

11. TRADE RECEIVABLES

	June 30, 2024 *US$' 000* *(Unaudited)*	**December 31, 2023** *US$' 000* *(Audited)*
Trade receivables		
Current	91,511	85,080
Non-current	20,566	13,631
Subtotal	112,077	98,711
Impairment		
Current	(1,899)	(1,624)
Non-current	(231)	(722)
Subtotal	(2,130)	(2,346)
Net carrying amount		
Current	89,612	83,456
Non-current	20,335	12,909
Total	109,947	96,365

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

	June 30, 2024 *US$' 000* *(Unaudited)*	**December 31, 2023** *US$' 000* *(Audited)*
Within 1 month	63,684	51,522
1 to 2 months	2,617	3,738
2 to 3 months	4,258	5,158
Over 3 months	39,388	35,947
Total	109,947	96,365

12. TRADE PAYABLES

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

	June 30, 2024 *US$'000* *(Unaudited)*	**December 31, 2023** *US$'000* *(Audited)*
Within 1 month	6,041	5,365
1 to 2 months	5,226	569
2 to 3 months	4,192	61
Over 3 months	1,648	2,003
Total	17,107	7,998

13. CONTINGENT LIABILITIES

As at June 30, 2024, the Group did not have any significant contingent liabilities.

14. COMMITMENTS

(a) Capital commitments

The Group did not have any significant capital commitments as at the end of the reporting period.

(b) Other business agreement

On October 26, 2022, and December 15, 2022, respectively, Sisram Medical (Tianjin) Limited ("**Sisram Tianjin**"), a subsidiary of the Group, entered into a sublicense 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 Daxxify, so as to, among other things, import, use, sell or commercialize the Daxxify in Chinese Mainland, Hong Kong and Macau Special Administrative Regions. Daxxify 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 Biologics License Application ("**BLA**") for the aesthetic indications of Daxxify from The Food and Drug Administration of the United States of America ("**FDA**") on September 8, 2022. Pursuant to the sublicense agreement, Sisram Tianjin is required to make upfront payment amounting to US$52.25 million, one-off regulatory milestone payment amounting to US$22.0 million, one-off sales milestone payments up to US$172.5 million and royalty payments to Fosun Industrial. In December 2022, upfront payment of US$52.25 million and one-off regulatory milestone payments of US$7.0 million has been paid to Fosun Industrial, as the licensed product obtained approval of BLA for the aesthetic indications from FDA. The remaining one-off regulatory milestone payments of US$15.0 million, will be paid upon the research and development of the licensed product obtaining approval of BLA for the aesthetic indications from National Medical Products Administration of the PRC ("**NMPA**"). These commitments are not recorded in the consolidated financial statements because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales has been reached, the corresponding amounts are recognised in the consolidated financial statements.

15. EVENTS AFTER THE REPORTING PERIOD

On July 1, 2024, a sale transaction of Belkin Vision Ltd. (the acquired company) to Alcon Pharmaceuticals Ltd. (the purchaser) was completed. Alma sold 170,000 shares of Belkin Vision Ltd. to the purchaser, representing its entire holding in Belkin Vision Ltd. and 2.83% of the total shares of the acquired company. The first consideration of US$802,000 for the sale was paid to Alma in July 2024. According to the sale documents additional consideration might be paid to the seller based on specific parameters to be meet, if any, in the coming years.

Save for those disclosed in this announcement, there have been no significant events since the end of the reporting period.

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 spanning over two decades. With a pioneering spirit, Sisram has devoted to cultivating a unique synergetic ecosystem of business building blocks and consumer-focused branding. Our diverse range includes, Energy-Based Devices, injectables, aesthetics and digital dentistry, personal care, and more.

Driven by a relentless pursuit of excellence, Sisram has specialized in researching, developing, and applying technologies harnessed from natural energy sources. This expertise empowers us to provide innovative solutions for medical aesthetics and related clinical indications, setting new standards in the industry both in terms of clinical excellence and innovative breakthrough.

With a vision to create an entire ecosystem for wellness for its partners and consumers, Sisram continues to increase and expand its offering, covering wide range of wellness indications, such as hair removal and hair growth, 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.

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

Sisram Group includes leading global brands such as Alma – a world leader and innovator in energy-based medical aesthetics solutions, Copulla – a new, innovative digital dentistry service and LMNT – groundbreaking and consumer-choice home-use brand, and advanced diagnostic tools.

Through Alma Lasers Ltd., the Company's core subsidiary, Sisram also further established its presence in the injectables sector with a distribution agreement from IBSA Derma, a Swiss cosmeceutical company, for the exclusive distribution rights of dermal biostimulator Profhilo® in APAC markets such as Mainland China, Hong Kong S.A.R. and India as well as 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 world's first long-lasting botulinum toxin Daxxify® in mainland China, Hong Kong S.A.R. and Macao S.A.R. Expanding its dermal injectable line offering, the Company has entered into a strategic partnership with Prollenium®, a Canadian premium CE and FDA approved dermal filler manufacturer, to distribute renowned Revanesse® dermal fillers collection in several key markets including Germany, Austria, Switzerland, Australia, and New Zealand.

2. BUSINESS REVIEW OF FIRST HALF OF 2024

During the Reporting Period, Sisram's global sales and distribution network recorded a total revenue of US$168.7 million, representing a decrease of 1.7% compared to the corresponding period in 2023 mainly due to the decrease in North America market. The Group's geographic diversity combined with direct presence allows a better access to the markets and the end-consumer, enabled to a double digit's revenue growth in markets including APAC, Europe, Middle East and Africa. Within the market dynamics in North America, although the sales revenue for the Reporting Period was decreased, the customer confidence in Alma platforms remains strong. This is supported by record-breaking new orders following recent Alma launches, which will be delivered in the second half of 2024.

During the Reporting Period, the gross profit remained the same as US$105.3 million and the gross profit margin amounted to 62.4%, representing an increase of 1.0 percentage point compared to 61.4% in the corresponding period in 2023. The increase in gross profit margin was primarily driven by the successful execution of our direct presence expansion strategy, led by our acquisition and new establishment of direct operation office in P.R.C territory in second half of 2023. The portion of revenue derived from direct sales has reached 86.1% versus 13.9% attributed to sales via distributors, compared to 72.1% and 27.9% in the corresponding period in 2023 respectively.

During the Reporting Period, the Group recorded profit before tax of US$14.7 million and profit for the period of US$13.2 million, representing a decrease of 29.0% and 29.7% respectively, when compared to the corresponding period in 2023. The decrease in profit before tax and profit for the period was mostly due to an increase in selling and distribution expenses (US$3.4 million), an increase in administrative expenses (US$2.3 million) and an increase in finance costs (US$0.2 million), mostly due to establishment of new direct offices.

During the Reporting Period, the Group recorded an adjusted net profit of US$16.7 million representing a decrease of 19.4% when compared with the corresponding period of 2023. The adjusted net profit margin for the Reporting Period was 9.9%. Our core EBD segment continued to deliver solid results and generated more than 10.0% net profit margin. The Group demonstrated agility in adjusting the cost structure to market fluctuation.

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

1. **Supporting 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:

     º Upgrading IT infrastructures;

     º Funding R&D projects;

     º Conducting clinical studies; and

     º Driving core business development initiatives such as injectables division.

4. **Financial Protection:**

   - Maintaining the healthy cash reserves.

5. **Ecosystem Growth:**

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

R&D

- R&D expenses amounted to US$8.1 million.

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

  1. Alma Harmony™ our new and innovative multiplatform product was launched in North America with immediate market adoption. Alma Harmony™ is a cutting-edge, multi-modal platform tailored to address a myriad of skin conditions across diverse demographics. FDA-cleared for over 130 indications, Alma Harmony revolutionizes the field to address multiple signs of aging across all skin types.

  2. Soprano Titanium™ Special Edition – A new and improved Alma's flagship equipment platform for hair removal delivering 20% more energy, while remaining virtually painless. Soprano Titanium™ Special Edition effectively treats all skin and hair types with all-in-one TrioMax™ handpiece that combines the three of the most clinically validated laser hair removal wavelengths – 755nm, 810nm and 1064nm. The product was warmly embraced by the market.

  3. A whole new diagnostic product segment has emerged via an 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 an immediate market adoption emphasise the strength of our brand equity and high level of customer confidence in our Company's offering.

- On the clinical research front, the Company has initiated 2 additional clinical studies and 10 peer reviewed during the Reporting Period, in the aesthetics, dermatology and plastic surgery field.

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

- After significant investment, Sisram quality management system has been successfully audited and have been found compliant to the European MDR requirements (Medical Device Regulation). This certification is an important milestone as it is the first objective to achieve in order to certify the full portfolio.

Sales and Marketing

Sisram has dedicated significant efforts to implement a corporate strategy tailored to the unique characteristics and cultural features of local countries and states, while providing unwavering support to our subsidiaries, equipping them with the resources and guidance needed to not only meet but exceed regional growth milestones. This commitment to excellence and localized focus drives remarkable success and strengthens our global presence.

Sisram is maintaining its leadership position as a high-end global brand and making substantial investments in enhancing brand recognition among end-consumers to create bottom-up demand and enable its partners to effectively sell Alma platforms.

During the Reporting Period, the following milestones have been accomplished:

- In 2023, Sisram made significant strides in building a robust infrastructure for the future by establishing new sales offices in the UK, UAE, and Japan, and acquiring a 60% stake in a distribution company in China. This expansion has substantially strengthened our subsidiaries and aligns perfectly with our growing direct sales strategy. Additionally, the Company enhanced its distribution network in Latin America by improving key business partnerships in leading territories. Aligned with the Company's strategy to strengthen its APAC leadership, Sisram has significantly advanced its direct offices in Japan and China, established in 2023. Additionally, the Company is actively evaluating the setup of additional direct offices in strategic territories within the region.

- The Company is investing efforts in shifting the business mindset from product approach to clinic-centric approach (from B2B to modern B2B2C) and expanding its offering of high-value and high-demand advanced products, such as Diagnostic tools/ Consultancy experience, one-of-a-kind skincare product line and high-end injectables portfolio to create end-to-end patient journey.

- Focusing on enhancing business relationships, the Company held two Alma Academies in North America and Barcelona, which generated a record-breaking intake of new orders. The flagship event by Alma, recognized as the leading professional academy event in the aesthetic industry, 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.

- Continuing to maximize global brand impact by leveraging our strategic collaboration with Hollywood icon Kate Hudson through increased brand awareness campaigns, enhanced engagement, and expanded media reach. Based on social media reach and media coverage, the campaign has reached a cumulative number of more than 300 million people worldwide, with over 350,000 social media engagements with the content, in less than a year since its launch.

- All-time-high new order intake following the immediate market adoption of Alma Harmony™ and Alma IQ™, and the global debut of Soprano Titanium Special Edition.

- Continuing the leadership in the hair-removal segment with the global launch of Soprano Titanium™ Special Edition supported by cross territorial B2B and B2C campaign.

Business Development

In January 2024, the Company has entered into a strategic partnership with Prollenium®, a Canadian premium FDA-approved dermal filler manufacturer, 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.

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.

The M&A transaction which was disclosed on March 30, 2023 regarding the acquisition of Chinese distributor. The period 1 performance of Actual Revenue and Actual EBITDA (July 1, 2023 – June 30, 2024) met more than 100% based on the agreed mechanism. References of the targets and mechanism are made to the announcements of the Company dated March 30, 2023.

Operations

During the Reporting Period, the Group put strong emphasize on improving service processes while implementing customer relationship management platform, enhancing quality performances KPI's such as FPY (First Pass Yield) and new platforms performance. As part of our continued effort to drive operational efficiency, the Company has executed a vertical integration of manufacturing process of a leading product line for further expanding the Company's profit margins.

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.

3. OUTLOOK FOR SECOND HALF OF 2024

The Company is forecasting a stronger performance in the second half of 2024 than in the first half of 2024 in terms of both revenue and net income as a result of the year-on-year increase in new order volumes.

Sisram will continue to execute our strategy by evaluating and implementing near-future technologies and extending the Company's global footprint according to the direct sales approach.

The Company will strategically focus on strengthening corporate leadership in strategic markets and 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, and fostering clinic-patient long-term relationships.

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 solutions that will eventually drive business to its partners, impacting their growth.

In addition, H2 2024, we plan to:

3.1 Prepare for the commercial launch of Daxxify® in Mainland China while introduce injectable product in new territory.

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

3.3 Expand our financing offering to address our customers challenges resulting from high interest environment.

3.4 Integrating Alma China office into our core operation and exploring opportunities for additional direct offices in APAC area.

3.5 Exceling the sales of new Alma Harmony™ launched in H1 2024.

3.6 Promoting whole new skin care concepts and advanced in-clinic platforms.

3.7 Strengthen the presence of our recently launched next generation high-end biostimulator in Hong Kong S.A.R.

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

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

4. FINANCIAL REVIEW

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

A. Revenue

During the Reporting Period, revenue of the Group decreased from US$171.6 million to US$168.7 million, representing a decrease of 1.7% when compared to the corresponding period in 2023. The overall decrease was primarily attributable to challenging economic conditions (high interest rates) in North America, partially offset by double digits growth in revenue in APAC, Europe and ME&A regions.

Revenue by main product segments

The Group generates 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 six-month ended in the years indicated:

	Six months ended June 30,				
	2024		**2023**		**YOY %**
	(US$ in thousands, except for percentages)				
Sale of Goods:					
Medical Aesthetics	149,328	88.5%	147,380	85.9%	1.3%
Dental	2,822	1.7%	5,320	3.1%	-47.0%
Injectables	4,519	2.7%	4,887	2.8%	-7.5%
Subtotal	156,669	92.9%	157,587	91.8%	-0.6%
Services and Others	12,061	7.1%	14,034	8.2%	-14.1%
Total	**168,730**	**100.00%**	**171,621**	**100.0%**	**-1.7%**

We have derived a substantial majority of our revenue from our Medical Aesthetics product line, representing 88.5% of our total revenue for the Reporting Period. Revenue from the sale of our Medical Aesthetics line was US$149.3 million for the six months ended June 30, 2024, representing an increase of 1.3% in comparison with a revenue of US$147.4 million in the corresponding period in 2023. The majority of revenue derived from our traditional leading platforms such as "Soprano", "Harmony", "Opus", "Accent" and "Hybrid". The wide variety of addressable clinical indications enabled the Group to capture market share in traditional EBD segments and in niche markets as well. The immaterial decease of Injectables segment revenue is mostly related to Company's focus shift to the new offerings planned to be introduced in this segment.

During 2024 we held a successful pilot of Copulla (new innovative digital dentistry service) in Israel and we are evaluating the path to commercialization in other global markets. The reduction in Dental revenue is mainly related to the demand pressure on this pre-mature business segment, while the mature EBD segment demonstrated resilience in face of macro-economic challenges.

Revenue by geographic segments

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

	Six months ended June 30,				
	2024		**2023**		**YOY %**
	(US$ in thousands, except for percentages)				
North America	67,023	39.7%	79,502	46.3%	-15.7%
APAC	55,953	33.3%	48,447	28.2%	15.5%
Europe	24,029	14.2%	21,851	12.8%	10.0%
Middle East and Africa	15,408	9.1%	13,893	8.1%	10.9%
Latin America	6,317	3.7%	7,928	4.6%	-20.3%
Total	**168,730**	**100.0%**	**171,621**	**100%**	**-1.7%**

The decrease in the revenue during the Reporting Period derives from North America region, partially offset by growth in rest of the territories.

The revenue derived from North America accounted for US$67.0 million during the Reporting Period, a decrease of 15.7% from US$79.5 million for the corresponding period in 2023. The decrease is attributed to the challenging economic conditions, mainly high interest rates which drive up the cost of credit thus impacting our customers decision to purchase.

The revenue derived from APAC increased by 15.5% to US$56.0 million in the Reporting Period from US$48.4 million for the corresponding period in 2023. The increase is mainly attributed to strong performance of EBD segment in our Alma China direct office, which demonstrated resilience to economic headwinds and met its pre-disclosed commitment.

The revenue derived from Europe increased by 10.0% to US$24.0 million in the Reporting Period from US$21.9 million for the corresponding period in 2023. The increase is mainly attributed to continues leadership of Alma's Hair removal platform – Soprano Titanium in its special edition introduced to market in the Reporting Period and steady growth in market adoption of Alma's most prestigious platform – Alma Hybrid, designed for top notch practitioners of medical aesthetics craft. Geographically wise the growth is mostly attributed to transition to direct operations in UK.

The revenue derived from Middle East and Africa increased by 10.9% to US$15.4 million in the Reporting Period from US$13.9 million for the corresponding period in 2023. The increase is mainly attributed to Soprano Titanium in its special edition introduced to market in the Reporting Period.

The revenue derived from Latin America decreased by 20.3% to US$6.3 million in the Reporting Period from US$7.9 million for the corresponding period in 2023 due to political instability in some of the leading countries in the region.

During the Reporting Period, the cost of sales primarily comprised of cost of material and overheads. For the Reporting Period, the cost of sales of the Group decreased by 4.4% to US$63.4 million from US$66.3 million for the corresponding period in 2023, which is mainly due to higher portion of direct sales, driving higher profitability than distribution sales.

B. Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group remains the same as US$105.3 million for the corresponding period in 2023 for the reasons set out in Revenue section above.

The gross profit margin increased to 62.4% for the Reporting Period from 61.4% for the corresponding period in 2023. The increase is primarily driven by higher portion of direct sales generating higher profit margin than distribution.

C. Selling and distribution expenses

The selling and distribution expenses primarily consist of: (i) sales and marketing employees' salaries and related cost; (ii) sales commission to sales employees and independent agents; (iii) marketing expenses such as participation in tradeshows and digital activities, and brand awareness campaigns led by Kate Hudson.

During the Reporting Period, selling and distribution expenses of the Group increased by 5.6% to US$63.2 million from US$59.9 million for the corresponding period in 2023. The increase is mainly due to increase in sales and marketing activities offset by the Company's ability to adjust the expenses to market fluctuations.

D. Administrative expenses

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

During the Reporting Period, administrative expenses of the Group increased by 16.2% to US$16.3 million from US$14.0 million for the corresponding period in 2023. The increase is mainly attributed to expenses related to new offices operation partially offset by other cost savings.

E. R&D expenses

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

During the Reporting Period, R&D expenses decreased by 11.9% to US$8.1 million from US$9.2 million for the corresponding period in 2023, demonstrating the Company's tight cost control.

F. Finance costs

Finance costs are comprised mainly of (i) interest on bank loans and (ii) interest on lease liabilities. Finance costs increased to US$1.2 million in the Reporting Period from US$1.0 million for the corresponding period in 2023.

G. Income tax expense

The Israeli corporate tax rates are both 23% in 2023 and 2024. 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$1.5 million, representing a decrease of 22.0% from US$1.9 million for the corresponding period in 2023. This was primarily attributable to the decrease of profit before tax. The effective tax rates for the Reporting Period and the corresponding period in 2023 were approximately 10.3% and 9.4%, respectively.

H. Profit for the period

As a result of the foregoing, during the Reporting Period, our profit for the period decreased by 29.7% to US$13.2 million from US$18.8 million for the corresponding period in 2023. The net profit margin of the Group for the six months ended on June 30, 2024 and 2023 were 7.8% and 10.9%, respectively.

I. Adjusted net profit and adjusted net profit margin

The Group calculates adjusted net profit by taking profit for the period and adjusting: (i) amortization of intangible assets related to M&A; (ii) deferred tax liability arising from other intangible assets, which primarily relates to acquisitions; (iii) RSU Expenses; and (iv) previous years taxes and One-off VAT 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 IFRSs. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact net profit for the period. Items excluded from adjusted net profit are significant components in understanding and assessing the Group's operating and financial performance. The following table reconciles the adjusted net profit for the Reporting Period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit for the period:

	Six months ended June 30, 2024 US$'000	2023 US$'000	YOY%
PROFIT FOR THE PERIOD	13,202	18,783	-29.7%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisitions	1,376	2,150	-36.0%
Amortization of other intangible assets arising from the Nova acquisitions	239	239	0.0%
Amortization of other intangible assets arising from the Foshion acquisition	209	213	-1.9%
Amortization of other intangible assets arising from acquisition of the business of Alma China	2,053	–	100%
One-off VAT adjustment	–	(1,010)	-100%
Deduct: deferred tax arising from other intangible assets	(826)	(529)	56.1%
RSU Expenses	405	825	-50.9%
Adjusted net profit	16,658	20,671	-19.4%
Adjusted net profit margin	9.9%	12.0%	

5. DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

A. Treasury policy

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

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

B. Gearing ratio

As of June 30, 2024 and June 30, 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 EBIT (Earnings Before Interest and Taxes) divided by financial costs was 13.5 times as compared with 21.1 times for the corresponding period in 2023. The interest coverage increased mainly because the Group's EBIT during the Reporting Period decreased by 26.9% to US$15.9 million from US$21.8 million for the corresponding period in 2023.

D. Available facilities

As of June 30, 2024, Sisram did not have any unutilized banking facilities. Sisram is mainly financing its operations through cash generated from operating activities.

E. Interest rate

As at June 30, 2024, total interest-bearing bank and other borrowings at a fixed interest rate amounted to US$5.4 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 at June 30, 2024 and December 31, 2023.

	June 30, 2024			**December 31, 2023**		
	Effective interest rate *(%)*	*Maturity*	*US$'000*	**Effective interest rate** *(%)*	*Maturity*	*US$'000*
Current						
Other borrowings*	4.10	2025	5,380	4.10-4.15	2024	4,421

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

The maturity of interest-bearing bank and other borrowings is within one year.

6. CASH FLOW

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

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

	Six months ended June 30,		
	2024	**2023**	**YOY%**
	US$'000	*US$'000*	
Net cash flows generated from operating activities	3,961	8,008	-50.5%
Net cash flows generated from/(used in) investing activities	9,226	(24,227)	138.1%
Net cash flows used in financing activities	(2,766)	(4,954)	-44.2%
Net increase/(decrease) in cash and cash equivalents	10,421	(21,173)	-149.2%
Cash and cash equivalents at the beginning of the period	60,535	74,793	-19.1%
Effect of foreign exchange rate changes, net	(845)	(1,719)	-50.8%
Cash and cash equivalents at the end of the period	70,111	51,901	35.1%
Cash and cash equivalents			
Pledged bank balances	135	137	-1.5%
Term deposits with original maturity of more than three months	–	10,541	-100.0%
Cash and bank balance at the end of the period	70,246	62,579	12.3%

Net cash flows generated from operating activities

During the Reporting Period, the net cash flows generated from operating activities were US$4.0 million, which was primarily attributable to (i) the profit before tax of US$14.7 million; (ii) total adjustments for profit or loss items of US$11.6 million; and (iii) working capital adjustments of US$22.3 million.

Net cash flows generated from investing activities

During the Reporting Period, the net cash flows generated from investing activities were US$9.2 million, which was primarily attributable to (i) maturity of short term bank deposits with the amount of US$9.9 million; (ii) investments in intangible assets in the amount of US$0.2 million; and (iii) US$1.3 million in purchase of plant and equipment and (iv) interest received amount of US$0.8 million.

Net cash flows used in financing activities

During the Reporting Period, the net cash flows used in financing activities was US$2.8 million, which was primarily attributable to (i) repayments on loan and interest of US$2.3 million; (ii) payment of lease payments of US$3.5 million; (iii) borrowing new loans of US$2.8 million; and (iv) proceeds from settlement of foreign currency forward contracts of US$0.2 million.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$1.4 million, which mainly consisted of leasehold improvements.

As at June 30, 2024, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As at June 30, 2024, the Group did not have any significant contingent liabilities.

9. MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, the Group did not conduct material merger and 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. There is no maximum entitlement of each Participant under the 2021 RSU Scheme.

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. The 2021 RSU Scheme is valid and effective for the period commencing on November 30, 2021 and expiring on the 4th anniversary (being November 30, 2025) and no RSUs shall be granted thereafter.

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.

For details, please refer to the announcement of the Company dated September 9, 2021 and the circular of the Company dated October 25, 2021, in relation to the adoption of the 2021 RSU Scheme.

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 part of 2021 plan the Company granted on November 30, 2021 total of up to 4,699,550 RSUs. As of June 30, 2024 the Company eliminated expenses related to the third instalments in total amount of US$1,059,649 in the light of non-compliance with the execution conditions related for the vesting of the third trance parallel to updating the execution conditions for the vesting of the fourth tranche.

As of June 30, 2024, 16,925,844 RSUs are available for grant under the Scheme Mandate. 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 nil.

The fair value of the RSUs included in November 2021 grant at the grant day is approximately US$6,766,802. The Group recognized an expense of US$405,000 for the six months ended June 30, 2024 (for the six months ended June 30, 2023: US$825,000).

At June 30, 2024, the 999, 850 ordinary shares granted in the form of share units have not been registered as share capital of the Company yet and remained unvested with expected vesting at the 4th anniversary , which represented approximately 0.22% of the Company's shares in issue as at June 30, 2024.

Details of the movements of the RSUs during the Reporting Period are set out below:

Grantees	Unvested as at January 1, 2024[1]		Vested during the Reporting Period[2]			Unvested as at June 30, 2024[1,2]	
	Number	Date of grant	Number	Weighted average closing price of the shares immediately before the dates on which the awards were vested	Expired/ lapsed during the Reporting Period	Number	Date of grant
Mr. Yi LIU	55,000	December 2, 2021	–	–	–	55,000	December 2, 2021
Mr. Lior Moshe DAYAN	200,000	November 30, 2021	–	–	–	200,000	November 30, 2021
Mr. Doron YANNAI	45,871	November 30, 2021	–	–	–	45,871	November 30, 2021
Five highest paid individuals[3]	200,000	November 30, 2021	–	–	–	200,000	November 30, 2021
	56,818	December 2, 2021	–	–	–	56,818	December 2, 2021
Other grantees by category	691,661	December 2, 2021	–	–	–	691,661	December 2, 2021

Notes:

1 *The RSUs were granted by the Company at nil consideration subject to the acceptance of the Participants, and no consideration is required from the relevant grantees at the time of vesting. The RSUs granted shall be vested in four equal instalments in a period of four years after the date of grant.*

2 *Vesting of the RSUs granted during the Reporting Period is subject to achievement of certain targets relating to the Company's results.*

3 *The information includes the grants to Mr. Lior Moshe DAYAN who is categorised as "five highest paid individuals".*

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 June 30, 2024. The Group did not have other plans for material investments and capital assets.

12. RISK MANAGEMENT

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

A. Foreign currency exposure

The functional currency of the 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 analysing 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.

13. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of employees by function as at June 30, 2024:

Function	Number of Employees
Operations	270
R&D	88
Sales & Marketing	520
General and Administration	148
Total	**1,026**

Employees' headcount as at the end of Reporting Period decreased by 5.0% as part of the Group efforts to streamline its operation, as compared to the December 31, 2023.

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.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2024.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Directors' and Chief Executive Officer's Dealing Policy on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim results of the Group for the six months ended June 30, 2024 prepared in accordance with IFRSs.

PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT

This results announcement is published on the website of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at http://www.hkexnews.hk and on the website of the Company at http://www.sisram-medical.com. The 2024 interim report containing all the information required by the Listing Rules will be dispatched 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. For details, please refer to the circular of the Company dated March 6, 2024.

APPRECIATION

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

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

Hong Kong, August 21, 2024

As at the date of this announcement, the Board 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*