



(Incorporated in Israel with limited liability)

Enhancing Quality of Life

2023 Interim Report

Sisram Med
Stock Code: 1696.HK



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To Wellness, To Success

Following the relief from years of the pandemic, consumer confidence in the medical aesthetics market has recovered gradually. Beauty seekers are increasing their investments in self-care and turning to more diversified solutions, making the transition of wellness from inside to outside a focal point for consumers. As consumers seek comprehensive excellence and increase demands for the quality and experience of medical aesthetics services, demand for beauty and care solutions has been gradually extending from the face to other areas such as the neck, body, teeth and hair. Comprehensive wellness solutions are now a vital need for consumers in the market.

As a global consumer wellness group deeply rooted in the medical aesthetics industry for over two decades, Sisram Medical is developing a distinguished, synergistic wellness ecosystem with business building blocks including energy-based devices, injectables, aesthetics and digital dentistry, personal care, and more. With a solid global presence across more than 100 countries and regions worldwide, Sisram Medical can satisfy the diversified medical and aesthetic needs of consumers from various markets around the world by offering comprehensive and professional medical-grade wellness experiences and product portfolios.

In the past six months, the Company has continued to implement two key strategic tactics, namely business diversification, and direct sales expansion, seeking steady progress and steadily solidifying and enriching its business ecosystem. Through expanding the footprint of the Company's major strategic deployments and advancing business development horizontally and vertically, the Company has built new engines for long-term sustainable growth:

1) Drive business synergy and strengthen comprehensive market penetration:

The Company has continued to increase investment in the R&D of the important energy-based devices segment to promote the iterative upgrade and innovation of products and enhance the market influence of the Company in segmented areas. With continued efforts to explore more deeply and introduce the Company's differentiated products into more potential markets, Sisram Medical is devoted to creating and launching more high-quality, classic and groundbreaking product series to the market. Centering on perfecting its unique wellness ecosystem, in addition to investing in core products and business lines, the Company also paid close attention to the commercialization process of the injectable product Daxxify and the clinical progress of the hyaluronic acid solution in the past six months to meet the changing needs of the future market as well as create new revenue generators for the Company. At the same time, by promoting the advancement of Copulla phase by phase, the Company actively optimized its original dental distribution business and completed the strategic

Chairman's Statement

transformation and deployment of the aesthetics and digital dentistry business line. For the personal care brand LMNT, leveraging the competitive advantages in the B-end market, the Company simultaneously expanded its presence in the B-end and C-end markets to accelerate the penetration of personal care products in various markets. During the Reporting Period, the Company focused on enriching its overall product portfolio and enhancing service experiences to drive diverse business outcomes and promote the coordinated development of different business sectors within the wellness ecosystem, laying a solid foundation for the Company to promote joint treatments in the future.

2) Accelerate the layout of direct sales networks and dig into link value vertically:

In the first half of the year, the Company established new direct sales business channels in key markets to expand its coverage in surrounding markets and completed the acquisition of PhotonMed, the leading Chinese distributor of energy-based devices, to strengthen the strategic layout in core markets. As a critical market for the Company's profit growth, the Chinese market is also a key driver of rapid growth in the Asia-Pacific region and business expansion to match the scale of the North American business in the future. From a global perspective, the Chinese market is a pioneer market for the Company to integrate its product series within the wellness ecosystem and promote joint treatment solutions. The successful acquisition of PhotonMed marked a significant milestone in the Company's localization efforts in key markets, which not only further enhanced the penetration and expansion of the Company's products in the Chinese market but also accelerated the globalization process while consolidating its leadership position within the industry.

In addition to fully implementing the two key strategic tactics, the Company considers customers as the core of its strategic deployment and attaches great importance to the customer experience. With the mission of consumer-focused branding, the Company launched its first Sisram Wellness Center. By introducing high-quality products and brands, equipped with cutting-edge facilities and staffed by a highly skilled team, Sisram Wellness Center is committed to providing customers with an exceptional product portfolio and service experience to enhance the quality of their lives.

Sisram will continue strengthening the wellness ecosystem in order to achieve the extraordinary. In the second half of 2023, we will continue to strive for excellence and actively promote the diversified development of our customer-focused business. We will strengthen our differentiated product portfolio, further build a unique wellness ecosystem, and improve service quality to meet consumers' personalized needs and achieve the integration of "beauty" and "healthcare" to enhance our offerings comprehensively. At the same time, with a focus on the strategic tactic of direct sales expansion, we will continue to work on the extension of the value chain and enhancing the penetration in the C-end market. Taking the integration opportunities involved in shifting from distribution to direct sales, we will continue to strengthen the strategic deployment of globalization and localization and increase our presence in key markets, including North America and the Asia-Pacific, to continue accumulating strength and pave the way for further success.

Lastly, I would like to take this opportunity to express my sincere gratitude to the Board of Directors, management, shareholders, partners, customers, consumers, and Sisram's employees for your continuous support.



Liu Yi
Chairman



Sisram Medical's Customer-Centric Approach Leads to Wellness Ecosystem

I am thrilled to provide an update on the first half of 2023, a momentous period for Sisram Medical. While our roots lie in innovation and excellence, we recognize that today's world demands more than groundbreaking products. It requires a profound understanding of our customers' needs and a commitment to crafting an unparalleled wellness experience. Here I'll share how we are creating a unique wellness ecosystem that exceeds customer expectations and propels our growth.

At Sisram, we operate based on a customer-centric paradigm that places the patient's journey at the core of our efforts. This approach enables us to break boundaries, deepen relationships, and create a lasting consumer experience through differentiation.

The global wellness market is vibrant and thriving, currently estimated at US\$4.4 trillion and projected to reach US\$7 trillion by 2025^①. We're poised to capture this tremendous opportunity, and by amplifying our market presence, we'll continue to gain market share.

Our growth strategy focuses on four key pillars:

1. Expanding Our Reach: Getting closer to the end-consumers and offering tailored solutions for their needs enable us to continue growth in new markets. Our new offices in China, the UK, and the UAE exemplify our commitment to this strategy. In China, our acquisition of the aesthetic device distributor PhotonMed reinforces our localization efforts and expands our direct sales channel in the PRC market, a key contributor to Sisram's profitable future growth.

2. Building the Wellness Ecosystem: Sisram's versatile business building blocks deliver the power of combined innovative technologies to strategic markets. Today, we are proud of being the first company in the U.S. to offer a comprehensive ecosystem, including flagship in-clinic devices, high-quality skin care product lines, and innovative home use devices (LMNT), together with innovative protocols to enhance patient results for threatening skin indications.

Our dedication to innovation persists in expanding Sisram's unique wellness offerings, showcased by our successful recent launches: Soprano Titanium in North America following FDA approval, Alma Opus in international markets outside the U.S. and the global introduction of Alma Duo. We will continue to invest in R&D and technology, and look forward to new product launches, such as Alma Veil in the U.S. in the coming months.

Across other business lines, Copulla completed a successful pilot with key opinion leaders (KOLs) in Israel, paving the way for commercial expansion, while our injectables revenue reached US\$4.9 million, a 29.6% increase compared to the same period last year.

Reference:

^① <https://globalwellnessinstitute.org/industry%20research/%202022%20global%20wellness%20economy%20country%20rankings/>

Chief Executive Officer's Statement

3. Strengthening the Alma Brand: We place significant emphasis on creating an overarching recognition and trust in the Alma brand among B2C audiences. By investing in influencer marketing and digital campaigns, we aim to generate bottom-up demand and empower our clinics to effectively promote and sell our solutions. We launched a new global website, designed with personalization at its core, to provide patients with an innovative customer journey that is unique to them. In addition, we have hosted thousands of physicians, global KOLs, and business partners through industry events exclusive to Alma Academy.

We've also launched the first Sisram Wellness Center in downtown Chicago, not only creating a trusted destination offering consumers a wide range of wellness solutions, but also enabling us to interact daily with professionals in the strategic market and better understand their challenges.

4. Fostering Partner Engagement: Lastly, we are focused on understanding our partners' wishes and needs, beyond simply providing products. We are building the software infrastructure for a more human-oriented customer experience, to gain insights into clinic performance and the patient journey. Our customer-facing staff consistently delivers exceptional service, reflecting our commitment to excellence.

These four pillars ensure stability through direct reach, innovative products, and dominant brand recognition. Alongside our clear long-term strategy, they allow the Company to remain resilient in its growth path, demonstrating its ability to adapt to financial trends and market conditions and to sustain positive performance during unprecedented times.

The Group's performance for the first half of 2023 includes revenues of US\$171.6 million and gross profit of US\$105.3 million, the latter indicating an increase of 5.7% compared to US\$99.6 million for the corresponding period of 2022. Total revenues decreased 1.7% compared to the corresponding period in 2022, a downtick primarily attributable to macroeconomic fluctuations.

Our gross profit margin rose 4.3pp to 61.4% for the Reporting Period, up from 57.1% during the same period in 2022. This not only demonstrates our ability to adapt and thrive amid global economic instability, but it also attests to our market dominance in strategic countries. This result is attributed to multiple factors, including the higher revenue portion generated from our direct operation offices and a more profitable product mix.

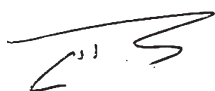
The establishment of our direct operation offices in key strategic territories not only optimized our supply chain but also led to increased average selling prices, heightened brand visibility, and stronger relationships with partners and clients. In the current Reporting Period, revenue derived from direct sales amounted to 72.1% of our total revenue, while sales via distributors accounted for the remaining 27.9%. This shift toward direct sales underscores the effectiveness of our approach and leads to improved profitability.

To summarize, this period was pivotal for Sisram, as we continued our transition from a product-centered to a customer-centric approach. Our focus on the patient journey, innovation, and brand recognition will undoubtedly pave the way for our continued successful growth as we expand globally and gain market share.

I would like to extend my gratitude to our employees around the world who have shown consistent dedication and worked diligently to transform our vision into reality, and to our shareholders for the trust you have placed in us. We will persist in our efforts to enhance shareholder value.

Lastly, I would like to thank the Board of Directors, as these days we are celebrating a relationship of more than a decade. Your leadership and guidance have reinforced the Company's resilience and helped us navigate a world of ever-changing market trends.

Sincerely,



Lior M. Dayan,
Chief Executive Officer

Financial Highlights



	Six months ended June 30,		
	2023 US\$'000	2022 US\$'000	2021 US\$'000
Operating results			
Revenue	171,621	174,504	125,293
Gross profit	105,298	99,614	71,478
Profit before tax	20,732	23,072	20,137
Profit for the period	18,783	20,527	17,361
Profit for the period attributable to owners of the parent	18,899	20,621	16,379
Profitability			
Gross margin	61.4%	57.1%	57.0%
Net profit margin	10.9%	11.8%	13.9%
Assets and liabilities			
	As at June 30, 2023 US\$'000	As at December 31, 2022 US\$'000	As at December 31, 2021 US\$'000
Total assets	604,739	555,601	530,132
Equity attributable to owners of the parent	440,160	430,872	402,182
Total liabilities	148,880	123,376	126,507
Cash and bank balances	62,579	81,548	153,062

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.

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 have brought beauty and health to millions of consumers, solidifying our position as a global leader.

Sisram's Group includes leading global brands such as Alma Lasers Ltd. ("**Alma**") – a worldleader and innovator in energy-based medical aesthetics solutions, Shanghai Foshion Medical System Co., Ltd. – a leading Chinese distributor of global dental equipment brands, also operating a global standard Dental CAD/CAM center in mainland China, Copulla – a new, innovative digital dentistry service and LMNT – groundbreaking home-use brand, which brings professional-grade technology into consumers' homes.

Through Alma, the Company's core subsidiary, the Company also established its presence in the injectables sector with a distribution agreement from IBSA Derma, a Swiss cosmeceutical company and a leading subsidiary of IBSA Pharma Corporation, for the distribution of its products in APAC markets as well as exclusive distribution 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 SAR and Macao SAR.



2. Business review of first half of 2023

In the first half of 2023, Sisram achieved a total revenue of US\$171.6 million, representing a decrease of 1.7% compared to the corresponding period in 2022. The decrease is primarily attributable to negative impacts of macro-economic environment on European market performance, exacerbated by the Russia – Ukraine conflict. There was also a temporary negative impact on revenue growth in some regions as Sisram transitioned from a distribution model to a direct sale model. For example, the establishment of new direct operation offices in the UK and Dubai resulted in temporary year-on-year revenue reductions during the transition period, while in the China region, a temporary deceleration in China during the closing period of the acquisition was observed as a result of the transition following the acquisition of PhotonMed, the leading energy-based device distributor and strategic partner for the Company spanning over two decades, coupled with the establishment of new direct operations in mainland China. The above impacts offset revenue growth in some of the mature direct marketing geographies, such as North America, Korea, Australia, and Hong Kong SAR. The direct sales achieved a revenue of US\$118.5 million (excluding Dental) for the Reporting Period, representing an increase of 12.1% when compared to the corresponding period in 2022. Profit for the period attributable to owners of the parent was US\$18.9 million, which represent 11.0% of revenue for the Reporting Period. Such percentage decreased by 0.8% as compared to that for the corresponding period in 2022.

During the Reporting Period, gross profit of the Group amounted to US\$105.3 million compared to US\$99.6 million for the corresponding period in 2022, representing an increase of 5.7%. The gross profit margin increased by 4.3pp to 61.4% for the Reporting Period from 57.1% for the corresponding period in 2022. This improvement is attributed to the higher revenue portion from direct sale and a more profitable product mix. The establishment of direct operation offices in strategic territories has enabled the Company to shorten the supply chain, increase the average selling price, gain a higher brand visibility and to strengthen the relationships with its partners as well as target clientele. With the implementation of direct sale strategy, revenue derived from direct sales amounted to 72.1% of total revenue versus 27.9% of the total revenue attributed to sales via distributors.

During the Reporting Period, the Group achieved profit before tax of US\$20.7 million and recorded net profit for the period of US\$18.8 million, representing a decrease of 10.1% and 8.5% respectively, when compared to the corresponding period in 2022. The decrease in profit before tax and profit for the period was mainly due to growth in selling and distribution expenses attributed to higher expenses from direct sale and the opening of new direct operation offices, continued investment and incubation of business lines and exceptional expense related to new brand ambassador project to enhance brand awareness. This initiative aligns seamlessly with the Company's strategy to foster bottom-up (end users drive Business end) demand, effectively empowering our partners to champion and promote Company's solutions more efficiently.

Management Discussion and Analysis

During the Reporting Period, the Group achieved an adjusted net profit of US\$20.7 million representing a decrease of 17.1% when compared with the corresponding period of 2022. The adjusted net profit margin for the Reporting Period was 12.0% compared to 14.3% for the corresponding period in 2022. The decrease in adjusted net profit for the period was mainly due to decrease in net profit.

The Company has consistently maintained a strong and stable position across all its businesses. The Company presents sufficient funds to meet its future business needs and sustain its operational, supporting a steady and high-paced growth.

R&D

- R&D expenses increased by 10% to US\$9.2 million, compared to US\$8.3 million in the corresponding period in 2022 as the Company continued to expand its technological core competence in energy based devices.
- During the Reporting Period, the Company launched two products into new territories and achieved market introduction readiness for one new product:
 - Soprano Titanium™ – Alma’s flagship equipment platform for hair removal was introduced to North America market following regulatory FDA clearance.
 - Alma Opus was introduced to international markets outside US. Alma Opus is a non-invasive RF equipment platform for skin resurfacing and face tightening, featuring fractional RF technology and the unique Opus plasma applicator.
 - Alma Veil™ has achieved market introduction readiness, to be launched in North America in H2 2023. The workstation effectively targets a wide range of common dermatological and vascular conditions including vascular lesions with 532 nm, deeper vascular lesions with 1,064 nm, and skin quality concerns without downtime using MicroPulse™, seamlessly integrated into a single handpiece.
- During the Reporting Period, the Company achieved FDA regulatory clearance for two complementary accessories for Alma’s BeautiFill™ system intended for laser assisted liposuction and skin tightening:
 - LipoSense™ – a smart fibre and adipose tissue delivery system intended to increase the safety of procedure by real-time measurement of the treated area temperature.
 - CellFie™ – a complementary kit intended for the closed-loop processing of microfragment adipose tissue for re-injection in medical procedures involving the harvesting, concentrating, and transferring of autologous adipose tissue harvested with a lipoplasty system.
- Also, during the Reporting Period, the Company’s incubating business line – Copulla successfully completed a commercial pilot with leading KOL’s in Israel. This sets a solid ground for transition to commercial phase and scale up of procedures volume.
- Corporate employees R&D specialists increased by 26.6% comparing to the corresponding period in 2022.



Sales and Marketing

Sisram has dedicated significant efforts to implementing a corporate strategy tailored to the unique characteristics of local countries and states, while also providing close support to its subsidiaries in reaching regional growth milestones. Sisram is making substantial investments in enhancing brand recognition among both professionals and end-consumers, while maintaining its leadership position as an upscale global brand.

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

- Sisram has established a new office in Dubai, and significantly advanced its UK subsidiary (established in H2 2022), in harmony with its growing direct sales strategy.
- The Company has formulated a strong, solid, and consistent unique value proposition, focusing on the relevance, value, and differentiation of its four business lines.
- A two-year collaboration with a new global brand ambassador has been formulated, accompanied by the launch of a multiplatform campaign featuring the iconic figure. This campaign showcases Sisram's brand values to end-consumers, with the aim of fostering bottom-up (end users drive Business end) demand and enabling partners to effectively promote and sell the Company's solutions.
- Sisram has unveiled a new global website for its flagship energy-based device company, Alma. The website is designed with a strong emphasis on personalization for patients and a unique and innovative customer journey.
- Embracing a consumer-centric approach, the Company has invested in influencer marketing through both micro and macro influencers. This initiative aims to enhance brand awareness and build trust among B2C audiences.
- Alma Academy events were successfully conducted, including Alma Academy Italy and Alma Academy US, which brought together thousands of physicians, global Key Opinion Leaders (KOLs), and business partners from around the world.
- Focusing on enhancing business relationships through participation in leading international industry congresses worldwide, such as IMCAS, & WCD tradeshows.
- Launching of the first Sisram Wellness Center. The center is a unique physical center located in downtown Chicago, enabling the Company to interact daily with professionals and patients, better understand their pain points, and help professionals integrate quickly and efficiently into the industry.
- Continued development of social media strategies, focusing on market education, brand awareness, and business growth.
- Developing and executing B2C initiatives to support the launch of LMNT and facilitate penetration into the APAC market.

Mergers & Acquisition (“M&A”)

References are made to the announcements of the Company dated March 30, 2023 and June 29, 2023.

On March 30, 2023, Alma Hong Kong 2023 Limited (“**Alma HK**”), an indirect wholly-owned subsidiary of the Company, entered into (i) the asset purchase agreement (the “**Asset Purchase Agreement**”) with PhotonMed International Limited (“**PhotonMed HK**”) and Ms. Zhou Mei (the “**Owner**”), and (ii) the shareholders agreement with PhotonMed HK, the Owner and Alma Lasers Ltd. (“**Alma Lasers**”), pursuant to which Alma HK has agreed to purchase and PhotonMed HK, the Owner and their associates (collectively the “**Sellers**”) have agreed to sell all business activities related to the distribution of products of Alma Lasers in China carried on by the Sellers or other related entities thereof as of the date of the Asset Purchase Agreement and at the effective date set out thereof (comprising the assets, property or rights of the Sellers or the leased properties relating to such business activities) (the “**Acquisition**”). The Acquisition was completed on June 28, 2023. Upon completion, Alma Lasers and PhotonMed HK each holds 60% and 40% of the total issued shares of Alma HK, respectively.

The Acquisition strengthens the Company’s direct-to-consumer strategy and will improve the group positioning and brand awareness in Asia Pacific market.

Business Development

New Direct Business Channel in Dubai

During the Reporting Period, the Company has established a new direct business channel in Dubai, the United Arab Emirates (the “**UAE**”). The new direct business channel will serve as the trading hub in the Middle East market and will start with the business of energy-based devices and gradually expand into the Company’s wellness ecosystem business units such as personal care, injectables and aesthetic dentistry. With the successful launch of the new direct business channel in Dubai, the Company expects to further enhance its direct sales globally. The Company believes that the establishment of new direct business channel in Dubai will promote the Company’s full portfolio as wellbeing ecosystem and enhance overall UAE customers’ experiences and promote product competitiveness in the UAE, which would maximise the return to its shareholders and benefit the Company and its shareholders as a whole.

For details, please refer to the Company’s announcement dated February 21, 2023.



First Wellness Center in Chicago

On June 9, 2023, the Company opened its first wellness center – Sisram Wellness Center (the “Center”) in downtown Chicago. The Center offers a comprehensive range of advanced medical aesthetic services in skin health, beauty, and wellness. The Company will also integrate trusted brands such as Alma® within the framework of the Center. With a team of highly skilled professionals, licensed practitioners, and skin health specialists, the Center is committed to providing exceptional care tailored to everyone’s unique needs and concerns.

For details, please refer to the Company’s announcement dated June 14, 2023.

The application of Daxxify got accepted by National Medical Products Administration

The Company entered into sublicense-related agreements in 2022 with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. to obtain the exclusive right to import and commercialize Daxxify in mainland China, Hong Kong SAR and Macao SAR. In the Reporting Period, the drug registration application which is indicated for the temporary improvement in the appearance of moderate to severe glabellar lines associated with corrugator and/or procerus muscle activity in adult patients, was accepted by the National Medical Products Administration.

For details, please refer to the Company’s announcement dated April 11, 2023.

Operations

The Group is still experiencing global supply chain challenges, such as long lead times for electronic components and material price fluctuations. To avoid shortages and meet the growing global demand, the Group is developing a strategic inventory management plan and a strategic raw material purchasing plan a year ahead.

Additionally, the Group has taken steps to improve production efficiency by implementing new lean production processes and has utilized a new import methodology, resulting in a decrease in manufacturing overhead expenses.

Information Systems and Digital

Over the recent years, Sisram continuously invested significant resources in standardization, streamlining and digitalization of company’s processes by implementation of state-of-the-art business applications. In the Reporting Period, the Company has rolled out a global CRM system, integrated with existing applications suite, unifying the sales processes across the Company’s subsidiaries.

3. Outlook for second half of 2023

In the face of the prevailing uncertainties in the global macroeconomic landscape, the Company considers that achieving the revenue growth target set earlier this year for 2023 presents a challenge. The Company however remains dedicated to achieving strong growth for the year.

In the second half of 2023, Sisram will continue to implement our strategy of strengthening our direct sale operation and opening new direct offices in strategic markets. We will also continue expanding our offerings through Sisram’s unique wellness ecosystem, providing our partners with effective and trustworthy solutions for their beauty-seeker needs. This unique offering aims to provide unprecedented solutions for challenging aesthetic conditions. Additionally, we will continue to establish a robust interactive software infrastructure to enhance customer interactions, strengthen partnerships with valuable partners, and empower customer-facing teams. Furthermore, we will enhance brand awareness among end-consumers to bolster the demand for the Company’s solutions and brand recognition.

Throughout 2023, the Group’s strategic endeavours are strategically focused on cultivating the North American and Chinese markets, while also exploring growth opportunities in Europe and the rest of Asia Pacific regions.

Management Discussion and Analysis

North American Market: In H2 2023, we are set to execute expansion efforts within our North American office, focusing on the following key areas:

- **Strengthening Revenue-Driven Products:** We are committed to enhancing the market impact of our recently launched high revenue-driven products. Our goal is to amplify their influence and solidify their presence in the market.
- **Advancing Sexual Wellness and Men's Wellness:** A strategic thrust involves expanding our market influence in the realms of sexual wellness and men's wellness. This entails innovative concepts and a comprehensive approach to cater to evolving consumer needs.
- **Promoting hair restoration solution based on our new and innovative TED™ platform and hair-care formula formulated by world-renowned pharmaceutical research lab that synergistically support optimal hair and scalp health and follicular health.**
- **Empowering Post-Sales Team:** Our efforts extend to empowering our post-sales team to further bolster sales activities. Through enhanced training and support, we aim to optimize customer engagement and satisfaction.
- **Pioneering New Product Launches:** Anticipate the launch of pioneering products that include Alma Veil™, as well as disposable solutions to complement BeautiFill™ products such as LipoSense™ and CellFie™. These innovations are poised to reshape the landscape of aesthetic solutions.
- **Promoting Wellness Everywhere:** We are actively driving the promotion of personal care and the Sisram Wellness Centre, pivotal components of our holistic wellness ecosystem. This effort enables the Company to interact daily with professionals and patients, receive ongoing feedback and insights about their experiences, in order to customize the journey according to their wishes and desires.

Chinese Market:

- **Seamless Integration and Market Penetration in China:** Our primary focus lies in seamlessly integrating and optimizing our direct sales channels in China, with a strong emphasis on bolstering market penetration. This strategic move aims to elevate Sisram's customer engagement and fortify our position as market leader. At the same time, the revenue share in the Asia-Pacific region will be further expanded.
- **Strategic Build-Up of Injectable Business:** We remain steadfast in establishing a robust commercial team dedicated to the injectable business.
- **Vigilant NMPA Application Monitoring:** We are actively engaged in closely monitoring the NMPA application process for energy-based devices, Daxxify, and IBSA products in the Chinese market. Our vigilant approach underscores our commitment to adhering to regulatory processes and timelines.
- **LMNT Personal Care Brand Awareness:** A key priority is bolstering the brand recognition of our LMNT personal care line and establishing it as a vital element to amplify the impact on patients treated through our medical grade solutions. This strategic move holds the potential to foster cross-sales within the broader Sisram offering.
- **Crafting tailored solutions for the Asian market, effectively meeting local market needs while leveraging the power of our global brand awareness in the region.**



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\$174.5 million to US\$171.6 million, representing a decrease of 1.7% when compared to the corresponding period in 2022.

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,				
	2023		2022		YOY %
	(US\$ in thousands, except for percentages)				
Sale of Goods:					
Medical Aesthetics	147,380	85.9%	153,801	88.1%	-4.2%
Dental	5,320	3.1%	7,311	4.2%	-27.2%
Injectables	4,887	2.8%	3,771	2.2%	29.6%
Subtotal	157,587	91.8%	164,883	94.5%	-4.4%
Services and Others	14,034	8.2%	9,621	5.5%	45.9%
Total	171,621	100%	174,504	100.0%	-1.7%

We have derived a substantial majority of our revenue from our Medical Aesthetics product line, representing 85.9% of our total revenue for the Reporting Period. Revenue from the sale of our Medical Aesthetics line was US\$147.4 million for the six months ended June 30, 2023, representing a decrease of 4.2% in comparison with a revenue of US\$153.8 million in the corresponding period in 2022. The majority of revenue derived from our leading platforms such as “Soprano”, “Harmony”, “Opus” and “Accent”.

Revenue from our Dental business line decreased to US\$5.3 million compared to US\$7.3 million.

Revenue from Injectable line amounted to US\$4.9 million, representing an increase of 29.6% in comparison with the corresponding period in 2022.

The revenue from service and others amounted to US\$14.0 million, representing an increase of 45.9% in comparison with the corresponding period in 2022 mainly related to the increase in post-sales marketing revenue.

Management Discussion and Analysis

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				
	2023		2022		YOY %
	(US\$ in thousands, except for percentages)				
Europe	21,851	12.8%	30,537	17.5%	-28.4%
North America	79,502	46.3%	69,905	40.0%	13.7%
APAC	48,447	28.2%	47,928	27.5%	1.1%
Middle East and Africa	13,893	8.1%	17,749	10.2%	-21.7%
Latin America	7,928	4.6%	8,385	4.8%	-5.5%
Total	171,621	100.0%	174,504	100.0%	-1.7%

During the Reporting Period, North America, APAC, and Europe were the Company's most important geographic segments by revenue contribution, though sales were distributed broadly across many regions globally. The Company has strived to maintain and expand its geographically diverse sales network, which will allow the Company to readily capture and satisfy strong regional demand, as well as help the Company to balance and minimise risks from regional economics downturns.

The revenue derived from North America accounted for US\$79.5 million during the Reporting Period, an increase of 13.7% from US\$69.9 million for the corresponding period in 2022. The increase is attributed to strengthening position of Alma Ted™, Soprano and Harmony equipment platforms.

The revenue derived from APAC increased by 1.1% to US\$48.4 million in the Reporting Period from US\$47.9 million for the corresponding period in 2022. The increase is mainly attributed to increase revenue in the direct sale operation offices in Korea, Australia and Hong Kong, partially offset by temporary slowdown in China related to the transition period following acquisition of our leading distributor.

The revenue derived from Europe decreased by 28.4% to US\$21.9 million in the Reporting Period from US\$30.5 million for the corresponding period in 2022. The decrease is mainly attributed to the macro-economic environment affecting European market performance, alongside the conflict between Russia and Ukraine and transition period for achievement from a distribution model to a direct sale operation in UK.

The revenue derived from Middle East and Africa decreased by 21.7% to US\$13.9 million in the Reporting Period from US\$17.7 million for the corresponding period in 2022. The decrease is mainly attributed to negative impact of exchange rate differences and temporary slowdown in Dubai related to transition period to a direct operation office.



The revenue derived from Latin America decreased by US\$0.5 million to US\$7.9 million in the Reporting Period from US\$8.4 million for the corresponding period in 2022.

During the Reporting Period, the cost of sales primarily comprised of the costs of production materials, and to a lesser extent, remuneration of production employees, the cost of rendering of services, and overheads and other miscellaneous costs relating to production. For the Reporting Period, the cost of sales of the Group decreased by 11.4% to US\$66.3 million from US\$74.9 million for the corresponding period in 2022, which is mainly due to decrease in our distributor revenue portion.

B. Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group increased by 5.7% to US\$105.3 million from US\$99.6 million for the corresponding period in 2022 for the reasons set out in Revenue and Cost of sales above.

The gross profit margin increased by 4.3pp to 61.4% for the Reporting Period from 57.1% for the corresponding period in 2022. This improvement is primarily attributed to the higher revenue portion from direct sale operation compared to sale via distributors and a more profitable product mix.

C. 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 activities expenses such as academies, brand ambassador, participation in tradeshows and digital activities.

During the Reporting Period, selling and distribution expenses of the Group increased by 26.2% to US\$59.9 million from US\$47.4 million for the corresponding period in 2022, the increase is resulted from (i) increase in sales force employees to strengthen sales efforts; (ii) empowering the global brand through investments in brand ambassadors project, academies, and workshops, (iii) travelling expenses; (iv) enhanced digital activities; (v) expenses related to the establishment of new direct operation offices; (vi) investment in business development for LMNT and Copulla business units.

D. Administrative expenses

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

During the Reporting Period, administrative expenses of the Group increased by 1.0% to US\$14.0 million from US\$13.9 million for the corresponding period in 2022.

E. 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, 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 increased by 10% to US\$9.2 million from US\$8.3 million for the corresponding period in 2022, as the Company continued to expand its technological core competence and invested R&D resources in our incubated personal care brand-LMNT.

F. Finance costs

Finance costs are comprised mainly of (i) interest on bank loans and (ii) interest on lease liabilities. Finance costs are US\$1.0 million as was in the corresponding period in 2022.

G. Income tax expense

The Israeli corporate tax rates are both 23% in 2022 and 2023. Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

On December 4, 2018 a ruling from the Israeli Income Tax Authority granted Alma a SPTTE status, in accordance with the legal criteria and the conditions mentioned in the ruling, effective from January 1, 2017.

During the Reporting Period, income tax expense decreased to US\$1.9 million, representing a decrease of 23.4% from US\$2.5 million for the corresponding period in 2022. This was primarily attributable to lower tax rate in Israel companies, due to special taxation terms from January 1, 2017.

H. Profit for the period

As a result of the foregoing, during the Reporting Period, our profit for the period decreased by 8.5% to US\$18.8 million from US\$20.5 million for the corresponding period in 2022. The net profit margin of the Group for the six months ended in June 30, 2023 and 2022 were 10.9% and 11.8%, 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; (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,		
	2023 US\$'000	2022 US\$'000	YOY%
PROFIT FOR THE PERIOD	18,783	20,527	-8.50%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisitions	2,150	2,305	-6.7%
Amortization of other intangible assets arising from the Nova acquisitions	239	239	0.0%
Amortization of other intangible assets arising from the Foshion acquisition	213	234	-9.0%
One-off VAT adjustment	(1,010)	–	100%
Deduct: deferred tax arising from other intangible assets	(529)	(534)	-0.9%
Previous years taxes	–	547	-100%
RSU Expenses	825	1,626	-49.3%
Adjusted net profit	20,671	24,944	-17.1%

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, 2023 and June 30, 2022, 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 21.1 times as compared with 23.4 times for the corresponding period in 2022. The interest coverage decreased mainly because the Group’s EBIT during the Reporting Period decreased by 9.7% to US\$21.8 million from US\$24.1 million for the corresponding period in 2022.

D. Available facilities

As of June 30, 2023, Sisram did not have any unutilized banking facilities. Sisram is mainly financing its operations through cash generated from operating activities.

E. Interest rate

As of June 30, 2023, total interest-bearing bank and other borrowings at a fixed interest rate amounted to US\$4.8 million (As at December 31, 2022: US\$5.7 million).



F. Maturity structure of outstanding debts

The following tables sets forth the maturity structure of outstanding debts as at June 30, 2023 and December 31, 2022.

	June 30, 2023 US\$'000			December 31, 2022 US\$'000		
	Effective interest rate (%)	Maturity	US\$'000	Effective interest rate (%)	Maturity	US\$'000
Current						-
Other borrowings*	3.7-4.15	2023-2024	4,780	3.7-4.15	2023	5,743

* As of June 30, 2023, included in other borrowings are loan from the Group's related parties amounting to US\$4.8 million (as at December 31, 2022: US\$5.0 million).

	June 30, 2023 US\$ '000	December 31, 2022 US\$ '000
Within 1 year	4,780	5,743

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 2022.

	Six months ended June 30,		
	2023 US\$'000	2022 US\$'000	YOY%
Net cash flows generated from operating activities	8,008	10,688	-25.1%
Net cash flows (used in)/generated from investing activities	(24,227)	7,946	-404.9%
Net cash flows used in financing activities	(4,954)	(3,357)	47.6%
Net increase in cash and cash equivalents	(21,173)	15,277	-238.6%
Cash and cash equivalents at the beginning of the period	74,793	124,920	-40.1%
Effect of foreign exchange rate changes, net	(1,719)	101	-1,802.0%
Cash and cash equivalents at the end of the period	51,901	140,298	-63.0%
Cash and cash equivalents			
Pledged bank balances	137	131	4.6%
Term deposits with original maturity of more than three months	10,541	8,286	27.2%
Cash and bank balance at the end of the period	62,579	148,715	-57.9%

Net cash flows generated from operating activities

During the Reporting Period, the net cash flows provided by operating activities were US\$8.0 million, which was primarily attributable to (i) the profit before tax of US\$20.7 million; (ii) total adjustments for profit or loss items of US\$9.8 million; and (iii) working capital adjustments of US\$22.5 million.

Net cash flows used in investing activities

During the Reporting Period, the net cash flows used in investing activities were US\$24.2 million, which was primarily attributable to (i) maturity of short term bank deposits with the amount of US\$6.3 million, (ii) investments in associates in the amount of US\$27.2 million; and (iii) US\$3.3 million in purchase of plant and equipment.

Net cash flows used in financing activities

During the Reporting Period, the net cash flows used in financing activities was US\$5.0 million, which was primarily attributable to (i) repayments on loan and interest of US\$3.1 million; (ii) payment of lease payments of US\$2.3 million; (iii) borrowing new loans of US\$1.9 million; and (iv) payment to settlement of foreign currency forward contracts of US\$1.5 million.



7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US\$3.3 million, which mainly consisted of leasehold improvements.

As at June 30, 2023, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As at June 30, 2023, the Group did not have any contingent liabilities.

9. MATERIAL ACQUISITION AND DISPOSAL

Save as the Acquisition disclosed under the section “2. Business Review of First Half of 2023 – Mergers & Acquisition” above, during the Reporting Period, the Group did not conduct any other material acquisition or disposal.

10. 2021 RSU SCHEME

On November 30, 2021, the Group adopted the 2021 RSU Scheme, pursuant to which it may grant the Directors of the Company (including executive directors, and non-executive directors, but excluding Independent Non-executive Directors), the directors of the Company’s subsidiaries and the employees of the Group, and any other persons who the Board considers, in its absolute discretion, have contributed or will contribute to the Group (“**Participants**”) restricted share units (“**RSUs**”). The purpose of the 2021 RSU Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and motivate personnel to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. 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 5th anniversary (being November 30, 2026) 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 report.

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 at January 1, 2023 and June 30, 2023, 17,488,230 RSUs were available for grant under the Scheme Mandate, respectively. The number of shares that may be issued in respect of the RSUs granted under the 2021 RSU Scheme during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period is 0.99%.

Management Discussion and Analysis

The aggregate fair value at the grant day of the free shares granted during the six months ended June 30, 2023 amounted to approximately US\$4,993,597, all of which will be charged to profit or loss and the capital reserve as costs of share-based compensation from the date of grant to the date on which the unlocking conditions are fulfilled. The Group recognized an expense of US\$825,000 for the six months ended June 30, 2023 (for the six months ended June 30, 2022: US\$1,626,000).

At June 30, 2023, the 3,206,084 ordinary shares granted in the form of share units have not been registered as share capital of the Company yet and remained unvested, which represented approximately 0.69% of the Company's shares in issue as at June 30, 2023.

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

Grantees	Unvested as at January 1, 2023 ¹		Expired/lapsed during the Reporting Period	Unvested as at June 30, 2023 ²	
	Number	Date of grant		Number	Date of grant
Mr. Yi LIU	165,000	December 2, 2021	–	165,000	December 2, 2021
Mr. Lior Moshe DAYAN	600,000	November 30, 2021	–	600,000	November 30, 2021
Mr. Doron YANNAI	137,617	November 30, 2021	–	137,617	November 30, 2021
Five highest paid individuals ³	600,000	November 30, 2021	–	600,000	November 30, 2021
	170,456	December 2, 2021	–	170,456	December 2, 2021
Other grantees by category	2,159,031	December 2, 2021	26,020	2,133,011	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 No RSUs were granted, vested or cancelled during the Reporting Period.
- 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 report, there were no other significant investments held as at June 30, 2023. 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 Group is the U.S. Dollar and most of the sales proceeds are denominated in the U.S. Dollar. However, the Company also generates revenue globally in a few other currencies, particularly Euros, and incurs costs mostly in New Israeli Shekels. Furthermore, the functional currencies of certain subsidiaries are currencies other than the U.S. Dollar, including the Euros, the Indian Rupee, the New Israeli Shekels, the HK Dollar, the South Korean Won and the Australian Dollar. 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, 2023:

Function	Number of Employees
Operations	295
R&D	100
Sales & Marketing	552
General and Administration	155
Total	1,102

Employees' headcount as at the end of Reporting Period increased by 29.5% due to additional headcount of recently acquired distributor – PhotonMed International Limited, expansion of our sales force employees and recruitment of positions to our new direct offices, as compared to the December 31, 2022.

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.

In addition, the Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

14. USE OF PROCEEDS FROM THE PLACING

On July 27, 2021, a total of 24,000,000 new Shares (the “**Placing Shares**”) were issued by the Company pursuant to a placing agreement dated July 19, 2021 (the “**Placing**”), representing approximately 5.15% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing was approximately NIS240,000. The Placing Shares have been placed to no less than six placees who and whose ultimate beneficial owner shall be a third party independent of the Company and were issued at a placing price of HK\$25.90 per Share representing a discount of approximately 12.79% to the closing price of HK\$29.70 per Share as quoted on the Stock Exchange on 19 July 2021, being the date on which the terms of the Placing were fixed. The net price (after deducting all applicable costs and expenses, including commissions and legal fees) raised per Share upon completion of the Placing was approximately HK\$25.64.

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



The Placing had been completed on July 27, 2021 and the net proceeds (after deducting all applicable costs and expenses, including commissions and legal fees) raised from the Placing were approximately HK\$615.47 million. Such net proceeds were intended to be used for the (a) development and operation of the Group's injectables businesses (including RT002 (subject to the approval by the independent Shareholders for the sub-license agreement entered into between the Company and Fosun Industrial on 14 July 2021 and the transactions contemplated thereunder) or other injectables business opportunities) and aesthetic dentistry and personal care business units, (b) the expansion of the Group's global sales channels and (c) general working capital purposes. For details, please refer to the announcements of the Company dated July 20, 2021 and July 27, 2021.

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

An analysis of the application and utilisation of the net proceeds from the Placing as at June 30, 2023 is set out below:

	Allocation of the net proceeds (HK\$ million)	Unutilised amounts as at December 31, 2022 (HK\$ million)	Utilised amounts during the Reporting Period (HK\$ million)	Unutilised amounts as at June 30, 2023 (HK\$ million)
(a) Development and operation of the Group's injectables businesses and aesthetic dentistry and personal care business units	546	71	-	71
(b) Expansion of the Group's global sales channels	61	61	61	-
(c) General working capital	8	8	8	-
Total	615	140	69	71

Interim Condensed Consolidated Statement of Profit or Loss
For the six months ended June 30, 2023

	Notes	For the six months ended June 30	
		2023 (Unaudited) US\$'000	2022 (Unaudited) US\$'000
REVENUE	4	171,621	174,504
Cost of sales		(66,323)	(74,890)
Gross profit		105,298	99,614
Other income and gains		1,003	584
Selling and distribution expenses		(59,855)	(47,418)
Administrative expenses		(14,028)	(13,891)
Research and development expenses		(9,159)	(8,329)
Other expenses		(1,290)	(6,385)
Finance costs		(1,030)	(1,029)
Share of profits and losses of associates		(207)	(74)
PROFIT BEFORE TAX	5	20,732	23,072
Income tax expense	6	(1,949)	(2,545)
PROFIT FOR THE PERIOD		18,783	20,527
Attributable to:			
Owners of the parent		18,899	20,621
Non-controlling interests		(116)	(94)
		18,783	20,527
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT	8		
Basic			
– For profit for the period (US cents)		4.04	4.42
Diluted			
– For profit for the period (US cents)		4.03	4.42

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended June 30, 2023



	For the six months ended June 30	
	2023 (Unaudited) US\$'000	2022 (Unaudited) US\$'000
PROFIT FOR THE PERIOD	18,783	20,527
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss 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	(774)	(1,023)
Reclassification adjustments for gain included in the consolidated statement of profit or loss	663	–
	(111)	(1,023)
Exchange differences:		
Exchange differences on translation of foreign operations	126	(4,641)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	15	(5,664)
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	74	(5,664)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	18,857	14,863
Attributable to:		
Owners of the parent	18,973	14,957
Non-controlling interests	(116)	(94)
	18,857	14,863

Interim Condensed Consolidated Statement of Financial Position
June 30, 2023

	Notes	June 30 2023 (Unaudited) US\$'000	December 31 2022 (Audited) US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	19,184	16,847
Right-of-use assets		38,409	35,355
Goodwill	12	126,915	111,183
Other intangible assets		138,750	45,288
Investments in associates		6,385	6,176
Deferred tax assets		7,417	7,246
Trade receivables	10	17,672	13,047
Financial assets at fair value through profit and loss		124	–
Other non-current assets		238	69,894
Total non-current assets		355,094	305,036
CURRENT ASSETS			
Inventories		84,091	74,720
Trade receivables	10	83,846	80,378
Prepayments, other receivables and other assets		19,129	13,919
Cash and bank balances		62,579	81,548
Total current assets		249,645	250,565
CURRENT LIABILITIES			
Contract liabilities		12,677	14,375
Trade payables	11	19,641	13,335
Other payables and accruals		49,000	41,377
Derivative financial instruments		863	586
Interest-bearing bank and other borrowings		4,780	5,743
Lease liabilities		2,770	2,880
Tax payables		2,822	1,829
Total current liabilities		92,553	80,125
NET CURRENT ASSETS		157,092	170,440
TOTAL ASSETS LESS CURRENT LIABILITIES		512,186	475,476

Interim Condensed Consolidated Statement of Financial Position (continued)
June 30, 2023



	June 30 2023 (Unaudited) US\$'000	December 31 2022 (Audited) US\$'000
NON-CURRENT LIABILITIES		
Contract liabilities	634	592
Lease liabilities	34,787	32,718
Deferred tax liabilities	14,596	8,646
Other long-term liabilities	6,310	1,295
Total non-current liabilities	56,327	43,251
NET ASSETS		
EQUITY		
Equity attributable to owners of the parent		
Share capital	1,331	1,331
Reserves	438,829	429,541
Non-controlling interests	15,699	1,353
Total equity	455,859	432,225

Interim Condensed Consolidated Statement of Changes in Equity
For the six months ended June 30, 2023

Note	Attributable to owners of the parent								
	Share capital	Share premium*	Other reserve*	Cashflow hedge reserve*	Exchange fluctuation reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At January 1, 2023 (audited)	1,331	321,532	(22,388)	(303)	(4,928)	135,628	430,872	1,353	432,225
Profit/(Loss) for the period						18,899	18,899	(116)	18,783
Other comprehensive income for the period:									
Effective portion of changes in fair value of hedging instruments arising during the year, net of tax	-	-	-	(774)	-	-	(774)	-	(774)
Reclassification adjustments for loss included in the consolidated statement of profit or loss	-	-	-	663	-	-	663	-	663
Exchange differences on translation of foreign operations	-	-	-	-	126	-	126	-	126
Actuarial reserve relating to a defined benefit plan	-	-	-	-	-	59	59	-	59
Total comprehensive income for the period	-	-	-	(111)	126	18,958	18,973	(116)	18,857
Equity-settled share-based payments	-	-	825	-	-	-	825	-	825
Acquisition of a subsidiary	12	-	-	-	-	-	-	14,462	14,462
Final 2022 dividend declared	-	-	-	-	-	(10,510)	(10,510)	-	(10,510)
At June 30, 2023 (unaudited)	1,331	321,532	(21,563)	(414)	(4,802)	144,076	440,160	15,699	455,859

* These reserve accounts comprise the consolidated other reserves of US\$438,829,000 (December 31, 2022: US\$429,541,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes in Equity (continued)
For the six months ended June 30, 2023



	Attributable to owners of the parent								
	Share capital	Share premium*	Other reserve*	Cashflow hedge reserve*	Exchange fluctuation reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At January 1, 2022 (audited)	1,328	319,869	(23,888)	193	435	104,245	402,182	1,443	403,625
Profit for the period	-	-	-	-	-	20,621	20,621	(94)	20,527
Other comprehensive income for the period:									
Effective portion of changes in fair value of hedging instruments arising during the year, net of tax	-	-	-	(1,023)	-	-	(1,023)	-	(1,023)
Exchange differences on translation of foreign operations	-	-	-	-	(4,641)	-	(4,641)	-	(4,641)
Total comprehensive income for the period				(1,023)	(4,641)	20,621	14,957	(94)	14,863
Equity-settled share-based payments	-	-	1,626	-	-	-	1,626	-	1,626
Other reserve	-	-	41	-	-	-	41	-	41
Final 2021 dividend declared	-	-	-	-	-	(9,374)	(9,374)	-	(9,374)
At June 30, 2022 (unaudited)	1,328	319,869	(22,221)	(830)	(4,206)	115,492	409,432	1,349	410,781

* These reserve accounts comprise the consolidated other reserves of US\$408,104,000 in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows
For the six months ended June 30, 2023

	Note	For the six months ended June 30	
		2023 (Unaudited) US\$'000	2022 (Unaudited) US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		11,980	12,340
Income tax paid		(3,972)	(1,652)
Net cash flows generated from operating activities		8,008	10,688
CASH FLOWS USED IN INVESTING ACTIVITIES			
Interest received		35	411
Purchases of items of property, plant and equipment		(3,320)	(1,628)
Proceeds from disposal of property, plant and equipment		10	59
Purchases of items of intangible assets		–	(314)
Acquisition of a subsidiary	12	(27,262)	–
Investment in associates		–	(5,798)
Increase in other non-current assets		–	(4,498)
Decrease in term deposits with original maturity of more than three months		6,310	19,714
Net cash flows (used in)/generated from investing activities		(24,227)	7,946
CASH FLOWS USED IN FINANCING ACTIVITIES			
New bank loans and other borrowings		1,887	2,824
Repayment of bank loans and other borrowings		(2,680)	(4,104)
Interest paid		(306)	(297)
Lease payments		(2,345)	(2,352)
Payment for/proceeds from the settlement of foreign currency forward contracts		(1,510)	572
Net cash flows used in financing activities		(4,954)	(3,357)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(21,173)	15,277
Cash and cash equivalents at beginning of period		74,793	124,920
Effect of foreign exchange rate changes, net		(1,719)	101
CASH AND CASH EQUIVALENTS AT END OF PERIOD		51,901	140,298
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		51,901	140,298
Pledged bank balances		137	131
Term deposits with original maturity of more than three months		10,541	8,286
Cash and bank balances as stated in the interim condensed consolidated statement of financial position		62,579	148,715



1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2023 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, 2022.

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, 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since January 1, 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES (continued)

- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments did not have any significant impact on the Group's financial statements.
- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after January 1, 2023, but are not required to disclose such information for any interim periods ending on or before December 31, 2023. The Group has applied the amendments retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

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

An analysis of revenue is as follows:

	For the six months ended June 30	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Revenue from contracts with customers		
Sale of goods	157,587	164,883
Services provided	14,034	9,621
	171,621	174,504



4. REVENUE (continued)

	For the six months ended June 30	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Types of goods or services		
Sale of goods	157,587	164,883
Provision of services	14,034	9,621
Total revenue from contracts with customers	171,621	174,504
Geographical information		
Europe	21,851	30,537
North America	79,502	69,905
Asia Pacific	48,447	47,928
Latin America	7,928	8,385
Middle East and Africa	13,893	17,749
Total revenue from contracts with customers	171,621	174,504

	For the six months ended June 30	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Timing of revenue recognition		
Goods transferred at a point in time	157,587	164,883
Services transferred over time	14,034	9,621
Total revenue from contracts with customers	171,621	174,504

5. PROFIT BEFORE TAX

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

	For the six months ended June 30	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Cost of inventories sold	43,406	48,342
Cost of services and others	22,917	26,548
	66,323	74,890
Research and development costs:		
Current year expenditure	9,159	8,329
Depreciation of property, plant and equipment	1,328	1,174
Depreciation of right-of-use assets	1,959	1,883
Amortization of other intangible assets	2,638	3,120
Provision for impairment of inventories	122	2,725
Provision for impairment of trade receivables	380	778
Share of profits and losses of associates	207	74
Foreign exchange differences, net	791	3,059

6. INCOME TAX

The Israeli corporate tax rates applicable to the Company was 23% for the reporting period (2022: 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.



6. INCOME TAX (continued)

Applicable benefits under the new regime include:

Introduction of a benefit regime for “Preferred Technology Enterprises”, where tax rates of 12% and 7.5% were applicable for income derived from central Israel and special areas in Israel, respectively, from Intellectual Property, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual research and development (“**R&D**”) expenditure and R&D employees, as well as having at least 25% of annual income derived from exports. Preferred Technology Enterprises is defined as an enterprise which meets the aforementioned conditions with the total consolidated revenues of its parent company and all subsidiaries are less than NIS10 billion. In cases where the parent company and all subsidiaries have more than NIS10 billion of consolidated revenues, the tax rate will be 6% in all Israel regions.

For a Special Preferred Technological Enterprise (“**SPTE**”) where the parent company’s total revenues are more than NIS10 billion in the tax year, its preferred technological income will be subject to a tax rate of 6%, regardless of its geographical location. On December 4, 2018, the Company received a ruling from the Israeli Income Tax Authority, that it was granted the SPTE status in accordance with the criteria in the law mentioned above and the conditions mentioned in the ruling, effective from January 1, 2017.

The following applies to SPTE:

- A 6% capital gains tax rate on the sale of a preferred intangible asset to a foreign affiliated enterprise, in accordance with the criteria mentioned in the law.
- A withholding tax rate of 20% for the dividends paid from a Preferred Technology Enterprise’s income (with an exemption from such withholding tax applying to dividends paid to an Israeli company). Such rate may be reduced to 4% on the dividends paid to a foreign resident company, subject to certain conditions regarding the percentage of foreign ownership of the distributing entity.

As of June 30, 2023, Alma enjoyed a preferential effective tax rate of 6% for being a SPTE for the period ended June 30, 2023 (2022: 6%).

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

The subsidiary released their Clawback Profits and chose to pay reduced corporate income tax. The Company has released all their Clawback Profits in 2022. No additional tax provision was made for the six months ended June 30, 2023 (US\$0.5 million tax provision was made for the six months ended June 30, 2022) in accordance with the Temporary Provisions.

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

The U.S. Tax Cuts and Jobs Act of 2017 (“**TCJA**”) was approved by the United States Congress on December 20, 2017 and signed into law by the United States President Donald J. Trump on December 22, 2017. This legislation has brought complex and significant changes to the United States Internal Revenue Code. Such changes include a reduction in the corporate tax rate and limitations on certain corporate deductions and credits, among other changes. The changes include, but are not limited to:

6. INCOME TAX (continued)

RATE REDUCTION

The TCJA reduces the U.S. federal corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. In addition, the TCJA has made certain changes to the depreciation rules and implemented new limits on the deductibility of certain expenses and deduction.

The income of Alma Lasers GmbH, a subsidiary incorporated in Germany, is taxed based upon the tax law in Germany, the country of residence. Income was taxed at a flat corporate income tax rate including solidarity surcharge of 15.83% during the reporting period and was also subject to additional trade income tax of 16.35% as applicable.

The income of Alma Lasers AT GmbH, a subsidiary incorporated in Austria, is taxed based upon the tax law in Austria, the country of residence. Income was taxed at a flat corporate income tax rate of 24% during the reporting period and was also subject to additional trade income taxes as applicable.

The income of Alma Lasers Suisse GmbH, a subsidiary incorporated in Switzerland, is taxed based upon the tax law in Switzerland, the country of residence. Income was taxed at a flat corporate income tax rate of 12.7% during the reporting period.

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 25% and a 4% surcharge bringing it to 26% during the reporting period (which was not a flat rate but included deductions/exemptions/rebates as per the Income Tax Act 1961) and the Company was also subject to withholding taxes as per the provisions of the said Income Tax Act 1961.

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

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

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

The income of Alma Lasers UAE Ltd., a subsidiary incorporated in UAE, is taxed at the rate of 0%.

The income of Alma Korea Limited, a subsidiary incorporated in Korea, is taxed at the rate of 22%.

The income of Alma Lasers UK Ltd., a subsidiary incorporated in UK, is taxed at the rates of 19%-25% (changing according to the profit range).

	For the six months ended June 30	
	2023	2022
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current	2,621	3,981
Deferred	(672)	(1,436)
Total tax charge for the period	1,949	2,545



7. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the reporting period (six months ended 30 June 2022: Nil).

On March 21, 2023, the board of directors resolved to declare a final dividend of HK\$0.173 (inclusive of tax) per share for the year ended December 31, 2022. No dividends were paid during the period ended June 30, 2023 (six months ended June 30, 2022: Nil).

8. 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, 2023 and 2022 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 467,292,609 (six months ended June 30, 2022: 466,155,600) 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	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	18,899	20,621

	Number of shares For the six months ended June 30	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	467,292,609	466,155,600
Effect of dilution – weighted average number of ordinary shares: – 2021 restricted share units scheme	1,893,210	545,805
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	469,185,819	466,701,405

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2023, the Group acquired assets at a cost of US\$3,675,000 (six months ended June 30, 2022: US\$1,628,000).

During the six months ended June 30, 2023, depreciation for property, plant and equipment was US\$1,328,000 (six months ended June 30, 2022: US\$1,174,000).

During the six months ended June 30, 2023, there is no gain/loss from disposal of property, plant and equipment (six months ended June 30, 2022: a gain of US\$59,000).

10. TRADE RECEIVABLES

	June 30, 2023 US\$'000 (Unaudited)	December 31, 2022 US\$'000 (Audited)
Trade receivables		
Current	85,193	81,856
Non-current	18,204	13,777
	103,397	95,633
Impairment		
Current	(1,347)	(1,478)
Non-current	(532)	(730)
	(1,879)	(2,208)
	101,518	93,425

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 2023 US\$'000 (Unaudited)	December 31 2022 US\$'000 (Audited)
Within 1 month	62,050	49,586
1 to 2 months	4,951	6,162
2 to 3 months	3,364	5,111
Over 3 months	31,153	32,566
	101,518	93,425



11. 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 2023 US\$'000 (Unaudited)	December 31 2022 US\$'000 (Audited)
Within 1 month	9,903	8,524
1 to 2 months	5,364	3,642
2 to 3 months	3,209	93
Over 3 months	1,165	1,076
	19,641	13,335

12. BUSINESS COMBINATION

On March 30, 2023, a subsidiary of the Group, Alma Hong Kong 2023 Limited (“Alma HK”), entered into an asset purchase agreement with PhotonMed International Limited (“PhotonMed HK”) and Ms. Zhou Mei, pursuant to which Alma HK has agreed to purchase the business (comprising the target assets). After the completion of the acquisition on June 28, 2023, Alma HK shall issue 40% of its shares to PhotonMed HK so that Alma and PhotonMed HK will hold 60% and 40% of the total issued shares of Alma HK, respectively. The total consideration is an amount of up to RMB270,000,000, including contingent portion up to RMB37,500,000, which is subject to adjustment in relation to the target revenue and earnings. The acquisition was undertaken to consolidate its distribution operation and gain more market opportunities in China.

The fair values of the identifiable assets and liabilities of the acquisition as at the date of acquisition were as follows:

	Fair value recognised on acquisition US\$'000 (Unaudited)
Other intangible assets	39,078
Inventory	3,526
Deferred tax liabilities	(6,452)
Total identifiable net assets at fair value	36,152
Non-controlling interests	(14,462)
Goodwill on acquisition	15,732
	37,422
Fixed portion of consideration	
– satisfied by cash	27,262
– cash consideration payable	4,962
Contingent consideration	5,198
	37,422

12. BUSINESS COMBINATION (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	US\$'000
Cash consideration	27,262
Cash and bank balances acquired	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	27,262
Transaction costs of the acquisition included in cash flows from operating activities	264
	27,526

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	US\$'000 (Unaudited)
Gross carrying amount	
At January 1, 2023	111,183
Acquisition of a subsidiary	15,732
At June 30, 2023	126,915
Net book value	
At January 1, 2023	111,183
At June 30, 2023	126,915

The Group incurred transaction costs of US\$264,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the interim condensed consolidated statement of profit or loss.

None of the goodwill recognised is expected to be deductible for income tax purposes.

As part of the purchase agreement, contingent consideration is payable, which is dependent on the amount of target revenue and EBITDA for the periods July 1 through June 30 for the three periods subsequent to the acquisition. The fair values and fair value hierarchy of the contingent consideration as at the end of the period was disclosed in note 15.



12. BUSINESS COMBINATION (continued)

Since the acquisition of the new business was completed on June 28, 2023, the new business contribution to the Group's revenue and to the consolidated profit for the six months ended June 30, 2023 are immaterial.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the profit of the Group for the period would have been US\$209,010,000 and US\$23,402,000, respectively.

13. 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 Mainland China, 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.

14. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period.

	Notes	For the six months ended June 30	
		2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Associate of Fosun Pharma			
<u>Sales of goods</u>			
Shanghai Linkedcare Information Technology Co., Ltd.	1	424	437
<u>Interest expense to related party</u>			
Fosun Group Finance Corporation Limited*	2	106	37
Subsidiary of Fosun Pharma			
<u>Sales of goods</u>			
Qianda (Tianjin) International Trade Co., Ltd.		–	128
<u>Interest expense to related party</u>			
Qianda (Shanghai) International Trade Co., Ltd.		–	81
<u>License in from related party</u>			
Fosun Industrial	(b)(1)	57,141	–

Notes:

* Fosun Group Finance Corporation Limited (“Fosun Finance”) is a licensed financial institution registered with the China Banking Regulatory Commission. Fosun Finance is a subsidiary of Shanghai Fosun High Technology (Group) Company Limited (“Fosun High Tech”).

(1) For the six months ended June 30, 2023, the Group offered Shanghai Linkedcare Information Technology Co., Ltd. with products at market prices.

(2) For the six months ended June 30, 2023, Fosun borrowed several loans with total amount of US\$1,887,000 from Fosun Finance, an associate of Fosun Pharma, with annual interest rate of 4.15% and the terms of the loans were all one year, and the maturity dates varied from February 6, 2024 to June 7, 2024, and repaid US\$2,121,000 borrowed in previous year. The total interest expense of the loans provided by Fosun Finance was US\$106,000 for the six months ended June 30, 2023 (six months ended June 30, 2022: US\$37,000).



14. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

	Notes	June 30, 2023 US\$'000 (Unaudited)	December 31, 2022 US\$'000 (Audited)
Subsidiary of Fosun Pharma			
<i>Amounts due from related parties</i>			
<i>Other long-term assets</i>			
Fosun Industrial	(1)	–	59,255
Associate of Fosun Pharma			
<i>Amounts due to related party</i>			
<i>Loans</i>			
Fosun Group Finance Corporation Limited	(a)(2)	4,780	5,014
<i>Amounts due from related party</i>			
<i>Deposits</i>			
Fosun Group Finance Corporation Limited	(2)	2,547	5,251

Notes:

- (1) Pursuant to a sublicense agreement, Sisram Tianjin has prepaid an amount of US\$59,255,000 to Fosun Industrial in December 2022. The final approval of the sublicense agreement has been achieved by the extraordinary general meeting of the Company on February 9, 2023. As at June 30, 2023, the payment to Fosun Industrial has been classified into development costs in other intangible assets. Further details of the sublicense agreement are included in note 14 to the financial statement.
- (2) Included in the cash and bank balances, deposits of USD2,547,000(2021: USD5,251,000) are deposited in an associate of Fosun Pharma.

(c) Compensation of key management personnel of the Group:

	For the six months ended June 30	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Salaries, allowances and benefits in kind	977	958
Performance related bonuses	304	1,091
Equity-settled share base payments	324	584
Total compensation paid to key management personnel	1,605	2,633

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at June 30, 2023 and December 31, 2022, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits, and other receivables, trade payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The Group enters into derivative financial instruments with financial institutions. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

UNOBSERVABLE INPUTS FOR LEVEL 3 LIABILITIES

The fair values of contingent consideration included in other long-term liabilities of USD5,198,000 are determined based on discounted cash flows. Significant unobservable inputs for the level 3 liabilities are the EBITDA and revenue of the acquired business and the discount rate.

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at June 30, 2023

	Fair value measurement using			Total US\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) US\$'000 (Unaudited)	Significant Observable inputs (Level 2) US\$'000 (Unaudited)	Significant unobservable inputs (Level 3) US\$'000 (Unaudited)	
Financial assets at fair value through profit and loss	–	–	124	124



15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

The Group did not have any financial assets measured at fair value as at December 31, 2022.

Liabilities measured at fair value:

As at June 30, 2023

	Fair value measurement using			Total US\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) US\$'000 (Unaudited)	Significant Observable inputs (Level 2) US\$'000 (Unaudited)	Significant unobservable inputs (Level 3) US\$'000 (Unaudited)	
Financial liabilities included in other long-term liabilities	–	–	5,198	5,198
Derivative financial instruments	–	863	–	863
	–	863	5,198	6,061

As at December 31, 2022

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant Observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Derivative financial instruments	–	586	–	586

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended June 30, 2022: Nil).

16. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

General Information

Results and Dividends

The Group's results for the six months ended June 30, 2023 and the state of affairs of the Group as at June 30, 2023 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 27 to 48. The Board has not recommended the distribution of any interim dividend for the Reporting Period.

Share Capital

As at the date of this interim report, the authorised share capital of the Company is NIS10,000,000, comprising 1,000,000,000 Shares of NIS0.01 each, among which, 467,292,609 Shares are issued and fully paid.

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As at June 30, 2023, the interest and/or short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Name of Directors	The company in which the interests are held	The class of shares	Capacity and nature	Number of shares held	Percentage of shareholding in the relevant class of shares
Yi LIU	Company	Ordinary Shares	Beneficial owner	250,000	0.05%
	Fosun Pharma	H shares	Beneficial owner	20,000	0.00%
		A shares	Beneficial owner	46,800	0.00%
Lior Moshe DAYAN	Company	Ordinary Shares	Beneficial owner	938,500	0.20%
	Fosun International	Ordinary Shares	Beneficial owner	200,000	0.00%
Yifang WU	Fosun International	Ordinary Shares	Beneficial owner	200,000	0.00%
	Fosun Pharma	H shares	Beneficial owner	373,000	0.07%
		A shares	Beneficial owner	1,007,100	0.05%
Rongli FENG	Fosun Pharma	H shares	Beneficial owner	113,500	0.01%

Save as disclosed in the foregoing, as at June 30, 2023, none of the Directors or chief executive of the Company or their respective close associates had any interests or short positions in any shares, underlying shares, or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued Shares as at the date of this interim report.

Purchase, Sale or Redemption of Listed Securities by the Company

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



Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As at June 30, 2023, so far as is known to the Directors, the persons or entities, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name of Shareholders	Capacity	Number of Shares held or interested	Approximate Percentage (%)
CML	Beneficial owner	127,318,640(L) ⁽¹⁾	27.25%
Ample Up ⁽²⁾	Beneficial owner	204,592,560(L)	43.78%
	Interest in controlled corporation	127,318,640(L)	27.25%
		331,911,200(L)	71.03%
Fosun Industrial ⁽³⁾	Interest in controlled corporation	331,911,200(L)	71.03%
Fosun Pharma ⁽⁴⁾	Interest in controlled corporation	331,911,200(L)	71.03%
Fosun High Tech ⁽⁵⁾	Interest in controlled corporation	331,911,200(L)	71.03%
Fosun International ⁽⁶⁾	Interest in controlled corporation	331,911,200(L)	71.03%
FHL ⁽⁷⁾	Interest in controlled corporation	331,911,200(L)	71.03%
FIHL ⁽⁸⁾	Interest in controlled corporation	331,911,200(L)	71.03%
Guangchang GUO ⁽⁹⁾	Interest in controlled corporation	331,911,200(L)	71.03%

Notes

- (1) (L): Long Positions
- (2) CML is wholly owned by Ample Up. Ample Up is deemed to be interested in the Shares in which CML is interested as legal and beneficial owner.
- (3) Ample Up is wholly owned by Fosun Industrial. Therefore, Fosun Industrial is deemed to be interested in an aggregate holding of 331,911,200 Shares which Ample Up is interested in, comprising 204,592,560 Shares held by Ample Up and 127,318,640 Shares held by CML.
- (4) Fosun Industrial is wholly owned by Fosun Pharma. Therefore, Fosun Pharma is deemed to be interested in the Shares in which Fosun Industrial is deemed to be interested.
- (5) Fosun High Tech controls the exercise of more than one-third of the voting rights at the general meeting of Fosun Pharma. Fosun High Tech is deemed to be interested in the Shares in which Fosun Pharma is deemed to be interested.
- (6) Fosun High Tech is wholly owned by Fosun International. Fosun International is deemed to be interested in the Shares in which Fosun High Tech is deemed to be interested.
- (7) FHL controls the exercise of more than one-third of the voting rights at the general meeting of Fosun International. FHL is deemed to be interested in the Shares in which Fosun International is deemed to be interested.
- (8) FHL is wholly-owned by FIHL. FIHL is deemed to be interested in the Shares in which FHL is deemed to be interested.
- (9) Guangchang GUO controls the exercise of more than one-third of the voting rights at the general meeting of FIHL. Guangchang GUO is deemed to be interested in the Shares in which FIHL is deemed to be interested.

General Information

Save as disclosed herein, there is no other person known to the Directors or chief executive of the Company who, as at June 30, 2023, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company

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 as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have fully complied with the relevant requirements set out in its own code of conduct during the Reporting Period.

Compliance with the Corporate Governance Code

The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability. The Board is of the view that, during the Reporting Period, the Company has been in full compliance with all code provisions of the Corporate Governance Code as contained in Part 2 of Appendix 14 to the Listing Rules.

Review of Interim Report by the Audit Committee of the Company

The audit committee of the Company comprised Mr. Heung Sang Addy FONG, Mr. Chi Fung Leo CHAN and Ms. Jenny CHEN, all being independent non-executive Directors. The audit committee of the Company has reviewed the unaudited interim results and the interim report of the Group for the six months ended June 30, 2023.



Directors

Executive Directors

Mr. Yi LIU (劉毅) (*Chairman*)
Mr. Lior Moshe DAYAN (*Chief Executive Officer*)

Non-executive Directors

Mr. Yifang WU (吳以芳)
Ms. Rongli FENG (馮蓉麗)

Independent Non-executive Directors

Mr. Heung Sang Addy FONG (方香生)
Mr. Chi Fung Leo CHAN (陳志峰)
Ms. Jenny CHEN (陳怡芳)
Mr. Kai Yu Kenneth LIU (廖啟宇)

Audit Committee

Mr. Heung Sang Addy FONG (方香生) (*Chairman*)
Mr. Chi Fung Leo CHAN (陳志峰)
Ms. Jenny CHEN (陳怡芳)

Nomination Committee

Mr. Yi LIU (劉毅) (*Chairman*)
Mr. Heung Sang Addy FONG (方香生)
Mr. Chi Fung Leo CHAN (陳志峰)

Remuneration Committee

Mr. Chi Fung Leo CHAN (陳志峰) (*Chairman*)
Mr. Yi LIU (劉毅)
Mr. Heung Sang Addy FONG (方香生)

Company Secretary

Ms. Qianli Fang (方前厲)

Authorized Representatives

Mr. Yi LIU (劉毅)
Ms. Qianli Fang (方前厲)

Headquarters, Registered Office and Principal Place of Business in Israel

Ofek Building 15
HaHarash Street 18
Industrial Park
Caesarea 3079895
Israel

Principal Place of Business in Hong Kong

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348 Kwun Tong Road, Kowloon
Hong Kong

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Auditors

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Corporate Information

Hong Kong Legal Adviser

Freshfields Bruckhaus Deringer
55/F, One Island East
Taikoo Place, Quarry Bay
Hong Kong

Israeli Legal Adviser

Yigal Arnon & Co. Law Firm
5 Azrieli Center
Tel-Aviv, 67025
Israel

Stock Short Name

SISRAM MED

Stock Code

01696

Company Website

www.sisram-medical.com

Definitions



In this interim report, the following expressions have the meanings set out below unless the context requires otherwise.

“Alma” or “Alma Lasers”	Alma Lasers Ltd., a company incorporated in Israel with limited liability, a wholly-owned subsidiary of the Company
“Ample Up”	Ample Up Limited (能悦有限公司), a company incorporated in Hong Kong with limited liability, and a wholly owned subsidiary of Fosun Pharma
“Articles of Association”	the articles of association of the Company currently in force
“APAC”	Asia-Pacific
“Board” or “Board of Directors”	the board of Directors of the Company
“CML”	Chindex Medical Limited (美中互利醫療有限公司), a wholly-owned subsidiary of Fosun Pharma
“Company” or “Sisram”	Sisram Medical Ltd (復銳醫療科技有限公司*), a company incorporated in Israel with limited liability, the Shares of which are listed on the Stock Exchange
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“COVID-19” or “pandemic”	Coronavirus disease 2019
“CPD”	continuous professional development
“Director(s)”	the director(s) of the Company
“FDA”	Food and Drug Administration of the United States
“FHL”	Fosun Holdings Limited (復星控股有限公司), a company incorporated in Hong Kong with limited liability, which is wholly owned by FIHL
“FIHL”	Fosun International Holdings Ltd. (復星國際控股有限公司), a company incorporated in the British Virgin Islands with limited liability
“Foshion”	Shanghai Foshion Medical System Co., Ltd.* (上海復星醫療系統有限公司), a company established in the PRC with limited liability
“Fosun High Tech”	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a wholly-owned subsidiary of Fosun International
“Fosun Industrial”	Fosun Industrial Co., Limited (復星實業(香港)有限公司), a wholly-owned subsidiary of Fosun Pharma
“Fosun International”	Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange

Definitions

“Fosun Pharma”	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively
“Fosun Pharma Group”	Fosun Pharma and its subsidiaries (excluding the Group)
“Group”, “we”, “us” or “our”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKICPA”	the Hong Kong Institute of Certified Public Accountants
“HKSA’s”	Hong Kong Standards on Auditing
“Hong Kong”	Hong Kong Special Administration Region of the PRC
“IASB”	the International Accounting Standards Board
“IFRSs”	International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listing”, “Global Offering” or “IPO”	the initial public offering of the Company’s shares
“M&A”	mergers & acquisitions
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“NIS”	New Israeli Shekels, the lawful currency of Israel
“Nova”	Nova Medical Israel Ltd., a private company organised under the laws of Israel
“PRC”	the People’s Republic of China, which for purpose of this interim report only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus issued by the Company on September 5, 2017 in connection with the Hong Kong public offering and the international offering of the Shares
“R&D”	research and development
“Reporting Period”	the six months ended June 30, 2023
“ROI”	Return on investment
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

Definitions



“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	the share(s) in the capital of the Company
“Sisram Tianjin”	Sisram Medical (Tianjin) Limited * (復銳醫療科技(天津)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars, the lawful currency of the United States
“YOY”	year over year

* For identification purpose only