sisram medical

(Incorporated in Israel with limited liability)

Enhancing Quality of Life

2022 Interim Report

Sisram Med
Stock Code: 1696.HK

ENHANCING QUALITY OF LIFE | ENHANCING QUALITY OF LIFE |

Contents

Discover the path to the principles of true happiness

With challenges, opportunities, innovations, and changes, the aesthetic healthcare industry is undergoing a revolution. Beauty is a way of life. Today, beauty is no longer confined to a privilege of a few people, and health, self-confidence, individuality, comfort, and **"feel good about yourself"** have become the first essential for consumers to implement. The conception of beauty such as skin color, ethnicity, gender, and age are gradually loosening, with beauty boundaries constantly extending. Meanwhile, attempts at beauty are more diversified, ranging from surface cleansing to intensive treatment, affordable luxury experiences to daily maintenance, and routine care to medical aesthetics, which leads to higher requirements for the specialization and comprehensiveness of aesthetic experiences.

To discover the path to the principles of true happiness, Sisram is committed to providing diversified wellness options to meet the individual needs of consumers. As a global wellness group, Sisram deeply roots in the global medical aesthetics industry, focuses on customer needs, with its product portfolio covering medical aesthetics Energy Based Device, Injectables, Aesthetics and Digital Dentistry, Personal Care and other sectors, and is committed to creating a unique global wellness ecosystem and to offer consumers **Medical Grade Wellness** experiences!

From "illness" to "wellness," improved quality of life comes from the inside-out pursuit of health and beauty. Sisram continues to broaden the boundaries of wellness. Focusing on the corporate mission to improve quality of life, Sisram has continued to deploy new wellness products in recent years. The Group has noticed the popular trends in preventing hair loss and improving sexual wellness, taken initiative in R&D and launched new product series to seize the market opportunity. In the future, the Group will continue to emphasize wellness demands from the inside out, actively develop related products, and continue to attach great importance to enhancing the quality of life.

In addition to the product-side layout, the Group also pays attention to deepen the channel side. During the period, the Group launched LMNT, a new personal care brand applying professional beauty knowledge to personal home care for the first time. LMNT has already formed a strong link with consumers, which helps Sisram to achieve the channel transformation from B2B to B2B2C. Meanwhile, during the same period, Sisram established a new direct office in the United Kingdom, enabling the Group to build genuine relationships and enhance customer loyalty with end users. Through channel optimization and upgrading, the Group is able to effectively collect customer feedback while providing high-quality and high-value products and services to form an efficient closed-loop with R&D, expand the product portfolio and solutions of medical aesthetics, better meet the needs of customers from different regions, and eventually enhance the overall ecological brand competitiveness.

Whilst the market is constantly changing, the original intention of Sisram remains unchanged. No matter how market trends change, Sisram has always been committed to building a global wellness group. We are actively exploring synergies between our four key business lines, continuously investing in research and development in order to provide professional and reliable one-stop medical aesthetics solutions for beauty seekers.

Sisram's Wellness Group today is composed of 4 pillars:

- Energy Based Device: Sisram's subsidiary, Alma, a leading Medical Aesthetics Energy Based Device company, provides customers with comprehensive solutions for the treatment of multiple clinical indications by harnessing nature's energy sources – laser, light, radio frequency, ultrasound and plasma.
- Aesthetics and Digital Dentistry: composed of two brands, Foshion and Copulla:

  Foshion: a leading dental equipment distributor, and manufacturer of CAD/CAM dental appliances in China. Foshion provides high-quality dental equipment, products and technical services for dental clinics and dental laboratories in China. The brand occupies an important position in the professional market.

  Copulla: a global end-to-end digital dentistry service, challenging existing dentistry workflow by creating an ideal, assisted digital workflow. Copulla's mission is to enable cost-effective and efficient one-stop-shop solutions via a digital platform, covering all aspects of digital dentistry from intra-oral scanning to final dental appliance delivery.
- Injectables: Sisram's Injectables operation offers skin boosters, dermal facial fillers, and soon a new generation of toxin- and fat-dissolving injectables. The synergy between Alma's cumulative knowledge and practice treating multiple clinical indications via Energy Based Device, and Sisram's Injectables operation, provides our customers with a unique comprehensive solution, bringing real value to patients. Sisram is continuously expanding its Injectables offering, focusing on the fast-growing Asia Pacific geography and gradually deploying it to the global market. The Injectables business line is expected to become one of the important growth engines for the Company in the future.
- LMNT: a new personal care brand, immersing the professional knowledge of wellness into consumers' daily routines for the first time. The first device, LMNT One, is a light-based treatment designed to achieve skin rejuvenation through multiple dimensions, including providing an instant glow and promoting collagen production in the comfort of consumers' homes. LMNT is targeting the end customers by applying a unique channel combination.

Looking forward, based on our charted strategy, we will remain well prepared for potential market changes and further develop our business with a positive mindset. In the second half of 2022, we will steadily expand our product portfolio and market presence, promote internal synergies within Sisram's Group and continue the development of Sisram's wellness ecosystem.

On a closing note, I would like to take this opportunity to extend my heartfelt gratitude to our Board of Directors, management, shareholders, partners, customers, consumers, and Sisram's employees for your continuous support.

Liu Yi
Chairman

Empowering wellness for everyone, everywhere

We will look back on the first half of 2022 as the moment when we let go of constraints and moved to revolutionize wellness with vision and vitality.

Sisram's Wellness Group offers something the wellness industries have never seen before: a genuinely synergistic ecosystem of solutions, including Energy Based Device, Injectables, Aesthetics and Digital Dentistry, Personal Care, and more. Our vision is to innovate and evolve with new definitions of beauty, allowing all people to enhance their quality of life and become the best versions of themselves.

The desire to pursue a higher quality of life is common among all people, and new opportunities for experimentation have led to increased popularity for non-invasive, low-dependency medical aesthetics. This market demand has existed for as long as humanity itself. As technology catches up to the human imagination, we expect to see massive growth and adoption of the solutions found in our product portfolio.

H1 2022: Connections and Education

Sisram Medical recorded impressive year-over-year growth during the first half of 2022, which can be attributed to the continued expansion of our direct reach, new consumer-oriented sales activities, and the introduction of new products, including non-invasive hair loss and skincare solutions, as well as our first home-use device, LMNT One.

The first half of 2022 also saw Sisram rehost its Alma Academy in the United States and Spain. The Alma Academy is an innovative channel for market education, allowing us to influence the customer mindset and drive public opinion towards our vision and solutions. During these live events, we can connect directly with our customers and share the knowledge and viewpoints of our team of aesthetic experts.

We recognize that expanding our direct reach is a key strategy for meeting market needs. During the period, Sisram established a new direct office in the United Kingdom, enabling us to respond to product performance and customer feedback more efficiently and effectively. Meanwhile, we also launched the new personal care brand LMNT, which provides medical-grade treatment for home use, connecting us tightly with end customers.

Sisram also has a mission to build the Group's digital core, serving all entities in the ecosystem and enabling effective data sharing among them. Sisram continues to invest in the information systems and digital transformation program with a focus on global implementation of the ERP and CRM, enhancing business intelligence tools, upgrading cyber security and initiating Copulla's software.

Regulations and market requirements will always shape our work as we guide the future of wellness. However, we are confident that the strength and diversity of our product lines will allow us to adapt seamlessly to any new requirement and always provide customers with a solution for their goals. From Energy Based Device to Injectables to Aesthetics and Digital Dentistry to Personal Care and more, Sisram is constantly innovating to offer a range of high-quality options to our customers.

Looking Forward: Synergy Exploration and Strategic Expansion

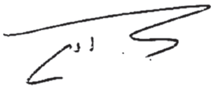
The second half of 2022 will be marked by our efforts to grow and expand in two areas: exploration of internal synergies and external strategic expansion.

Sisram emphasizes organic growth with new product offerings. The next business period will see increased efforts into exploring internal synergies between our four business lines in order to develop a comprehensive wellness offering for customers. Meanwhile, we will also focus on increasing our presence in key markets for wellness, specifically in the United States and China. We expect to meet all business and market demand in these major markets through direct operations.

Sisram Medical is also actively searching for, evaluating, and executing on relevant mergers and acquisitions. These initiatives are not limited to expanding our product lines. We will evaluate all possibilities to further develop our organization, including those that can strengthen our research and development capabilities, as well as our global distribution channels. Of course, we are constantly researching the newest innovations in aesthetics, beauty, and wellness for potential additions to our product portfolio.

Appreciation

I would like to extend my gratitude to all our employees, demonstrating resilience and great commitment during these unprecedented times, and to our shareholders, for the trust you have placed in us. We will continue to do everything we can to remain worthy of this trust.



Lior M. Dayan,
Chief Executive Officer

	Six months ended June 30,		
	2022	2021	2020
	US$'000	US$'000	US$'000
Operating results			
Revenue	**174,504**	125,293	71,736
Gross profit	**99,614**	71,478	39,902
Profit before tax	**23,072**	20,137	6,394
Profit for the period	**20,527**	17,361	5,738
Profit for the period attributable to owners of the parent	**20,621**	16,379	5,504
Profitability			
Gross margin	**57.1%**	57.0%	55.6%
Net profit margin	**11.8%**	13.9%	8.0%

	As at June 30, 2022	As at December 31, 2021	As at December 31, 2020
	US$'000	US$'000	US$'000
Assets and liabilities			
Total assets	**543,595**	530,132	431,806
Equity attributable to owners of the parent	**410,781**	403,625	331,889
Total liabilities	**132,814**	126,507	99,917
Cash and bank balances	**148,715**	153,062	116,527

1. Business review

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

Sisram's products and services are featured in the leading surgical, medical and beauty clinics around the world, treating dozens of millions of consumers worldwide.

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

The Group includes the following global brands – Alma, a medical aesthetics Energy Based Device provider; Foshion – a leading distributor of global dental equipment brands in the PRC, also operating a global standard dental CAD/CAM centre in China; Copulla – a new, innovative digital dentistry service; and LMNT, a personal care brand that offers a light-based skin rejuvenation home use device. Alma, the Company's core subsidiary, is also engaged in the injectables market 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 Israel, Hong Kong SAR, India and Mainland China.

2. Business review of first half of 2022

In the first half of 2022, Sisram recorded revenue of US$174.5 million for the Reporting Period, representing an increase of 39.3% when compared to the corresponding period in 2021. The increase is primarily attributable to the fact that Sisram continues expansion of existing distribution network and successful introduction of new products and new B2C activity.

During the first six months of 2022, the Company introduced the following new products:

- A novel trans-epidermal delivery platform (Alma Ted™) – an ultrasound-based system that offers a non-invasive, non-traumatic option to address the growing North America market of treatment for hair loss.
- CBD+ Professional Skincare Solution™ – the first professional skincare solution that combines the scientific benefits of full-spectrum cannabidiol (CBD), shown to visibly reduce redness and calm the appearance of stressed skin, with clinically proven cosmetic ingredients to visibly rebalance the skin back to a natural and healthy state.
- First home-use device – LMNT One™ – making our offering based on years of experience in the professional medical aesthetics industry available for all consumers in a comfort of their own homes and available for purchase on a leading e-commerce marketplace.

As part of Sisram's long term strategy to expand our direct reach, the Company has established a new direct office in the United Kingdom to support the strong growth in demands for Sisram's products and services in the European continent.

We also keep doing business development to facilitate the long-term growth of the Company. During the Reporting Period, we have invested in a company doing research and develop of silk fibroin-sodium hyaluronate composite gel – and facial implant thread – products. Besides, we have invested an innovative bio-glass developer and manufacturer for aesthetic, computer assisted design and manufacturing of restoration material and unique non-invasive veneers to broaden our product offerings in aesthetics and digital dentistry business. Further information about the two investments can be found in Business Development section.

Profit for the period attributable to owners of the parent was US$20.6 million, which represent 11.8% of revenue for the Reporting Period. Such percentage decreased by 1.3% as compared to that for the corresponding period in 2021.

During the Reporting Period, gross profit of the Group amounted to US$99.6 million compared to US$71.5 million for the corresponding period in 2021, representing an increase of 39.4%. The gross profit margin increased to 57.1% for the Reporting Period from 57.0% for the corresponding period in 2021, driven by continued expansion of direct sales portion and launch of high profit products into leading markets. With this methodology in place, revenue derived from direct sales amounted to 64.8% of total revenue versus 35.2% of the total revenue attributed to sales via distributors.

During the Reporting Period, the Group recorded profit before tax of US$23.1 million and recorded profit for the period of US$20.5 million, representing an increase of 14.6% and 18.2% respectively, when compared to the corresponding period in 2021. The increase in profit before tax and profit for the period was mainly due to the increase in sales volume and the increase in gross profit (US$28.1 million).

During the Reporting Period, the Group recorded an adjusted net profit of US$24.9 million representing an increase of 27.5% when compared with the corresponding period of 2021. The adjusted net profit margin for the Reporting Period was 11.8%. The increase in the adjusted net profit is mainly due to increase in revenue and a corresponding increase in gross profit.

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

1. Growing our ecosystem of varied business lines and consumer brand, fulfilling the Group's long-term strategy.

2. Continuing investments in strategic projects and non-organic growth capacity – R&D projects, clinical studies, sales channels, information systems, digital applications and business development projects etc.

3. Ramping up our operational capabilities in order to support the market's growing demands for Sisram's products and services while improving our delivery time in a challenging global operation environment.

R&D

- R&D investments increased by 3.5% to US$8.3 million, compared to US$8.1 million in the corresponding period in 2021.
- 10% of corporate employees are R&D specialists.
- During the Reporting Period, the Company launched 3 new products.
- ***Alma TED™*** – an ultrasound-based system with a propriety tip engineered with Impact Delivery™ that offers a non-invasive, non-traumatic option to address the market's growing hair loss concerns. Impact Delivery™ is a patented ultrasound technology using acoustic pressure to deliver pharmaceuticals and cosmeceuticals trans-epidermally to achieve enhanced results.
- ***CBD+ Professional Skincare Solution™*** – the first professional skincare solution that combines the scientific benefits of full-spectrum cannabidiol (CBD), shown to visibly reduce redness and calm the appearance of stressed skin, with clinically proven cosmetic ingredients to visibly rebalance the skin back to a natural and healthy state.
- ***LMNT one*** – a light-based skin rejuvenation treatment designed to achieve skin rejuvenation through multiple dimensions such as giving an instant glow and promoting collagen production in the comfort of consumers' homes. LMNT one delivers the Group's standards and technology capabilities providing a medical-grade treatment to consumers.

Sales and Marketing

Sisram, as a multi-national entity, places significant efforts in adjusting headquarters' operation to local country/state characteristics, while building a global brand experience. During the Reporting Period, we have:

- Kept the momentum in North America market to capture more market shares with an increase of 42.2% for the corresponding period in 2021.
- Established a new office in the United Kingdom that aligns with the growing direct operation strategy and aims to cover the full business lines of the Company.
- Returned to face-to-face events: hosted hundreds of physicians and business partners around the world at Global Alma Academy Events and Sales meetings such as Alma Academy Spain in Toledo, Alma Academy USA in Texas. Besides, a first-time attendance at AMWC and IMCAS post-COVID-19.
- Continued the development of new social media accounts, targeting customers and consumers worldwide for education, awareness, and call to action.
- Launched a "fake Soprano" campaign to raise awareness regarding buying off-brand products.
- Launched the Global Customers Experience operation as part of headquarters' customer business unit, focusing on driving customer centricity approach, and improving overall customer experience.

Business Development

Tianjin Xingsiyi Investment

On January 10, 2022, the Company entered into an investment agreement with, among others, (i) Suzhou Fujian Xingyi Venture Investment Partnership* (Limited Partnership), (ii) Tianjin Fosun Haihe Healthcare Industry Fund Partnership* (Limited Partnership) and (iii) Tianjin Xingsiyi Bio-technology Co., Ltd.* (the "**Tianjin Xingsiyi")** in relation to the setting up of the Tianjin Xingsiyi with an aggregate investment amount of RMB25.0 million. The Company agreed to contribute RMB2.6 million in total and will hold approximately 10.4% of the total issued shares of Tianjin Xingsiyi upon completion.

Tianjin Xingsiyi is to be set up for engaging in the research and development, technical services and supply of silk fibroin-sodium hyaluronate composite gel – and facial implant thread – products. Please refer to the announcement of the Company dated January 10, 2022 for further information.

Fuzhou Rick Brown Investment

On March 16, 2022, the Company entered into an investment agreement with Fuzhou Rick Brown Bio-technology Company Limited (the "**Target"),** pursuant to which the Company agreed to make investment of RMB35.0 million into the Target (the "**Investment").** Immediately upon the completion of the Investment, the Company will hold 23.2% of the enlarged equity interest of the Target.

The Target is an innovative bio-glass developer and manufacturer for aesthetic, computer assisted design and manufacturing of restoration material and unique non-invasive veneers. Following the completion of the Investment, the Company's aesthetics and digital dentistry division will distribute the Target's products in PRC and international markets. Please refer to the announcement of the Company dated March 16, 2022 for further information.

Operations and Regulations

During the Reporting Period, there are still challenges for supply chains operation all around the world. Sisram faced global components shortages, inventory level control and stabilization challenge while ramping up its production.

Significant efforts were invested in production ramp-up to accommodate the growing global demand

- Expand production capacity to support business growth and set all-time deliveries record while dealing with global supply challenges.

- Perform LEAN manufacturing projects focused on capacity improvements.

- Production capacity increased by 45.5% in first half of 2022 compared to the first half of 2021.

Strong emphasize was placed on Regulation Strategy in Group level to face the new challenge but also create growth opportunities

- Sisram constantly puts effort and resources to comply with European Commission Regulation (EU) No. 2017/745, commonly known as the Medical Device Regulation (MDR) to renew all the CE Marking certifications.

- Expand the products global registrations into more countries and territories.

- Intensive regulation work on current injectable portfolios in Mainland China. The submission plans are on schedule.

Information Systems and Digitalization

Sisram constantly invests in its information systems providing tools and systems to support the wellness ecosystem strategy and to give a 360 degree customers view. The information systems offer sufficient insights of the business and play an important and innovative role in daily operation.

- During the Reporting Period, Sisram kept investing in Information Systems and Digital Transformation program with focus on global implementation of the ERP and CRM, enhancing Business Intelligence tools, upgrading cyber security and initiating Copulla's software.

3. Outlook for second half of 2022

Based on an increase in the demand for the Company's products and the backlog of orders as of June 30, 2022, barring any unforeseen circumstances or material change in market conditions, the Group expects to record revenue growth of at lease 20%-25% in the whole year of 2022 as compared to the revenue recorded in the corresponding period in 2021.

In the second half of 2022, Sisram intends to follow its constructive disruption strategy by evaluating and implementing near-future technologies, ventures, and synergies so as to bolster its global position. The Group's efforts throughout 2022 will strategically focus on lean innovation, digitalization, brand awareness and eco-system building.

The Group will adhere its mission to provide modular, offering medical grade products and services and fulfilling the corporate vision of "Enhancing Quality of Life".

Strategic branding & positioning:

- Following a strategic branding process and implementation, the Group continues to establish its global positioning of Sisram as a one-of-a-kind business group in the greater wellness industry.

- As part of LMNT's global positioning, we are exploring new markets while expanding existing markets.

- Establish a strategic and branding plan for injectables for EMEA and APAC markets.

The Group plans to expand its digital transformation strategy with the following major objectives in sight:

- Rollout of the CRM and ERP to additional companies of the Group.

- Enable customers' centric operation mindset whereas activities are based on customer data, to facilitate informed decisions making corporate process.

- Digitize existing processes, create new ones and centralize data.

In addition, we plan to:

- Focus R&D operation on next generation platforms in the areas of pre-juvenation, regenerative medicine and combined technologies.

- Continue ongoing clinical studies, in addition to new studies aimed to support regulatory requirements (i.e., FDA study for additional clinical indications).

- Further develop our market share in direct operation territories.

- Explore unexploited direct operation opportunities worldwide.

- Distribute affiliating products and technologies in a private label/ODM model.

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

- Expand the Group's presence and business in China via the new official Sisram's China office. The China office will handle various business activities addressing the evolving ecosystem and potential synergies between Sisram and its majority Shareholder, Fosun Pharma. Amongst the first activities the office oversees are: aesthetics and digital dentistry, registration of dermal facial fillers, expansion of the injectables category offering, and the establishment of a regional service center and regional warehouse.

- Prepare for ecosystem expansion efforts of 2023 in North America office with focus on personal care and Sisram Concept Centre.

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 increased from US$125.3 million to US$174.5 million, representing an increase of 39.3% when compared to the corresponding period in 2021. The overall increase was primarily attributable to across the board growth of existing leading products enhanced by introduction of new and novel offerings (Alma Ted™ and LMNT One™). Further to the organic growth, acquisition of Foshion in the second half of 2021 has contributed to our revenue growth.

Revenue by main product segments

The Group generates revenue from the following revenue streams: (i) sale of goods; and (ii) services and others. The revenue from sale of goods amounted to US$166.3 million, representing an increase of 40.8% as compared to the corresponding period in 2021. The revenue from service and others amounted to US$8.2 million, representing an increase of 13.9% as compared to the corresponding period in 2021.

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,				
	2022		2021		YOY %
	(US$ in thousands, except for percentages)				
Sale of Goods:					
Energy Based Device	**155,174**	**88.9%**	115,177	91.9%	34.7%
Aesthetics and Digital Dentistry	**7,311**	**4.2%**	0	0%	100%
Injectables	**3,771**	**2.2%**	2,873	2.3%	31.3%
Subtotal	**166,256**	**95.3%**	118,050	94.2%	40.8%
Services and Others	**8,248**	**4.7%**	7,243	5.8%	13.9%
Total	**174,504**	**100.0%**	**125,293**	**100.0%**	**39.3%**

We have derived a substantial majority of our revenue from our Energy Based Device product line, representing 88.9% of our total revenue for the Reporting Period. Revenue from the sale of our Energy Based Devices line was US$155.2 million for the six months ended June 30, 2022, representing an increase of 34.7% in comparison with a revenue of US$115.2 million in the corresponding period in 2021. The majority of revenue derived from our traditional leading platforms such as “Soprano”, “Harmony”, “Opus” and “Accent”, enhanced by successful introduction of Alma Ted™.

Revenue from our aesthetics and digital dentistry product line increased to US$7.3 million compared to US$0. The aesthetics and digital dentistry line started in July 2021.

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,				
	2022		2021		YOY %
	(US$ in thousands, except for percentages)				
Sale of Goods:					
North America	**69,905**	**40.0%**	49,147	39.2%	42.2%
APAC	**47,928**	**27.5%**	33,744	26.9%	42.0%
Europe	**30,537**	**17.5%**	23,698	18.9%	28.9%
Middle East and Africa	**17,749**	**10.2%**	12,636	10.2%	40.5%
Latin America	**8,385**	**4.8%**	6,068	4.8%	38.2%
Total	**174,504**	**100%**	**125,293**	**100.0%**	**39.3%**

The major increase in the revenue during the Reporting Period incurred in North America, APAC and Europe, though sales were distributed broadly across all the regions globally.

The revenue derived from North America accounted for US$69.9 million during the Reporting Period, an increase of 42.2% from US$49.1 million for the corresponding period in 2021. The increase is attributed to the strong position of Alma’s brand, increase investments in sales operation and the successful launch of Alma Ted™.

The revenue derived from APAC increased by 42.0% to US$47.9 million in the Reporting Period from US$33.7 million for the corresponding period in 2021. The increase is mainly attributed to our strong performance in China (Supported by integration of Foshion dental and successful launch of LMNT One™) and our Australia and Korea direct operation.

The revenue derived from Europe increased by 28.9% to US$30.5 million in the Reporting Period from US$23.7 million for the corresponding period in 2021. The increase is mainly attributed to the continued momentum of our strong hair removal brand “Soprano”, as well as strong distribution channel in Italy, France and Poland.

The revenue derived from Middle East and Africa increased by 40.5% to US$17.7 million in the Reporting Period from US$12.6 million for the corresponding period in 2021. The increase is mainly attributed to the expansion of our direct office in Israel. The revenue derived from Latin America increased by 38.2% to US$8.4 million in the Reporting Period from US$6.1 million for the corresponding period in 2021.

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, overheads and other miscellaneous costs relating to production. For the Reporting Period, the cost of sales of the Group increased by 39.2% to US$74.9 million from US$53.8 million for the corresponding period in 2021, which is mainly due to the increase in sales volume.

B. Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group increased by 39.4% to US$99.6 million from US$71.5 million for the corresponding period in 2021 for the reasons set out in Revenue section above.

The gross profit margin increased to 57.1% for the Reporting Period from 57.0% for the corresponding period in 2021. The increase is primarily driven by continued expansion of direct sales portion and launch of high profit products into leading markets, overcoming operational challenges of increasing component and logistic costs.

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 expenses such as participation in tradeshows and digital activities.

During the Reporting Period, selling and distribution expenses of the Group increased by 57.9% to US$47.4 million from US$30.0 million for the corresponding period in 2021, the increase is resulted from higher commission expenses following the increase in sales volume, mainly in the North America operation, and back to standard level of marketing activities (tradeshows conferences, academies etc.).

D. Administrative expenses

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

During the Reporting Period, administrative expenses of the Group increased by 49.7% to US$13.9 million from US$9.3 million for the corresponding period in 2021. The increase is mainly attributed to investments in our information systems and other corporate functions.

E. R&D expenses

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

During the Reporting Period, R&D expenses increased by 3.5% to US$8.3 million from US$8.1 million for the corresponding period in 2021.

F. Finance cost

Finance costs are comprised mainly of (i) interest on bank loans and (ii) interest on lease liabilities. Finance costs increased to US$1.0 million in the Reporting Period from US$0.9 million for the corresponding period in 2021.

G. Income tax expense

The Israeli corporate tax rates are both 23% in 2021 and 2022. Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

During the Reporting Period, income tax expense decreased to US$2.5 million, representing a decrease of 8.3% from US$2.8 million for the corresponding period in 2021. This was primarily attributable to a higher portion of income before tax eligible to a special taxation term – A SPTE.

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

H. Profit for the period

As a result of the foregoing, during the Reporting Period, our profit for the period increased by 18.2% to US$20.5 million from US$17.4 million for the corresponding period in 2021. The net profit margin of the Group for the six months ended on June 30, 2022 and 2021 were 11.8% and 13.9%, respectively.

I. Adjusted net profit and adjusted net profit margin

The Group calculates adjusted net profit by taking profit for the period and adjusting: (i) amortization of other intangible assets; (ii) changes in contingent consideration arising from the acquisition of Nova; (iii) deferred tax liability arising from other intangible assets, which primarily relates acquisitions; (iv) RSU Expenses; and (v) previous years taxes. 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,		
	2022	2021	YOY%
	US$'000	US$'000	
PROFIT FOR THE PERIOD	**20,527**	17,361	18.2%
Adjusted for:			
Amortization of other intangible assets arising from the Alma acquisitions	**2,305**	2,305	0%
Amortization of other intangible assets arising from the Nova acquisitions	**239**	239	0%
Amortization of other intangible assets arising from the Foshion acquisition	**234**	0	100%
Contingent consideration arising from acquisitions	**0**	(9)	(100%)
Deduct: deferred tax arising from other intangible assets	**(534)**	(339)	(57.5%)
Previous years taxes	**547**	0	100%
RSU Expenses	**1,626**	0	100%
Adjusted net profit	**24,944**	19,557	27.5%

5. DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

A. Treasury policy

The Board aims to have a better control in its treasury operations and endeavors 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 at June 30, 2022 and June 30, 2021, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio was presented.

C. Interest coverage

During the Reporting Period, the interest coverage, which is calculated by EBIT (Earnings Before Interest and Taxes) divided by financial costs was 23.4 times as compared with 22.9 times for the corresponding period in 2021. The interest coverage increased mainly because the Group's EBIT during the Reporting Period increased by 14.5% to US$24.1 million from US$21.1 million for the corresponding period in 2021, and finance cost increased by 11.7% to US$1 million from US$0.9 million for the corresponding period in 2021.

D. Available facilities

As at June 30, 2022, Sisram did not have any unutilized banking facilities. Sisram is mainly financing its operations through cash generated from operating activities.

E. Interest rate

As at June 30, 2022, total interest-bearing bank and other borrowings at a floating interest rate amounted to US$5.0 million (As at December 31, 2021: US$7.3 million).

F. Maturity structure of outstanding debts

The following tables sets forth the maturity structure of outstanding debts as at June 30, 2022 and December 31, 2021.

	June 30, 2022 US$'000			December 31, 2021 US$'000		
	Effective interest rate (%)	**Maturity**	**US$'000**	Effective interest rate (%)	Maturity	US$'000
Current						–
Bank loan, unsecured	**3.70**	**2023**	**745**	–	–	–
Other borrowings*	**3.85-4.15**	**2022-2023**	**4,992**	3.85-4.15	2022	7,293
			5,737			7,293

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

	June 30, 2022 US$ '000	December 31, 2021 US$ '000
Within 1 year	**5,737**	7,293

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 2021.

	Six months ended June 30,		
	2022	2021	YOY%
	US$'000	US$'000	
Net cash flows generated from operating activities	**10,688**	20,834	(48.7%)
Net cash flows generated from/(used in) investing activities	**7,946**	(9,752)	(181.5%)
Net cash flows used in financing activities	**(3,357)**	(3,464)	(3.1%)
Net increase in cash and cash equivalents	**15,277**	7,618	100.5%
Cash and cash equivalents at the beginning of the period	**124,920**	83,373	49.8%
Effect of foreign exchange rate changes, net	**101**	(1,710)	105.9%
Cash and cash equivalents at the end of the period	**140,298**	89,281	57.1%
Cash and cash equivalents			
Pledged bank balances	**131**	149	(12.1%)
Term deposits with original maturity of more than three months	**8,286**	40,000	(79.3%)
Cash and bank balance at the end of the period	**148,715**	129,430	(14.9%)

Net cash flows generated from operating activities

During the Reporting Period, the net cash flows generated from operating activities were US$10.7 million, which was primarily attributable to: (i) the profit before tax of US$23.1 million; (ii) total adjustments for profit or loss items of US$13.0 million; (iii) working capital adjustments of US$25.4 million.

Net cash flows generated from investing activities

During the Reporting Period, the net cash flows generated from investing activities were US$7.9 million, which was primarily attributable to: (i) maturity of short term bank deposits with the amount of US$19.7 million, (ii) US$4.5 million long term deposit, (iii) US$1.6 million in purchase of plant and equipment and (iv) Investments in associates in the amount of US$5.8 million.

Net cash flows used in financing activities

During the Reporting Period, the net cash flows used in financing activities was US$3.4 million, which was primarily attributable to: (i) repayments on loan and interest of US$4.4 million, (ii) payment of lease payments of US$2.4 million and (iii) borrowing new loans of US$2.8 million.

7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$1.9 million, which mainly consisted of purchase of computers, hardware and softwares.

As at June 30, 2022, the Group did not have any significant capital commitments.

8. CONTINGENT LIABILITIES

As at June 30, 2022, the Group did not have any contingent liabilities.

9. MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, the Group did not conduct material acquisition or disposal.

10. SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for those disclosed in this announcement, there were no other significant investments held as at June 30, 2022. The Group did not have other plans for material investments and capital assets.

11. 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 statement of profit or loss were translated into the U.S. Dollar at the weighted average exchange rates for the period. As such, the Group's results of operations are sensitive to changes in foreign currency exchange rates.

The Company has formally established a hedging management framework in 2014 and the hedging transactions are mainly managed by the Company's finance department. By analyzing the currency balance sheet and trends in the foreign exchange markets, the Company has entered into forward contracts from time to time to mitigate the adverse effects of exchange rate fluctuations.

B. Interest rate exposure

It is the Group's strategy to use debts with fixed and floating interest rates to manage its interest costs. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

12. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of employees by function as at June 30, 2022:

Function	Number of Employees
Operations	269
R&D	79
Sales & Marketing	337
General and Administration	118
Total	803

Employees' headcount as at the end of Reporting Period increased by 14% due to 101 new positions, as compared to the December 31, 2021.

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.

13. 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, 2022 is set out below:

Allocation of the net proceeds		Allocation of the net proceeds (HK$ million)	Unutilised amounts as at December 31, 2021 (HK$ million)	Utilised amounts during the period from December 31, 2021 to June 30, 2022 (HK$ million)	Utilised amounts as at June 30, 2022 (HK$ million)	Unutilised amounts as at June 30, 2022 (HK$ million)
(a)	Development and operation of the Group's injectables businesses and aesthetic dentistry and personal care business units	546	546	45	45	501
(b)	Expansion of the Group's global sales channels	61.47	61.47	36.5	36.5	25
(c)	General working capital	8	8	2	2	6

Interim Condensed Consolidated Statement of Profit or Loss
For the six months ended June 30, 2022

	Notes	For the six months ended June 30, 2022 (Unaudited) US$'000	2021 (Unaudited) US$'000
REVENUE	4	**174,504**	125,293
Cost of sales		**(74,890)**	(53,815)
Gross profit		**99,614**	71,478
Other income and gains		**584**	316
Selling and distribution expenses		**(47,418)**	(30,032)
Administrative expenses		**(13,891)**	(9,280)
Research and development expenses		**(8,329)**	(8,050)
Other expenses		**(6,385)**	(3,104)
Finance costs		**(1,029)**	(921)
Share of profits and losses of associates		**(74)**	(270)
PROFIT BEFORE TAX	5	**23,072**	20,137
Income tax expense	6	**(2,545)**	(2,776)
PROFIT FOR THE PERIOD		**20,527**	17,361
Attributable to:			
Owners of the parent		**20,621**	16,379
Non-controlling interests		**(94)**	982
		20,527	17,361
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– For profit for the period (US cents)		**4.42**	3.70
Diluted			
– For profit for the period (US cents)		**4.42**	3.70

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended June 30, 2022

	For the six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	US$'000	US$'000
PROFIT FOR THE PERIOD	**20,527**	17,361
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**(1,023)**	(96)
Reclassification adjustments for loss included in the consolidated statement of profit or loss	**–**	(7)
	(1,023)	(103)
Exchange differences:		
Exchange differences on translation of foreign operations	**(4,641)**	(1,211)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(5,664)**	(1,314)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(5,664)**	(1,314)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**14,863**	16,047
Attributable to:		
Owners of the parent	**14,957**	15,065
Non-controlling interests	**(94)**	982
	14,863	16,047

	Notes	**June 30, 2022 (Unaudited) US$'000**	December 31, 2021 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**14,989**	14,565
Right-of-use assets		**29,662**	30,892
Goodwill		**111,183**	111,183
Other intangible assets		**48,211**	51,224
Investments in associates		**6,848**	1,385
Deferred tax assets		**5,709**	4,698
Trade receivables	10	**12,649**	12,548
Other non-current assets		**10,523**	6,037
Total non-current assets		**239,774**	232,532
CURRENT ASSETS			
Inventories		**72,448**	64,236
Trade receivables	10	**71,833**	69,875
Prepayments, other receivables and other assets		**10,825**	9,732
Derivative financial instruments		**–**	695
Cash and bank balances		**148,715**	153,062
Total current assets		**303,821**	297,600
CURRENT LIABILITIES			
Contract liabilities		**14,548**	15,038
Trade payables	11	**19,320**	13,018
Other payables and accruals		**44,473**	41,057
Derivative financial instruments		**1,664**	–
Interest-bearing bank and other borrowings		**5,737**	7,293
Lease liabilities		**3,302**	3,093
Tax payables		**5,884**	4,057
Total current liabilities		**94,928**	83,556
NET CURRENT ASSETS		**208,893**	214,044
TOTAL ASSETS LESS CURRENT LIABILITIES		**448,667**	446,576

	June 30, 2022 (Unaudited) US$'000	December 31, 2021 (Audited) US$'000
NON-CURRENT LIABILITIES		
Contract liabilities	**318**	262
Lease liabilities	**26,680**	31,235
Deferred tax liabilities	**8,984**	9,409
Other long-term liabilities	**1,904**	2,045
Total non-current liabilities	**37,886**	42,951
NET ASSETS	**410,781**	403,625
EQUITY		
Equity attributable to owners of the parent		
Share capital	**1,328**	1,328
Reserves	**408,104**	400,854
Non-controlling interests	**1,349**	1,443
Total equity	**410,781**	403,625

Interim Condensed Consolidated Statement of Changes in Equity
For the six months ended June 30, 2022

	Attributable to owners of the parent								
	Share capital US$'000 (Unaudited)	Share premium* US$'000 (Unaudited)	Other reserve* US$'000 (Unaudited)	Cashflow hedge reserve* US$'000 (Unaudited)	Exchange fluctuation reserve* US$'000 (Unaudited)	Retained earnings* US$'000 (Unaudited)	Total US$'000 (Unaudited)	Non-controlling interests US$'000 (Unaudited)	Total equity US$'000 (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
Issue of Shares	–	–	–	–	–	–	–	–	–
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 (December 31, 2021: US$400,854,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended June 30, 2022

	Attributable to owners of the parent								
	Share capital US$'000 (Unaudited)	Share premium* US$'000 (Unaudited)	Other reserve* US$'000 (Unaudited)	Cashflow hedge reserve* US$'000 (Unaudited)	Exchange fluctuation reserve* US$'000 (Unaudited)	Retained earnings* US$'000 (Unaudited)	Total US$'000 (Unaudited)	Non-controlling interests US$'000 (Unaudited)	Total equity US$'000 (Unaudited)
At January 1, 2021 (audited)	1,254	240,766	11,633	113	1,303	76,820	331,889	–	331,889
Profit for the period	–	–	–	–	–	16,379	16,379	982	17,361
Other comprehensive income for the period:									
Effective portion of changes in fair value of hedging instruments arising during t he year, net of tax	–	–	–	(96)	–	–	(96)	–	(96)
Reclassification adjustments for gains included in the consolidated statement of profits or loss	–	–	–	(7)	–	–	(7)	–	(7)
Exchange differences on translation of foreign operations	–	–	–	–	(1,211)	–	(1,211)	–	(1,211)
Total comprehensive income for the period	–	–	–	(103)	(1,211)	16,379	15,065	982	16,047
Final 2020 dividend declared	–	–	–	–	–	(4,003)	(4,003)	–	(4,003)
Reclassification of non-controlling interests of a subsidiary embedded with put options	–	–	1,224	–	–	–	1,224	(982)	242
At June 30, 2021 (unaudited)	1,254	240,766	12,857	10	92	89,196	344,175	–	344,175

* These reserve accounts comprise the consolidated other reserves of US$342,921,000 in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows
For the six months ended June 30, 2022

	For the six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**12,340**	22,977
Income tax paid	**(1,652)**	(2,143)
Net cash flows generated from operating activities	**10,688**	20,834
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**411**	222
Purchases of items of property, plant and equipment	**(1,628)**	(2,024)
Proceeds from disposal of property, plant and equipment	**59**	–
Purchases of items of intangible assets	**(314)**	–
Investment in associates	**(5,798)**	(950)
Increase in other non-current assets	**(4,498)**	–
Decrease/(increase) in term deposits with original maturity of more than three months	**19,714**	(7,000)
Net cash flows generated from/(used in) investing activities	**7,946**	(9,752)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loan and other borrowings	**2,824**	–
Repayment of bank loans	**(4,104)**	(1,243)
Interest paid	**(297)**	(175)
Lease payments	**(2,352)**	(2,130)
Proceeds from settlement of foreign currency forward contracts	**572**	84
Net cash flows used in financing activities	**(3,357)**	(3,464)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**15,277**	7,618
Cash and cash equivalents at beginning of period	**124,920**	83,373
Effect of foreign exchange rate changes, net	**101**	(1,710)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**140,298**	89,281
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**140,298**	89,281
Pledged bank balances	**131**	149
Term deposits with original maturity of more than three months	**8,286**	40,000
Cash and bank balances as stated in the interim condensed consolidated statement of financial position	**148,715**	129,430

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2022 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 consolidated financial statements as at December 31, 2021.

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, 2021, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 3	*Reference to Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and impact of the revised IFRSs are described below:

(a) Amendments IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after January 1, 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after January 1, 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after January 1,2021, 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 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at January 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after January 1, 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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,	
	2022	2021
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	**166,256**	118,050
Services provided	**8,248**	7,243
	174,504	125,293

4. REVENUE (continued)

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of goods	**166,256**	118,050
Provision of services	**8,248**	7,243
Total revenue from contracts with customers	**174,504**	125,293
Geographical information		
Europe	**30,537**	23,698
North America	**69,905**	49,147
Asia Pacific	**47,928**	33,744
Latin America	**8,385**	6,068
Middle East and Africa	**17,749**	12,636
Total revenue from contracts with customers	**174,504**	125,293

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Goods transferred at a point in time	**166,256**	118,050
Services transferred over time	**8,248**	7,243
Total revenue from contracts with customers	**174,504**	125,293

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,	
	2022	2021
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**48,342**	35,727
Cost of services and others	**26,548**	18,088
	74,890	53,815
Research and development costs:		
Current year expenditure	**8,329**	8,050
Depreciation of property, plant and equipment	**1,174**	1,119
Depreciation of right-of-use assets	**1,883**	1,708
Amortization of other intangible assets	**3,120**	3,795
Provision for impairment of inventories	**2,725**	2,148
Provision for impairment of trade receivables	**778**	1,715
Share of profits and losses of associates	**74**	270
Foreign exchange differences, net	**3,059**	(759)

6. INCOME TAX

The Israeli corporate tax rates applicable to the Company were 23% for the Reporting Period (2021: 23%). Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

No income tax has been provided for the Company itself as there was no assessable profit earned by the Company for the Reporting Period. Taxes on taxable income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Nova is taxed based upon the tax law in Israel, the country of residence. Income was taxed at corporate income tax rate of 23% for the Reporting Period (2021: 23%).

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 "**Investments 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 Investments 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 promulgated by the Finance Ministry to implement the "Nexus Principles" based on The Organisation for Economic Co-operation and Development's guidelines were published as 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", granting a 12% tax rate in central Israel and a 7.5% tax rate in special areas on income deriving from intellectual property, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual R&D expenditure and R&D employees, as well as at least 25% of annual income derived from exports. Technological Preferred Enterprise is defined as an enterprise which meets the aforementioned conditions and for which 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 consolidated revenue of more than NIS10 billion, 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 income will be subject to a tax rate of 6%, regardless of the geographical location of the enterprise. On December 4, 2018, the Company received a ruling from the Israeli Income Tax Authority, which granted the Company 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, 2022, Alma enjoyed a preferential effective tax rate of 6% for being a SPTE for the period ended June 30, 2021 (2021: 6%).

On November 15, 2021, the Economic Efficiency Law (amending legislation to achieve the budget targets for the 2021 and 2022 budget years) was published, in which a temporary provision was set regarding the realization of profits accumulated as at December 31, 2020, in the year in which the same profits were exempt from corporation tax (hereinafter "**Claw Back Profits**") taking into account the mechanism established for the payment of reduced tax (hereinafter "**Temporary Provisions**").

In light of the expectation of the subsidiary's management that the subsidiary will release their Claw Back Profits and choose to pay reduced corporate income tax, the Company provided in its consolidated financial statements as of June 30, 2022 a tax provision in accordance with the Temporary Provisions.

The U.S. Tax Cuts and Jobs Act of 2017 ("**TCJA**") was approved by the U.S. Congress on December 20, 2017 and signed into law by the U.S. President Donald J. Trump on December 22, 2017. This legislation has made complex and significant changes to the U.S. 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 U.S. is subject to various state income taxes of which the rates vary by state.

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 of 15% during the Reporting Period and was also subject to an additional trade income tax of 16.47% 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 25% during the Reporting Period and was also subject to additional trade income taxes as applicable.

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 29% during the Reporting Period (which was not a flat rate but included many 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 HK Limited, a subsidiary 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 Tianjin, Foshion and Xingyuanda Medical Technology Huaian Co., Ltd., subsidiaries incorporated in the Mainland China, 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 Korea Limited, a subsidiary incorporated in Korea, is taxed at the rate of 17%.

	For the six months ended 30 June	
	2022	2021
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current	**3,981**	3,789
Deferred	**(1,436)**	(1,013)
Total tax charge for the period	**2,545**	2,776

7. DIVIDENDS

The Board resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2021: Nil).

On March 16, 2022, the Board resolved to declare a final dividend of HK$0.157 (inclusive of tax) per Share for the year ended December 31, 2021. No dividends were paid during the period ended June 30, 2022 (six months ended June 30, 2021: 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, 2022 and 2021 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 466,155,600 (six months ended June 30, 2021: 442,155,600) 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,	
	2022	2021
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**20,621**	16,379

	Number of Shares	
	For the six months ended June 30,	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**466,155,600**	442,155,600
Effect of dilution – weighted average number of ordinary shares:		
– 2021 restricted share units scheme	**545,805**	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per Share	**466,701,405**	442,155,600

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2022, the Group acquired assets at a cost of US$1,628,000 (six months ended June 30, 2021: US$2,080,000).

During the six months ended June 30, 2022, depreciation for property, plant and equipment was US$1,174,000 (six months ended June 30, 2021: US$1,119,000).

During the six months ended June 30, 2022, a gain from disposal of property, plant and equipment was US$59,000 (six months ended June 30, 2021: Nil).

10. TRADE RECEIVABLES

	June 30, 2022 US$'000 (Unaudited)	December 31, 2021 US$'000 (Audited)
Trade receivables		
Current	**74,567**	72,107
Non-current	**12,791**	12,610
	87,358	84,717
Impairment		
Current	**(2,734)**	(2,232)
Non-current	**(142)**	(62)
	(2,876)	(2,294)
	84,482	82,423

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, 2022 US$'000 (Unaudited)	December 31, 2021 US$'000 (Audited)
Within 1 month	**46,038**	46,951
1 to 2 months	**6,024**	4,894
2 to 3 months	**5,418**	5,422
Over 3 months	**27,002**	25,156
	84,482	82,423

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, 2022 US$'000 (Unaudited)	December 31, 2021 US$'000 (Audited)
Within 1 month	**8,985**	10,141
1 to 2 months	**4,836**	2,321
2 to 3 months	**4,038**	295
Over 3 months	**1,461**	261
	19,320	13,018

12. COMMITMENTS

The Group did not have any significant capital commitments as at the end of the Reporting Period.

13. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial information, the Group had the following material transactions with its related parties during the Reporting Period.

	For the six months ended June 30,	
	2022 US$'000 (Unaudited)	2021 US$'000 (Unaudited)
Associate of Fosun Pharma		
Sales of goods		
Shanghai Lingjian Information Technology Co., Ltd. (Note 1)	**437**	–
Interest expense to related party		
Shanghai Fosun High-tech Group Finance Co., Ltd.	**37**	–
Subsidiary of Fosun Pharma		
Sales of goods		
Qianda (Tianjin) International Trade Co., Ltd. (Note 1)	**128**	–
Interest expense to related party		
Qianda (Tianjin) International Trade Co., Ltd.	**81**	–
Major Shareholder of the Company		
Services received		
Chindex (Beijing) International Trade Co., Ltd. (Note 2)	**–**	422

13. RELATED PARTY TRANSACTIONS (continued)

Notes:

(1) For the six months ended June 30, 2022, the Group offered Shanghai Lingjian Information Technology Co., Ltd. and Qianda (Tianjin) International Trade Co., Ltd. with products at market prices.

(2) In 2021, Alma signed contracts with Chindex (Beijing) International Trade Co., Ltd. ("**Chindex**") in which Chindex will provide Alma with regulation services for registration in China. Alma paid no consideration to Chindex for the six months ended June 30, 2022 (six months ended June 30, 2021: US$442,049).

(b) Outstanding balances with related parties:

	June 30, 2022 US$'000 (Unaudited)	December 31, 2021 US$'000 (Audited)
Associate of Fosun Pharma		
Amounts due from related party		
Trade receivables		
Shanghai Lingjian Information Technology Co., Ltd.	**109**	483
Subsidiary of Fosun Pharma		
Amounts due to related party		
Interest-bearing other borrowings		
Qianda International Trade (shanghai) Co., Ltd.(Note 1)	**2,980**	6,274
Amounts due from related party		
Trade receivables		
Qianda (Tianjin) International Trade Co., Ltd.	**209**	–
Associate of Fosun Pharma		
Amounts due to related party		
Interest-bearing other borrowings		
Fosun Group Finance Corporation Limited (Note 2)	**2,012**	1,019

Notes:

(1) The loan was entrusted by Qianda International Trade (Shanghai) Co., Ltd., a fellow subsidiary of Fosun Pharma to Foshion from Bank of Beijing, Shanghai Branch, with an annual interest rate of 3.85%. The interest expense was US$81,255 for the six months ended June 30, 2022 (six months ended June 2021: Nil).

(2) On June 16, 2021, Foshion got a loan from Shanghai Fosun High-tech Group Finance Co., Ltd., an associate of Fosun Pharma with an annual interest rate of 4.15%. The interest expense was US$37,271 for the six months ended June 30, 2022 (six months ended June 2021: Nil).

13. RELATED PARTY TRANSACTIONS (continued)

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

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**958**	824
Performance related bonuses	**1,091**	662
Equity-settled share base payments	**584**	–
Total compensation paid to key management personnel	**2,633**	1,486

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at June 30, 2022 and December 31, 2021, 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.

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

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 December 31, 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000 (Audited)	Significant Observable inputs (Level 2) US$'000 (Audited)	Significant unobservable inputs (Level 3) US$'000 (Audited)	Total US$'000 (Audited)
Derivative financial instruments	–	695	–	695

The Group did not have any financial assets measured at fair value as at June 30, 2022.

Liabilities measured at fair value:

As at June 30, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000 (Unaudited)	Significant Observable inputs (Level 2) US$'000 (Unaudited)	Significant unobservable inputs (Level 3) US$'000 (Unaudited)	Total US$'000 (Unaudited)
Derivative financial instruments	–	1,664	–	1,664

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, 2021: Nil).

15. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of this condensed consolidated financial information, there have been no significant events after the end of the Reporting Period.

Results and Dividends

The Group's results for the six months ended June 30, 2022 and the state of affairs of the Group as at June 30, 2022 are set out in the interim condensed consolidated financial information and the accompanying notes on pages 23 to 41. The Board resolved not to declare 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, 466,155,600 Shares are issued and fully paid.

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.

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

As at June 30, 2022, 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%
Guojun BU	Company	Ordinary Shares	Beneficial owner	80,000	0.02%
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 Pharma	H shares	Beneficial owner	342,000	0.06%
		A shares	Beneficial owner	718,900	0.04%

Save as disclosed in the foregoing, as at June 30, 2022, 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.

During the Reporting Period, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in any other body corporate.

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

As at June 30, 2022, the Company had been notified of the following substantial Shareholders' interest and short positions in the Shares and underlying Shares of the Company, which have been recorded in the register of substantial Shareholders required to be kept by the Company pursuant to Section 336 of Part XV of the SFO. These interests are in addition to those disclosed above in respect of the Directors and chief executives of the Company:

Name of Shareholders	Capacity	Number of Shares held or interested	Approximate Percentage (%)
CML	Beneficial owner	127,318,640(L)[(1)]	27.31%
Ample Up[(2)]	Beneficial owner	204,275,760(L)	43.82%
	Interest in controlled corporation	127,318,640(L)	27.31%
		331,594,400(L)	71.13%
Fosun Industrial[(3)]	Interest in controlled corporation	331,594,400(L)	71.13%
Fosun Pharma[(4)]	Interest in controlled corporation	331,594,400(L)	71.13%
Fosun High Tech[(5)]	Interest in controlled corporation	331,594,400(L)	71.13%
Fosun International[(6)]	Interest in controlled corporation	331,594,400(L)	71.13%
FHL[(7)]	Interest in controlled corporation	331,594,400(L)	71.13%
FIHL[(8)]	Interest in controlled corporation	331,594,400(L)	71.13%
Guangchang GUO[(9)]	Interest in controlled corporation	331,594,400(L)	71.13%

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 331,594,400 Shares which Ample Up is interested in, comprising 204,275,760 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.

Save as disclosed herein, according to the register kept by the Company under Section 336 of Part XV of the SFO, there was no other person who had a substantial interest or short position in the Shares or underlying Shares of the Company as at June 30, 2022.

Compliance with the Model 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's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

During the Reporting Period, the Company has complied with all applicable principles and code provisions as set out in the Corporate Governance Code.

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, 2022.

Share Option Scheme

During the Reporting Period, the Group has no share option scheme.

Directors

Executive Directors

Mr. Yi LIU (劉毅) *(Chairman)*
Mr. Lior Moshe DAYAN *(Chief Executive Officer)*
Mr. Guojun BU (步國軍) *(Chief Financial 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 (方前儷)

Authorized Representatives

Mr. Yi LIU (劉毅)
Ms. Qianli FANG (方前儷)

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

5/F, Manulife Place
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

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 6702501
Israel

Stock Short Name

SISRAM MED

Stock Code

01696

Company Website

www.sisram-medical.com

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 (能悅有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of Fosun Industrial
"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 Ample Up
"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 Main Board of the Stock Exchange
"COVID-19" or **"pandemic"**	Coronavirus disease 2019
"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 Main Board of the Stock Exchange
"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

"Group", "we", "us" or **"our"**	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administration Region of the PRC
"IFRSs"	International Financial Reporting Standards
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"M&A"	mergers & acquisitions
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"NIS"	New Israeli Shekels, the lawful currency of Israel
"Nova"	Nova Medical Israel Ltd., a private company organised under the laws of Israel
"PRC" or "China"	the People's Republic of China, which for purpose of this interim report only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2022
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	the share(s) in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Sisram Tianjin"	Sisram Medical (Tianjin) Limited* (復銳醫療科技(天津)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States Dollars, the lawful currency of the United States
"YOY"	year over year

* *For identification purpose only*