

Sisram Medical Ltd

(Stock Code: 1696.HK)

Sisram Medical Ltd Announces Its Interim Results for the First Half of 2020, Showing Operational Resilience While Protecting its Assets and Ensuring Future Prosperity Amid COVID-19 Pandemic

Hong Kong, August 20, 2020 -- Sisram Medical Ltd (“Sisram” or “the Company”; stock code: 1696.HK), an investment holding company specializing in medical technology for healthcare, today announced its interim results for the six months ended June 30th, 2020 (the “Period”).

Results Highlights

- Gross margin of 55.6% remained near all-time high of 57.3% for the corresponding period in 2019
- Revenue amounted to US\$71.7 million, a 16.0% decrease versus US\$85.4 million, in the corresponding period in 2019.
- Profit for the Period attributable to owners of the parent was US\$5.5 million, which represents 7.7% of revenue for the Period. Profit margin decreased by 7.8% as compared to that for the corresponding period in 2019
- Total net assets of the Company amounted to US\$325.2 million as of 30 June 2020, similar to US\$ 325.6 million as of December 31, 2019

Operational Highlights

- The revenue derived from North America increased by 2.9% to US\$22.8 million in the Period, from US\$22.2 million for the corresponding period in 2019
- The revenue derived from APAC increased by 1.4% to US\$21.8 million in the Period, from US\$21.5 million for the corresponding period in 2019
- Two exciting new products were launched during the Period:
 - Opus Plasma, the first plasma skin resurfacing technology, resulting in an outstanding demand from the market
 - Harmony XL PRO Special Edition with the new, groundbreaking applicator - doubling the power of previous solutions, providing visibly younger looking skin
- On the clinical research front, our provisional application in the USA for a patent on harvesting high quality stromal vascular fraction (SVF) cells and adipose-derived stromal cells (ASCs) from lipoaspirate fat has progressed according to plan. This patent and technology are expected to further expand our surgical and regenerative medicine applications

Mr. Liu Yi, Chairman and Executive Director of Sisram, said: “as a global company, active across over 90 countries and jurisdictions worldwide, Sisram leveraged all advantages of deploying global resources. Despite the macroeconomic impacts in these countries, operating results have been affected temporarily thanks to our globalized setting which mitigated, to a certain extent, many uncertainties during the first half of 2020.”

China was the first region to be affected by the pandemic and the first to recover. Sisram’s Chinese operation demonstrated an impressive revenue increase during the Period, compared to the corresponding period last year. Sisram’s North American subsidiary did not fully shut down and maintained its high revenue stream during the Period, with a slight positive increase in revenue when compared to the corresponding period in 2019. These two major markets, along with the South Korean subsidiary, have compensated greatly for the revenue decrease in Europe and Latin America countries that went through longer periods of shutdown. Encouraging back-to-routine signs are seen also among countries such as Poland, Japan, Italy, The Netherlands, etc., with recovering demand showing in June 2020.

While safeguarding the lives and livelihood of employees, Sisram showed operational resilience by maintaining gross profit margin of 55.6% for the Period, close to the all-time high of 57.3% recorded a year earlier. Revenue for the period declined by 16% to US\$71.7 million, from US\$85.4 million, while gross profit decreased by 19% to US\$39.9 million, from US\$48.97 million, reflecting the business impact from the COVID-19 pandemic, which had a significant impact on the global medical aesthetics industry. The lower profit for the Period also reflects the Company’s decision to prioritize the use of its resources to maintain its ongoing operations with minimal cutbacks in order to maintain its flexibility and resilience capabilities. Following the first signs of recovery in market demand in June 2020, the Company is further enhancing its competitive position by expanding its scope of business and maintaining continuous and stable development of its business.

To weather the global pandemic, Sisram shifted resources internally. The Company prioritized research & development activities, re-analyzed new projects and focused its efforts on a new hybrid technology-based platform about to be launched, following two years of development and fine tuning thanks to an insightful collaboration with leading doctors around the world.

Sisram is also practicing agility in sales and marketing domains, adjusting to the changing market conditions. Sisram’s subsidiary, Medical Nova, rechanneled its outbound resources for sales and logistics from capital equipment products onto consumable products, following customers’ challenge of committing to an expensive equipment with a long ROI period, compared with a lower cost products with immediate ROI like the injectables. As a result, Medical Nova demonstrated a 23.2% growth in revenue from injectables compared with the corresponding period last year. The

revenue attributed to the injectables product line rose to 18.4% of the subsidiary's total revenue, an increase from 10.8% in the corresponding period last year.

The Company's short-term actions during the Period enabled it to maintain its human capital almost intact and sustain its operational resilience, while addressing Sisram's leading goals:

- Support employees and business partners during these challenging times
- Return to normal operation with all necessary elements (sales, production, distribution, service, etc.) as soon as demand recovers
- Continue strategic projects – upgrading IT infrastructures (ERP, CRM), new campus, research & development projects, clinical studies, etc.
- Protect financial assets and company value

The Company's business and operational decisions are reinforced by the rising demand throughout the second quarter of the year. In particular, the revenue derived in June 2020 is nearly identical to that of June 2019, and the value of new orders in June 2020 is up 6.9% compared with that of June 2019. This trend of recovery, with growth in both product demand and revenue indicators, is continuing strongly in July 2020.

In terms of outlook on digitalization following the COVID-19 pandemic, Sisram has initiated a strategic digital transformation project, focused on delivering additional value to partners and customers.

Mr. Lior Dayan, CEO of Sisram Medical and Alma, said: "We believe in this industry; we have been in it for the last 20 years and plan to stay for many more to come. It is our duty to all our stakeholders to be more focused than ever on our long-term strategic goals. We strive to use this crisis as a growth opportunity, leveraging our solid financial structure and agile operation to further expand our global reach, develop new lines of business and elevate our global market position."

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About Sisram Medical Ltd

Sisram Medical Ltd (1696.HK), the first Israeli company listed on the Hong Kong Exchange Main Board, was established in 2013 for the acquisition of Alma, a leading provider of energy-based surgical and medical aesthetics solutions, ranked No. 1 in the People's Republic of China and one of the top 5 global leaders in its industry. Sisram Medical is majority held by Fosun Pharma, a leading health & medical industry group in China.

Sisram Medical – Enhancing Quality of Life.

<http://www.sisram-medical.com>

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