

Sisram Medical Ltd

(Stock Code: 1696.HK)

Sisram Medical Ltd. Announces 2020 Annual Results, Developing a Wellness Ecosystem Through R&D and Operational Innovation

Hong Kong, March 18, 2021 -- Sisram Medical Ltd (“Sisram” or “the Company”; stock code: 1696.HK), an operational holding company specializing in medical aesthetics technology for wellness, today announced its audited consolidated annual results for the year ended December 31, 2020 (the “Reporting Period” or “2020”).

HIGHLIGHTS

- Total revenue for the Reporting Period was US\$162.1 million, while the average revenue in the second half of 2020 exceeded 2.6% YOY.
- Revenue in the second half of the year increased by 26.0% from the first half of 2020, while net profit increased by 55.9%;
- Revenue from injectables increased by 34.2% to US\$4.3 million in 2020 from 2019.
- Gross profit margin increased to 55.7% from 55.3% in 2019.
- Profit for the year was US\$14.7 million, while adjusted net profit was US\$20.1 million with an adjusted net profit margin of 12.4%.
- R&D investments increased by 4.7% YOY to US\$11.0 million, accounting for 6.8% of total revenue in 2020.
- Four new products were launched during the Reporting Period.
- Sisram successfully conducted the first all-digital global product launch for Alma Hybrid - the first and only skin rejuvenation and scar treatment device of its kind to bring together three powerful energies.
- Furthering its expansion in the injectable field, Sisram invested in Tianjin JuveStar Biotechnology Co., Ltd., a start-up company that was incubated by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. venture capital fund. JuveStar holds exclusive rights to develop and commercialize RZL-012, the first and long-lasting single treatment injectable product for aesthetic and therapeutic applications, in the Greater China region.
- The Board has resolved to declare a final dividend of HK\$0.07 (inclusive of tax) per Share for the year ended December 31, 2020.

2021 Outlook

Based on an increase in the demand for the Company's products, the backlog of orders as of December 31, 2020, barring any unforeseen circumstances or material change in market conditions, the Company expects to record a significant growth in revenue of over 40% in the first half of 2021 as compared to the revenue recorded in the corresponding period in 2020.

Focusing on R&D innovation and global operation

Weathering the COVID-19 pandemic impact on the global economy in 2020, Sisram maintained sustainable growth in the second half of 2020, based on its competitive product portfolio, established global sales and distribution network and international operational capabilities. Sisram recorded total revenue of US\$162.1 million in 2020, representing a decrease of 6.6% when compared to 2019. Yet, Revenue in the second half of 2020 increased by 26.0% from the first half of 2020, while net profit increased by 55.9%; demonstrating strong back to business signs. The Company recorded profit for the year of US\$14.7 million, and adjusted net profit of US\$20.1 million, with an adjusted net profit margin of 12.4%.

As the pandemic control ramped up in multiple countries across the globe, the Company's swift response to the changing market conditions prompted performance recovery signs beginning in June 2020 and resulted in continued improvement in revenue throughout 2020, bringing the revenue in the second half of 2020 to exceed 2.6% YOY and increase 26.0% from the first half of 2020. Gross profit margin increased to 55.7% from 55.3% in 2019, primarily due to a higher proportion of sales to direct sales customers, deriving higher margin, compared to distributors. The net cash flow from operating activities amounted to US\$25.7 million, representing an increase of 22.3% when compared to 2019. The increase is attributed to a decrease in days of sales outstanding to 90 days compared to 102 days in 2019.

In 2020, Sisram continued its substantial R&D efforts, as R&D investment increased by 4.7% to US\$11.0 million from US\$10.4 million in 2019, accounting for 6.8% of total revenue. Four new products were launched during the period including 1) Opus Plasma, the first plasma skin resurfacing technology that swept the North American market by storm with an outstanding demand; 2) Harmony XL PRO special edition with the new, groundbreaking applicator; 3) "DermaClear", a powerful hydradermabrasion platform for skin exfoliation, cleansing, extraction, and hydration, designed to meet the increasing demand for high-quality, risk-free, and thorough skincare treatments, and 4) Alma Hybrid, the first and only device of its kind to bring together three powerful energies, CO2 and 1570nm laser sources and patented impactful ultrasound, that

delivers unparalleled results for skin rejuvenation and scar treatment, with significantly reduced downtime.

Sisram has been shuffling product offerings to adjust to the changing consumption trends. That is to focus more on consumables in order to leverage the “revenge shopping” phenomena which derived immediate ROI from low entry point products such as injectables. Revenue derived from injectables increased by 34.2% to US\$4.3 million in 2020 from 2019.

Innovative digital breakthroughs in sales and marketing operation, cloud-based platforms connectivity and business infrastructure

In recent years, Sisram has foreseen the importance of a digital strategy to future operations and development and initiated a comprehensive plan for digital transformation. In response to the pandemic impact, based on accumulated experience in digital transformation, Sisram responded promptly and accelerated its plan to upgrade business infrastructure, which included both physical and digital infrastructure, covering the transition to a new campus, the implementation of new, cloud-based information technologies systems, and a digital transformation program.

Sisram has successfully conducted the first all-digital product global launch of its new Alma Hybrid platform from its headquarter to five continents, with a new in-house “Alma Studio” built to accommodate and broadcast global webinars, sales meetings and product launches. The digital communication platform overcame physical and time difference barriers and offered diversified channels for clinical studies long-distance management, employees and customers training. In addition, Sisram further enhanced investments in Internet of Things (IoT) for Alma Smart Clinic with Alibaba’s cloud-based solution for the APAC region and an Amazon solution for North America. At the same time, Sisram continued to explore additional digital promotional materials and social media channels.

While ramping up digital and IT developments, Sisram placed significant efforts and resources to deploy a “customer centric approach” and build Sisram’s consumer brand in 2021. By adopting a Hybrid B2E, “Business to Everyone”, model – a combination of B2B and B2C operations, Sisram is devoted to developing its customer and consumer centric approach to become a “trusted advisor” for customers and consumers, leveraging medical experience, technology excellence, and unparalleled personal and networking skills to make medical and technical information accessible, practical, and usable from information to knowledge.

Realizing Sisram’s “wellness ecosystem” by strengthening existing business lines and development of new business lines

During 2020, Sisram continued to materialize its long-term strategic planning of wellness ecosystem. In the existing injectables business line, Sisram invested in a start-up company that was

incubated by Fosun Pharma's venture capital fund. The startup company, named Tianjin JuveStar Biotech Co., Ltd., (JuveStar), recently announced the signing of a license agreement with Raziel Therapeutics. The agreement provides JuveStar with exclusive rights to develop and commercialize Raziel's proprietary RZL-012, the first, long-lasting single treatment injectable product for aesthetic and therapeutic applications, in the Greater China region.

The Company's business development team, led by Alma's veteran professionals, denoted two new business lines, dental industry and personal care as the next building blocks in Sisram's ecosystem, taking into consideration the significant growth markers of these markets along with potential synergies with Alma's brand, channels and operation.

Sisram's business presence in China is to be further enhanced by the new official Sisram's China office opened in 2020. The China office will handle various business activities addressing the evolving ecosystem and potential synergies between Sisram and its majority shareholder, Fosun Pharma. Amongst the first activities the new office will oversee are: aesthetic dentistry, registration of dermal facial fillers with China's National Medical Products Administration, expansion of the injectables category offering, and the establishment of a regional service center and regional warehouse.

Mr. Lior Dayan, CEO of Sisram Medical and Alma, said: "Sisram's wellness ecosystem strategy has broadened our scope from medical aesthetics into medical wellness. The new business lines of dental and personal care will provide additional value to all our stakeholders. In addition, we are aiming to allocate special attention to the 'primary care physicians' customers segment – the ones that are the closest to the consumers – availability and accessibility wise. We intend to expand their offering with new treatments and tools to provide added value treatment to their patients."

"In 2020, despite economic and industrial challenges posed by the COVID-19 pandemic, Sisram performed active response and maintained stable operation and business growth," said Mr. Liu Yi, Chairman and Executive Director of Sisram. "Sisram continued to focus on R&D investments to upgrade and expand our technologies, product portfolios and businesses, strengthening the Company's product offerings and operational capabilities. As a core pillar of Fosun Pharma's medical appliance business, Sisram will continue to leverage Fosun Pharma's resources and platform advantages in the domestic and global healthcare industry chain to create opportunities for new business, project lines and innovative business models in the future."

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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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