sisram medical

(Incorporated in Israel with limited liability)

Enhancing Quality of Life

Sisram Med
Stock Code: 1696.HK

# 2025 Annual Report

ENHANCING QUALITY OF LIFE | ENHANCING QUALITY OF LIFE

# Contents

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the note below.

## RESULTS

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | 2022 | 2021 |
| | **US$'000** | US$'000 | US$'000 | US$'000 | US$'000 |
| **Operating results** | | | | | |
| Revenue | **365,347** | 349,112 | 359,292 | 354,480 | 294,294 |
| Gross profit | **215,144** | 216,680 | 219,525 | 202,226 | 166,861 |
| Profit before tax | **28,550** | 32,541 | 37,130 | 44,242 | 41,672 |
| Profit for the year | **25,005** | 28,766 | 32,898 | 40,080 | 32,520 |
| Profit attributable to owners of the parent | **19,016** | 25,126 | 31,499 | 40,170 | 31,245 |
| **Profitability** | | | | | |
| Gross margin | **58.9%** | 62.1% | 61.1% | 57.0% | 56.7% |
| Net profit margin | **6.8%** | 8.2% | 9.2% | 11.3% | 11.1% |

## ASSETS AND LIABILITIES

| | As at December 31, | | | | |
|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | 2022 | 2021 |
| | **US$'000** | US$'000 | US$'000 | US$'000 | US$'000 |
| **Assets and liabilities** | | | | | |
| Total assets | **657,256** | 627,262 | 613,502 | 555,601 | 530,132 |
| Total liabilities | **153,575** | 142,470 | 143,977 | 123,376 | 126,507 |
| Net assets | **503,681** | 484,792 | 469,525 | 432,225 | 403,625 |
| Cash and bank balances | **70,973** | 70,234 | 70,601 | 81,548 | 153,062 |

Note:

The consolidated results of the Group for the five years ended December 31, 2021, 2022, 2023, 2024 and 2025 and the consolidated assets and liabilities of the Group as at December 31, 2021, 2022, 2023, 2024 and 2025 have been extracted from the published audited consolidated financial statements.

The summary above does not form part of the audited consolidated financial statements.

# Sisram
## Presents Exceptional Resilience Amid Economic Challenges

### Leading Through Industry Transformation

The global medical aesthetics industry continues to demonstrate solid long-term growth. Patient awareness is increasing, adoption of treatments is expanding, and more medical professionals are entering the field. Innovation remains active across technologies, injectables, and digital solutions, while demand continues to broaden across geographies and patient segments.

At the same time, the industry is evolving within a more complex macroeconomic and regulatory environment.

What we are seeing is not a temporary slowdown, but a structural shift. As our industry reached scale, the rules changed — growth no longer hides inefficiencies; it exposes them. Patients are more informed and outcome-driven, while practitioners increasingly prioritize solutions that deliver consistent clinical results, operational efficiency, and long-term engagement.

In this environment, value is moving away from stand-alone technologies toward integrated, outcome-based solutions. Competitive advantage is now defined by the ability to provide connected and holistic models of care.

Sisram Medical anticipated this shift and has been building, step by step, a broader ecosystem integrating technologies, diagnostics, injectables, and digital capabilities. This evolution, from product-based to platform-based, is central to our strategy. We continue to strengthen this foundation through data, connectivity, and AI-driven capabilities that enhance clinical precision and support scalable, patient-centric workflows.

Alongside this, our global footprint remains a key strength. Geographic diversification provides resilience and flexibility, allowing us to navigate regional dynamics while maintaining visibility across demand cycles.

These foundations were reflected in our 2025 performance. The Company delivered revenues of US$365.3 million, representing growth of 4.7% year on year. This was supported by improved sales productivity, sustained innovation, and continued trust from practitioners in our clinical performance and product reliability.

Growth was driven primarily by international markets, with revenue outside North America increasing by 20.1% and APAC growing by 26.9%. At the same time, performance in North America reflects our continued focus on strengthening execution, alignment, and operational discipline — a clear priority for the leadership team.

During the year, we completed a structured leadership transition. The new executive team brings a strong combination of operational experience, international perspective, and financial discipline. The Board has full confidence in their ability to lead the Company's next phase, with a clear focus on execution and value creation.

At the Board level, our role remains active and engaged. We are closely involved in shaping strategic direction, monitoring execution, and ensuring alignment with long-term objectives, while supporting the Company's capital markets positioning and the development of a stable, high-quality shareholder base.

Looking ahead to 2026, our priorities are clear: deepen integration across our business, scale our intelligent ecosystem, and maintain disciplined execution. Capital allocation will remain focused and selective, supporting growth while improving efficiency.

While global uncertainty remains, we are confident in the long-term fundamentals of our industry and in Sisram Medical's differentiated position.

Before concluding, I would like to express my sincere appreciation to Mr. Liu Yi, our former Chairman, for his leadership during a formative period for the Company. Since my appointment as CEO in 2017, we worked closely together, including leading the Company's IPO on HKEX later that year. His vision laid the foundation for Sisram Medical's development, and we value his continued support.

On behalf of the Board, I thank our management and employees for their dedication, and our shareholders and partners for their continued trust.

**Lior Moshe Dayan**
*Executive Director and Chairman*

# Sisram Presents Exceptional Resilience Amid Economic Challenges

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## Strengthening the Foundations for the Next Phase of Growth

Dear Shareholders,

We are pleased to present our annual report for the year ended December 31, 2025.

2025 was a pivotal year for Sisram, during which we continued to strengthen our commercial and operational foundations in preparation for the next phase of growth. Through improved sales productivity, disciplined operations, and enhanced production capabilities, we achieved revenue of US$365.3 million, an increase of 4.7% year on year. Growth was driven by robust international expansion of 20.1% outside North America, which recorded a cyclical slowdown, with APAC growing 26.9%, led by China and Thailand. Building on our core EBD platforms, expanding injectables portfolio, and advancing the rollout of AI-enabled diagnostics and skincare solutions, we remained committed to developing a consumer-centric beauty and wellness ecosystem that reinforces our industry leadership and drives continued innovation.

## Business Highlights

### EBD Core Products Continue to Surge

In 2025, our core EBD platforms remained key growth drivers. Alma Harmony sustained its strong momentum in global demand and order flow, while Alma Hybrid extended its growth trajectory for the fifth consecutive year, further strengthening its position among leading elite medical aesthetics practitioners worldwide. In addition, several product milestones reinforced our pipeline and growth outlook, including the successful launch of "鈦提升" in China, which bolstered our market share in one of the world's most dynamic and fastest-growing medical aesthetics markets and set the stage for growth in 2026.

### Injectables Commercialization Accelerates

We made significant progress in expanding Sisram's injectables arm, advancing our strategy to provide clinics with access to the gold standard in aesthetic care through the integration of energy-based devices with fillers, neurotoxins, and biostimulators. Profhilo continued to demonstrate strong momentum in Thailand, reflecting increasing market adoption and growing confidence in our injectables portfolio, while Hallura, a first-of-its-kind combination of hyaluronic acid and biostimulator, achieved a successful launch in Israel, marking continued progress in the commercialization of next-generation injectable technologies. In parallel, we advanced preparations for the Mainland China entry of DAXXIFY, undertaking targeted pre-launch engagement with leading Chinese key opinion leaders and building strong commercial infrastructure to ensure a successful launch. The product was commercially launched in January 2026, marking an important milestone in our strategic expansion in China.

### Advancing an AI-Enabled Integrated Ecosystem

During the year, we made significant progress in building a connected, intelligent ecosystem that extends value beyond individual treatments and supports long-term patient engagement across the full care journey. A key milestone was the successful launch of Universkin by Alma in the United States in the first half of the year, followed by Hong Kong in the second half, where it was warmly received by consumers. As the world's first AI-powered skincare system in medical aesthetics, Universkin by Alma enables highly personalized skincare for at-home use after treatments, enhancing retention, outcomes, and lifetime value.

We also introduced Alma IQ™ internationally, elevating diagnostics and treatment planning from the first patient interaction. Alma IQ™ strengthens clinical confidence, improves the patient experience, and integrates devices, injectables, and skincare into a more cohesive treatment flow. Together, these capabilities advance Sisram toward a more integrated, intelligence-driven operating model that deepens clinical relevance and strengthens provider relationships.

### Enhancing Operational Excellence and Supply Chain Capabilities

In response to shifting demand, we executed a comprehensive manufacturing ramp-up, expanding capacity, sharpening production planning, and significantly shortening lead times for high-volume EBD systems, while maintaining disciplined inventory management and agile production capabilities at our Israel facility to support current and anticipated customer needs.

Our "glocalization" initiative also advanced through strategic engagements and the signing of an MOU to explore localized manufacturing in China, strengthening cost efficiency, improving lead times and enhancing regional supply chain resilience in the APAC region.

## Outlook

Sisram enters 2026 with strong operational resilience and disciplined execution, supported by sustained demand across our core markets. As we move into our next strategic phase, we will prioritize deeper cross-business integration and the scaling of an AI-enabled wellness ecosystem, while actively pursuing external growth opportunities and driving further cost optimization to enhance shareholder value.

Energy-based devices and injectables will remain our dual growth engines, while diagnostics and skincare enhance integration across business units and support long-term value creation through greater synergy and scalability. We will accelerate commercialization of DAXXIFY in Mainland China, scaling Alma IQ and Universkin by Alma globally. At the same time, we will continue to enhance our energy-based device portfolio, sustain the momentum of Alma Harmony, and expand into markets with high growth potentials, particularly in APAC. We will also expand our presence in the fast-growing hair growth segment in international markets, further broadening our holistic medical aesthetics and wellness offering.

To improve cost competitiveness and market responsiveness, we will step up our localization strategy in China by establishing a regional hub integrating R&D, production and commercialization capabilities, primarily to serve domestic and regional demand. We will also pursue targeted, ecosystem-aligned M&A opportunities to strengthen our innovation pipeline and broaden our product offering. In parallel, we will embed AI more deeply across product development, operations and customer engagement to enhance outcomes and operational efficiency.

Execution will prioritize APAC and North America. In APAC, we will deepen market penetration with ecosystem-driven, locally tailored solutions. In North America, where external headwinds persist, we will emphasize structural strengthening and strategic capacity building, balancing near-term operational discipline with long-term capability development through enhanced analytics, market monitoring, and disciplined resource allocation. By uniting devices, injectables, diagnostics and personalized care within an intelligence-driven model, Sisram will deliver more integrated, differentiated and durable value to providers and patients.

## Appreciation

We extend our sincere gratitude to our shareholders, partners, consumers, and employees for their continued support and trust in Sisram. Your commitment has been crucial to our journey of innovation and excellence. With market-leading EBD platforms, a rapidly scaling injectables business, and a strategic focus on AI and glocalization, Sisram is well positioned to capture attractive long-term growth opportunities and deliver sustainable shareholder value.

**Eyal Ben David**
*Chief Executive Officer*
**Jiahong Li**
*Co-Chief Executive Officer and Chief Financial Officer*

## 1. BUSINESS REVIEW

Sisram is rapidly emerging as a distinguished global provider of medical aesthetic solutions, backed by over 25 years of leadership in the energy-based device ("**EBD**") sector. Anchored by a legacy of innovation and clinical excellence, the Company has cultivated a unique, synergistic ecosystem that spans energy-based technologies, injectables, diagnostics, and complementary solutions.

With a deep-rooted commitment to research, development, and the application of advanced energy technologies, Sisram has introduced a series of groundbreaking solutions that continue to redefine the standards of medical aesthetics. Expanding its synergistic offering and leveraging global leadership alongside a robust commercial infrastructure spanning 12 direct-sales subsidiaries, Sisram is uniquely positioned as a premier platform for incubating and commercializing next-generation innovations in medical aesthetics.

Driven by a vision to enhance lives worldwide, Sisram empowers practitioners to deliver safe, effective, and life-transforming treatments utilizing state-of-the-art, clinically proven, holistic medical aesthetics solutions ranging from cutting-edge energy-based devices and diagnostic platforms to advanced injectables, AI-assisted skincare, and home-use devices, all designed to support an intelligent, personalized aesthetic journey across a spectrum of patient needs.

Recognized for our achievements, Sisram's award-winning solutions are trusted by more than tens of thousands of leading aesthetic clinics worldwide, with millions of patients across the board benefiting from its solutions every day, solidifying our position as a global leader.

## 2. BUSINESS REVIEW OF 2025

In 2025, Sisram's global sales and distribution network recorded a total revenue of US$365.3 million, representing an increase of 4.7% compared to 2024. Sisram continued to expand its direct presence in APAC with the establishment of a new direct office in Thailand, generating significant revenue while also driving strong growth through distribution channels. This strategy enabled Sisram to deliver 20.1% year-on-year revenue growth in markets outside North America. This growth was partially offset by the slowdown in North America, mainly due to the continuously challenging macroeconomic environment.

The gross profit amounted to US$215.1 million for the Reporting Period, representing a decrease of 0.7% compared to 2024. The gross profit margin during the Reporting Period amounted to 58.9%, representing a decrease of 3.2 percentage points ("**p.p.**") compared to 62.1% in 2024. The decrease in gross profit margin was mainly due to changes in geographic, product mix and newly established import tariffs.

For the Reporting Period, the Group recorded profit before tax of US$28.6 million and profit for the year of US$25.0 million, representing a decrease of 12.3% and 13.1% respectively, when compared to 2024. The decrease in profit before tax and profit for the period was mostly due to the decrease in gross profitability, partially offset by operational savings, as the Group has undertaken efficiency enhancement initiatives across its operations.

For the Reporting Period, the Group recorded an adjusted net profit of US$31.0 million representing an increase of 7.9% when compared to 2024. The adjusted net profit margin for the Reporting Period was 8.5% of revenue, an increase of 0.3 p.p. compared to 2024. This increase was primarily driven by the non-recurrence of a one-time gain recorded in 2024.

The Company's business fundamentals remain solid and healthy with sufficient financial resources to meet its future business needs and sustain its operational resilience, while achieving the Company's strategic goals.

- Among the year's key achievements, Sisram delivered double-digit international growth, led by APAC, reflecting the effective execution of initiatives to strengthen operational and production capabilities amid a challenging macroeconomic environment.

- Core platforms including Alma Harmony, Alma Hybrid, and Soprano continued to generate strong global demand, while the injectables portfolio led by Profhilo, Revanesse, and the advancement of DAXXIFY further diversified growth.

- In parallel, the Company advanced its AI-enabled ecosystem through the expansion of Universkin by Alma and the global rollout of Alma IQ, integrating diagnostics, treatment, and personalized skincare to enhance outcomes and engagement.

**R&D**

- R&D expenses amounted to US$16.9 million, an increase of US$1.0 million compared to previous year, while the ratio of R&D cost to revenue remained the same.

- During the Reporting Period, the Company:

  o Continued to drive innovation both by internal development and establishment of an innovation hub, bringing together commercial partners and academic institutions to foster the deep integration of industrial, academic, and research sectors;

  o Embarked on a long-term journey towards integration of AI based tools as part of our Diagnostic products and in the future as part of our treatment product offering;

  o Continued the clinical activities intended to support the next generations of our innovative EBD products.

- Clinical Research, IP and Product Clearance:

  o On the intellectual property front, the Company has been granted patents in the fields of ultrasound and laser-assisted liposuction, applied for patents in the fields of ultrasound and RF, registered two industrial designs, and registered a considerable number of trademarks.

  o The Company completed local product clearance for the Soprano family in multiple APAC regions and launched the energy-based solution "鈦提升".

**New Products for 2025**

- ***Universkin by Alma***

  Alma introduced Universkin, a first-of-its-kind AI-powered personalized skincare system. Bringing AI-based personalization to the forefront of patient care, the new platform is powered by proprietary analysis software that functions as a virtual assistant for today's modern clinic. In less than one minute, physicians can capture a facial image, initiate smart skin analysis, and instantly transform it into a tailor-made skincare formulation personalized to the individual's unique skin profile and concerns.

- ***HALLURA***

  Hallura is a revolutionary Hyaluronic Acid (HA) filler based on proprietary "click" chemistry, a technology awarded the 2022 Nobel Prize. Its BDDE-free formulation ensures a high safety profile and minimizes adverse effects. Hallura preserves the concentration and long-chain structure of natural HA, closely mimicking healthy skin. Commercial expansion of Hallura's innovative HA and biostimulator combination continues across strategic markets.

- ***Alma IQ***

  Alma IQ, the Company's next-generation imaging platform, has been introduced to global markets. The platform, developed in collaboration with Sylton, a global leader in aesthetic skin visualization, delivers real-time, high-definition insights beneath the skin's surface, capable of revealing what the eye cannot see, empowering aesthetic professionals to make informed decisions with unprecedented precision.

**Sales and Marketing**

Sisram has made a concerted effort to implement its corporate strategy, tailoring it to the unique characteristics and cultural nuances of local countries and regions. At the same time, the Company continues to provide ongoing support and guidance to its direct sales offices, empowering them to meet and exceed regional growth targets. This disciplined execution drove double-digit growth in markets outside North America during the Reporting Period, with particularly strong performance in the APAC region, aligned with the Company's strategic focus on this market. APAC delivered double-digit growth, led by robust momentum in Thailand, Chinese Mainland, Hong Kong SAR, and Korea.

Sisram's core product portfolio continued to perform strongly. Alma Harmony sales remained robust, reflecting sustained market adoption, while Alma Hybrid delivered its fifth consecutive year of growth, underscoring the durability of the Company's core medical energy-based device platforms. In parallel, "鈦提升" was successfully launched in China.

The Company also made significant progress in expanding its injectable portfolio, strengthening its position in providing access to premium aesthetic care solutions that combine energy-based devices with injectables. Profhilo continued its strong momentum in Thailand, while Revanesse outperformed expectations in the United Kingdom. In addition, Hallura's successful launch in Israel marked further progress in the commercialization of innovative hybrid injectable solutions. During the Reporting Period, Sisram advanced pre-launch preparations for DAXXIFY in Chinese Mainland, including engagement with key opinion leaders and sales team preparation, as groundwork for the anticipated launch.

In addition, during the Reporting Period, the following milestones were accomplished:

Sisram continued to advance the establishment of its smart, connected ecosystem strategy designed to enhance clinical outcomes and long-term patient engagement. Universkin by Alma, the world's first AI-powered personalized skincare system, was successfully launched in the United States in the first half of the year and in Hong Kong SAR of China in the second half of the year. By transforming aesthetic care into a long-term patient relationship, Universkin by Alma enables clinics to extend treatment impact beyond the clinic and increase patient retention and lifetime value. In parallel, Alma IQ continued its international rollout, enabling a new era of intelligent skin analysis and enhancing the patient journey from the very first interaction.

Focusing on enhancing business relationships and professional education, the Company held Alma Academy events in North America and Croatia, with the latter marking one of Alma's largest global educational events to date. The flagship academy, held for the eighth consecutive year, remains a cornerstone of Alma's industry leadership positioning. In addition, Alma continued to participate in leading international industry congresses worldwide, including IMCAS and IMCAS Asia.

The Company continued to strengthen its global marketing and brand-building activities. Harmony Bio-Boost, the exclusive Harmony treatment, gained further global traction as a premium skin-rejuvenation procedure and received industry recognition, including being named Best Laser for Fine Lines by the ELLE Awards. The Harmony product family further reinforced its position as Alma's most awarded platform, with recent recognitions from EPDA, GOOD DESIGN® Awards, and ELLE Tweakments Awards 2025.

Additional branded treatments include Pixel Peel, a gentle laser peel treatment designed to meet the growing demand for subtle, effective skin renewal with minimal downtime. Pixel Peel is compatible with the Alma Pixel and Alma Hybrid systems and has debuted in North America, with plans for subsequent global expansion. Please refer to the announcement of the Company dated August 25, 2025.

Sisram entered into strategic collaborations to expand global consumer reach, including a continued collaboration with celebrity skin expert Jamie Sherrill ("**Nurse Jamie**") and a strategic partnership with a leading Korean influencer, Sorina, with a significant global following. These initiatives contributed to a strengthened digital presence, with the Company growing its social media audience to 486k followers and achieving 123 million total views across all channels.

**Business Development**

- ***Strategic Agreement with Universkin***

  Sisram has signed a strategic agreement with French company Universkin, a pioneer in dermatology-based skincare, to expand its presence in the personalized cosmeceuticals space.

  The partnership includes a co-branded distribution agreement under the name Universkin by Alma, the collaborative development of innovative cosmeceutical products and AI-assisted skin analysis software, and exclusive commercialization rights granted to Sisram in the US and key international markets.

- ***Commercialization of Botulinum Toxin Type A for Injection***

  In June 2025, Sisram Medical HK Limited entered into a supply framework agreement with Fosun Wanbang (Jiangsu) Health Development Co., Ltd* (復星萬邦(江蘇)健康發展有限公司) ("**Fosun Wanbang (Jiangsu)**") to advance the commercialization preparations for botulinum toxin type A for injection (DaxibotulinumtoxinA-lanm, with the trademark of 达希斐 in Chinese Mainland and the English trademark of DAXXIFY, project code RT002) (the "**Product**"). Please refer to the announcement of the Company dated June 10, 2025. In September 2025, Sisram Medical (Tianjin) Limited* (復銳醫療科技(天津)有限公司) ("**Sisram Tianjin**") entered into a commercial distribution co-operation agreement with Fosun Wanbang (Jiangsu). Please refer to the announcement of the Company dated September 22, 2025.

  In January 2026, DAXXIFY officially passed the quality testing from National Institutes for Food and Drug Control of China. Please refer to the announcement of the Company dated January 5, 2026. In the same month, the first clinical application was completed, marking its full entry into the commercialization phase.

  As of the report date, DAXXIFY has been rolled out in multiple provinces and cities across Chinese Mainland, with its coverage continuously expanding. Leveraging strong product performance and efficient commercial strategy, the commercial shipment volume has reached over ten thousand units, with steady growth in the usage metrics. The team is currently continuing to expand product deployment and end-user services to ensure subsequent supply and support.

### Operations

As of the date of this report, the Company's production line in Israel is operating normally and the current inventory levels are sufficient to meet customer demand.

In 2025 as a response to global demand shifts, especially towards our multi-energy platform, the Company executed a comprehensive ramp-up plan, expanding the manufacturing capacity, optimizing the planning, material management and production processes and enhancing quality performance. Those initiatives have reinforced the Company's ability to ensure sufficient capacity to address both current and future market needs and significantly shorten the lead time for EBD high runners in demand.

Sisram has launched a glocalization initiative intended to address local demand by localized manufacturing and further improve the competitiveness of our products and resilience of our supply chain. In September 2025, the Company hosted a localization strategy expert seminar in China, engaging with experts to discuss core topics such as understanding the needs of consumers and medical aesthetics institutions in China, product safety and efficacy, after-sales services to enhance market recognition and customer satisfaction. In January 2026, Sisram entered into a Memorandum of Understanding (MOU) with Sinmait Medical Technology (Beijing) Co., Ltd (星邁泰科醫療科技(北京)有限公司) to establish a strategic cooperation framework for initiating a local manufacturing presence for energy-based devices in China. For further details, please refer to the announcement dated January 21, 2026.

As part of an effort to optimize sales and distribution infrastructure in North America, a new subsidiary has been established in Canada, with a goal to improve the customer experience in a strategic market and better utilize market potential.

### Information Systems and Digitalization

In recent years, Sisram has continued to invest in strengthening, standardizing, and digitalizing its global information systems and business processes. During the Reporting Period, the Company further enhanced its core enterprise platforms and their integration across sales, marketing, operations, supply chain, and customer support functions. The Company continued to advance its global customer relationship management (CRM) environment, reinforcing unified sales processes across direct sales organizations and improving data consistency, visibility, and operational efficiency. In parallel, Sisram expanded the use of digital tools and system integrations to support global supply chain operations, improve demand planning, and increase transparency across manufacturing, logistics, and distribution activities. Sisram also invested in data infrastructure and analytics capabilities, enabling more effective data-driven decision-making, proactive customer support, and improved insights across commercial and operational activities. These ongoing initiatives are designed to support scalability, operational resilience, regulatory compliance, and long-term growth as the Company continues to expand its global footprint.

## 3. OUTLOOK FOR 2026

Sisram enters the coming period from a position of demonstrated operational resilience, supported by disciplined execution and sustained demand across key markets. With this foundation in place, 2026 marks the start of a new strategic phase focused on deeper cross-business collaboration and the continued development of an integrated wellness ecosystem, extending value beyond individual products and treatment solutions.

Central to this evolution is the Company's expanding application of artificial intelligence across product development, operations, and customer engagement. By embedding intelligence across diagnostics, treatment pathways, and ongoing care, Sisram is advancing toward a more integrated, data-driven operating model that enhances efficiency, strengthens relationships with healthcare providers, and delivers more differentiated and durable value in an increasingly complex and competitive market.

Continued investment in injectables, diagnostics and skincare further complements the Company's core energy-based device (EBD) business, establishing additional growth drives and reinforcing Sisram's long-term strategic positioning.

From a geographic perspective, the Company will prioritize deepening its presence in North America and APAC while advancing greater integration across its business segments. In APAC, the focus will be on ecosystem-led solutions and expanded market penetration through differentiated product portfolios addressing both professional and consumer needs, while meeting diverse regulatory requirements. To strengthen supply chain resilience and enhance market responsiveness, Sisram will initiate localized production in China in line with its "Glocalization" strategy. This initiative will establish an integrated regional hub encompassing R&D, manufacturing, and commercial capabilities to support sustainable growth across the region.

In North America, where market conditions remain challenging, the Company's 2026 priorities focus on structural optimization and strategic capability building. This includes balancing near-term operational discipline with long-term capability development, supported by more granular market analytics and data-driven decision-making. Together with ongoing optimization of regional resource allocation and functional expertise, these initiatives will further strengthen the Company's foundation and prepare it for the next phase of market expansion.

Meanwhile, in light of the recent geopolitical situation in the Middle East, the Company remains vigilant in tracking related developments. As of the date of this report, the Group's production and operational activities in Israel, along with its subsidiaries across the Middle East, Europe, North America, APAC, etc. have maintained normal operations. The Company will continue to closely monitor the situation, maintain regular communication with local teams and authorities, and stand ready to implement contingency measures — including adjustments to production scheduling, logistics, workforce deployment and customer support — to protect employee safety, ensure continuity of supply and minimize any potential disruption to customers and partners.

Looking ahead, Sisram will remain committed to providing comprehensive and ongoing support to its customers, reinforcing operational excellence and long-term partnership value. In parallel, the Company will further invest in strengthening brand visibility and consumer engagement, fostering sustained bottom-up demand that supports clinical success and enhances the long-term resilience of its ecosystem.

Key initiatives for 2026 include:

- Expanding commercialization and driving sales growth of DAXXIFY — the peptide-powered botulinum toxin product for injection — in Chinese Mainland.
- Launching and upgrading energy-based devices and handpieces globally to deliver high-quality services and meet market demand. Introducing EBD products in the Thailand market to enhance customer experience and product optionality.
- Initiating localized manufacturing of energy-based devices in China to establish a regional hub supporting scaled production, sophisticated logistics, and advanced technology capabilities.
- Building on the momentum from the launch of Alma Harmony and expanding the penetration of Alma IQ in global markets, alongside Universkin by Alma, the AI-assisted skincare system launched in 2025.
- Advancing regulatory clearances for new energy-based devices and injectable products.
- Pursuing ecosystem-aligned M&A opportunities to strengthen R&D capabilities and enhance the product portfolio.
- Leverage the global and regional resources of Fosun Pharma to deepen market penetration, with a focus on customized offerings for Asian markets.

## 4. FINANCIAL REVIEW

### Overview

The following table sets forth the consolidated statement of profit or loss for the years indicated:

| | 2025 | | 2024 | | YOY% |
|---|---|---|---|---|---|
| | *(US$ in thousands, except for percentages)* | | | | |
| | **Amount** | **% of revenue** | Amount | % of revenue | |
| Revenue | **365,347** | **100.0%** | 349,112 | 100.0% | 4.7% |
| Cost of sales | **(150,203)** | **41.1%** | (132,432) | 37.9% | 13.4% |
| Gross profit | **215,144** | **58.9%** | 216,680 | 62.1% | (0.7)% |
| Other income and gains | **4,556** | **1.2%** | 7,289 | 2.1% | (37.5)% |
| Selling and distribution expenses | **(129,496)** | **35.4%** | (131,515) | 37.7% | (1.5)% |
| Administrative expenses | **(36,232)** | **9.9%** | (33,571) | 9.6% | 7.9% |
| Research and development expenses | **(16,861)** | **4.6%** | (15,937) | 4.6% | 5.8% |
| Other expenses[1] | **(5,526)** | **1.5%** | (7,980) | 2.3% | (30.8)% |
| Finance costs | **(3,245)** | **0.9%** | (2,455) | 0.7% | 32.2% |
| Share of profits and losses of associates | **210** | **0.1%** | 30 | 0.0% | 600.0% |
| Profit before tax | **28,550** | **7.8%** | 32,541 | 9.3% | (12.3)% |
| Income tax expense | **(3,545)** | **1.0%** | (3,775) | 1.1% | (6.1)% |
| **Profit for the year** | **25,005** | **6.8%** | 28,766 | 8.2% | (13.1)% |

1 Other expenses mainly included US$3.8 million of slow-moving inventory and US$1.4 million of bad debts provision.

### (a) Revenue

During the Reporting Period, revenue of the Group increased from US$349.1 million to US$365.3 million, representing an increase of 4.7% when compared to 2024. The overall increase was primarily attributable to double-digit growth in APAC, Europe and Latin America regions, partially offset by revenue decrease in North America.

***Revenue by main product segments***

We generate revenue from the following revenue streams: (i) sale of goods; and (ii) services and others.

The following table sets forth our revenue breakdown by main product lines and as a percentage of our total revenue for the years indicated:

| | **2025** | | 2024 | | YOY% |
|---|---|---|---|---|---|
| | *(US$ in thousands, except for percentages)* | | | | |
| | **Amount** | **% of revenue** | Amount | % of revenue | |
| Sale of Goods: | | | | | |
| Medical Aesthetics | **310,434** | **85.0%** | 308,928 | 88.5% | 0.5% |
| Injectables | **27,957** | **7.6%** | 9,790 | 2.8% | 185.6% |
| Subtotal | **338,391** | **92.6%** | 318,718 | 91.3% | 6.2% |
| Services and Others | **26,956** | **7.4%** | 30,394 | 8.7% | (11.3%) |
| **Total** | **365,347** | **100.0%** | 349,112 | 100.0% | 4.7% |

We derived a substantial majority of our revenue from our Medical Aesthetics product line, representing 85.0% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: "Soprano", "Harmony", "Opus", "Accent" and "Hybrid" platforms. Revenue from the sale of our Medical Aesthetics product line was US$310.4 million in 2025, representing an increase of 0.5% in comparison with a revenue of US$308.9 million in 2024. The increase was mainly due to strong performance of Harmony product family.

Revenue from Injectable line, another major building block in our comprehensive market offering, amounted to US$28.0 million, representing an increase of 185.6% as compared with 2024. The increase was mainly attributed to the establishment of the direct sales office in Thailand, which accelerated Profhilo's ramp-up in Thailand.

The revenue from service and others amounted to US$27.0 million, representing a decrease of 11.3% as compared with 2024. The decrease was mainly attributed to less complementary services purchase, especially in North America.

### *Revenue by geographic segments*

The following table sets forth our revenue by geographic segments for the years indicated:

| | **2025** | | 2024 | | YOY% |
|---|---|---|---|---|---|
| | *(US$ in thousands, except for percentages)* | | | | |
| | **Amount** | **% of revenue** | Amount | % of revenue | |
| North America | **111,010** | **30.4%** | 137,398 | 39.4% | (19.2)% |
| APAC | **147,419** | **40.4%** | 116,215 | 33.3% | 26.9% |
| Europe | **56,442** | **15.4%** | 50,538 | 14.5% | 11.7% |
| Middle East and Africa | **36,422** | **10.0%** | 34,605 | 9.9% | 5.3% |
| Latin America | **14,054** | **3.8%** | 10,356 | 2.9% | 35.7% |
| **Total** | **365,347** | **100%** | 349,112 | 100.0% | 4.7% |

During 2025, North America, APAC and Europe were the Company's most important geographic segments by revenue contribution. The Company has a wide distribution network across more than 110 countries worldwide, including 12 direct channel offices.

The revenue derived from North America decreased by 19.2% to US$111.0 million in 2025 from US$137.4 million in 2024. The decrease was primarily due to regional macroeconomic headwinds and subdued consumer sentiment.

The revenue derived from APAC increased by 26.9% to US$147.4 million in 2025 from US$116.2 million in 2024. The increase was mainly attributed to strong market performance in Thailand, Chinese Mainland, South Korea and Hong Kong SAR. The successful launch of "鈦提升" in China and the establishment of the direct sales office in Thailand, which accelerated Profhilo's ramp-up in Thailand, collectively drove high-quality growth in APAC.

The revenue derived from the Europe segment increased by 11.7% to US$56.4 million in 2025 from US$50.5 million in 2024. The increase was mainly attributed to growth in sales in UK, Poland, Spain, Netherlands and Slovenia.

The revenue derived from Middle East and Africa increased by 5.3% to US$36.4 million in 2025 from US$34.6 million in 2024. The increase was mainly attributed to growth in sales in UAE.

Our Latin America revenue increased by 35.7% to US$14.1 million in 2025 from US$10.4 million in 2024. The increase was mainly due to optimization of distribution network in major territories in Latin America which resulted in rapid growth.

**(b) Cost of sales**

Cost of sales primarily comprised (i) costs of materials used for production; (ii) cost of rendering of services; (iii) remuneration of production and services employees and (iv) overheads and other miscellaneous costs relating to production. During the Reporting Period, the total cost of sales of the Group increased by 13.4% to US$150.2 million from US$132.4 million in 2024, which correlates to top line growth, new import tariffs and decrease in gross profitability.

**(c) Gross profit and gross profit margin**

During the Reporting Period, gross profit of the Group decreased by 0.7% to US$215.1 million from US$216.7 million in 2024.

The gross profit margin decreased to 58.9% for the Reporting Period from 62.1% in 2024. The decrease was mainly due to change in geographical and product mix, as well as new import tariffs.

**(d) 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 social networks; and (iv) other sales and marketing expenses.

During the Reporting Period, the selling and distribution expenses of the Group decreased by 1.5% to US$129.5 million from US$131.5 million in 2024. The decrease was mainly due to the optimized sales scale in North America and the continued improvement in overall operational efficiency.

**(e) Administrative expenses**

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

During the Reporting Period, the administrative expenses of the Group increased by 7.9% to US$36.2 million from US$33.6 million in 2024. The increase was primarily attributable to higher personnel-related costs and infrastructure investments to support the expansion of new business initiatives.

**(f) R&D expenses**

The Group's R&D expenses primarily consist of: (i) remuneration to R&D team members; (ii) cost of materials used in R&D efforts; (iii) expenses related to clinical studies; and (iv) expenses related to regulatory compliance and registration of patents and trademarks. During the Reporting Period, the 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 expense increased to US$16.9 million from US$15.9 million in 2024, which was primarily due to continued investment in R&D across key areas. The Group continued to invest significant resources in two main areas: clinically and regulatory supported development of new generations of Sisram's leading products and innovative research of new applications, to keep our competitive edge as leading innovator.

**(g) Finance costs**

Finance costs are mainly comprised of (i) interest on bank loans and (ii) interest on lease liabilities. Finance costs increased to US$3.2 million in 2025 from US$2.5 million in 2024, which was primarily due to higher interest expenses on short-term loans.

**(h) Income tax expense**

The Israeli corporate tax rates are both 23% in 2024 and 2025. 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$3.5 million, representing a decrease of 6.1% from US$3.8 million in 2024. The decrease was mainly attributable to positive income tax adjustments in previous years as well as a decline in profit before tax resulting in lower tax expenses, which was partially offset by the increase in income tax expenses in APAC.

The Group's effective tax rates for 2024 and 2025 were 11.6% and 12.4%, respectively. The effective tax rate is calculated by dividing the income tax expense by the profit before tax.

**(i) Profit for the year**

As a result of the foregoing, during the Reporting Period, our profit for the year decreased by 13.1% to US$25.0 million from US$28.8 million in 2024. The net profit margin of the Group for 2025 and 2024 was 6.8% and 8.2%, respectively.

**(j) 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 related to M&A transactions; (ii) deferred tax liability arising from other intangible assets, which primarily relates to acquisitions; (iii) RSU expenses; and (iv) one-off adjustment. The Group calculates adjusted net profit margin by dividing adjusted net profit by revenue.

The Group presents this financial measure because it is used to evaluate financial performance by excluding the impact of items that the Group does not consider indicative of the Group's ordinary operating performance.

The term adjusted net profit is not a financial measure defined under IFRSs. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact net profit for the period. Items excluded from adjusted net profit are significant components in understanding and assessing the Group's operating and financial performance. The following table reconciles the adjusted net profit for the Reporting Period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit for the year:

| | **2025 US$'000** | 2024 US$'000 | YOY% |
|---|---|---|---|
| PROFIT FOR THE YEAR | **25,005** | 28,766 | (13.1)% |
| Adjusted for: | | | |
| Amortization of other intangible assets arising from the Alma acquisition | **2,751** | 2,751 | 0.0% |
| Amortization of other intangible assets arising from the Nova acquisition | **337** | 478 | (29.5)% |
| Amortization of other intangible assets arising from the Foshion acquisition | **403** | 419 | (3.8)% |
| Amortization of other intangible assets arising from Alma China | **4,111** | 4,111 | 0.0% |
| One time income from realization of investment in Belkin | — | (802) | (100.0)% |
| One time income from Investment in Tianjin JuveStar Bio-technology Company Ltd. | — | (3,350) | (100.0)% |
| One time income from Investment in Brown | — | (1,218) | (100.0)% |
| RSU expenses | — | (794) | (100.0)% |
| Deduct: deferred tax arising from other intangible assets | **(1,641)** | (1,653) | (0.7)% |
| **Adjusted net profit** | **30,966** | 28,708 | 7.9% |
| **Adjusted net profit margin** | **8.5%** | 8.2% | |

## 5. DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

### (a) Treasury Policy

The Board aims to have better control of its treasury operations and endeavors to maintain an adequate level of cash and cash equivalents. The functional currency of the Company 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 December 31, 2025, and December 31, 2024, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio was presented.

### (c) Interest Coverage

During the Reporting Period, the interest coverage, which is calculated by Earnings Before Interest and Taxes divided by financial costs, was 9.8 times as compared with 14.3 times in 2024. The interest coverage decreased mainly due to lower income before tax.

### (d) Available Banking Facilities

As of December 31, 2025, Sisram facilitated a fixed short term loan on amount of US$19 million from an Israeli Bank of which US$5.3 million had been utilized.

In January 2026, the loan was increased to US$31 million.

### (e) Interest Rate

As at December 31, 2025, total interest-bearing bank and other borrowings at a fixed interest rate amounted to US$10.8 million (as at December 31, 2024: US$4.8 million).

### (f) Maturity Structure of Outstanding Debts

The following tables sets forth the maturity structure of outstanding debts as at December 31, 2025 and December 31, 2024.

| | **2025** | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Effective interest rate (%)** | **Maturity** | **US$'000** | Effective interest rate (%) | Maturity | US$'000 |
| **Current** | | | | | | |
| Fixed short term loan | **SOFR+200bp** | **2026** | **5,304** | — | — | — |
| Other borrowings* | **3.3–4.1** | **2026** | **5,484** | 4.10–4.15 | 2025 | 4,796 |

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

## 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 2025 and 2024.

| | 2025<br>US$'000 | 2024<br>US$'000 | YOY% |
|---|---|---|---|
| Net cash flows generated from operating activities | **9,398** | 33,083 | (71.6)% |
| Net cash flows used in investing activities | **(1,697)** | (6,595) | (74.3)% |
| Net cash flows used in financing activities | **(10,923)** | (16,115) | (32.2)% |
| Net (decrease)/increase in cash and cash equivalents | **(3,222)** | 10,373 | (131.1)% |
| Cash and cash equivalents at the beginning of year | **70,102** | 60,535 | 15.8% |
| Effect of foreign exchange rate changes, net | **3,946** | (806) | (589.6) |
| Cash and cash equivalents at the end of the year | **70,826** | 70,102 | 1.0% |
| Pledged bank balances for bank loans | **147** | 132 | 11.4% |
| Cash and bank balances at the end of the year | **70,973** | 70,234 | 1.1% |

### Net cash flows from operating activities

During the Reporting Period, the net cash flows generated from operating activities were US$9.4 million, which was primarily attributable to (i) the profit before tax of US$28.6 million; (ii) total adjustments for profit or loss items of US$22.3 million; and (iii) working capital adjustments of US$41.5 million.

### Net cash flows used in investing activities

During the Reporting Period, the net cash flows used in investing activities were US$1.7 million, which was mainly attributable to (i) purchase of plant and equipment for US$2.6 million; and (ii) interest received of US$0.9 million.

### Net cash flows used in financing activities

During Reporting Period, the net cash flows used in financing activities was US$10.9 million, which was primarily attributable to (i) dividend paid to shareholders (including tax) of US$10.4 million; (ii) payment of lease payments and interest paid under IFRS 16 of US$8.4 million; (iii) repayment of bank loans of US$18.7 million (iv) borrowing new loans of US$24.6 million; (v) proceeds from settlement of foreign currency forward contracts of US$2.7 million and (vi) interest paid of US$0.7 million.

## 7. CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

During the Reporting Period, capital expenditures of the Group amounted to US$2.6 million, which mainly consisted of leasehold improvements.

As at December 31, 2025, the Group did not have any significant capital commitments.

## 8. CONTINGENT LIABILITIES

As at December 31, 2025, the Group did not have any contingent liabilities.

## 9. MATERIAL ACQUISITION AND DISPOSAL

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

## 10. 2021 RSU SCHEME

The Group adopted the 2021 RSU Scheme on November 30, 2021.

Pursuant to the consultation conclusions on the proposed amendments to the Rules Governing the Listing of Securities on Stock Exchange (the "**Listing Rules**") relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in July 2022, Chapter 17 of the Listing Rules has been amended to govern both share award schemes and share option schemes with effect from January 1, 2023.

In light of the above, the Board proposed certain amendments to the 2021 RSU Scheme, the majority of which are to ensure compliance with the amended Listing Rules and others are minor housekeeping changes for the purpose of clarifying existing practices, and the 2021 RSU Scheme was amended pursuant to the Shareholders' resolution at the annual general meeting of the Company on June 24, 2024 (the "**Amendments to the 2021 RSU Scheme**").

Pursuant to the 2021 RSU Scheme (as amended), the Company may grant restricted share units ("**RSUs**") to:

(i) any individual being a Director (including executive Directors and non-executive Directors, but excluding independent non-executive Directors), a director of the Company's subsidiaries and/or an employee of the Group ("**Employee Participants**");

(ii) an employee or director of a Related Entity ("**Related Entity Participants**"); or

(iii) Service Providers ("**Service Providers**", together with the Employee Participants and Related Entity Participants, the "**Participants**").

The purpose of the 2021 RSU Scheme (as amended) is to attract skilled and experienced personnel, to incentivize them to remain with the Group and motivate personnel to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The RSUs are to be granted by the Company to the Participants at HK$1.00 or such other amount to be determined by the Board subject to the acceptance of the Participants. The RSUs to the Participants shall be vested in four equal instalments in a period of four years after the date of grant. No consideration is required from the grantees at the time of vesting and there is no purchase price of any cancelled RSUs. The 2021 RSU Scheme (as amended) is valid and effective for the period commencing on November 30, 2021 and expiring on the 5th anniversary of the 2024 annual general meeting of the Company (being June 24, 2029) and no RSUs shall be granted thereafter.

The maximum aggregate number of shares that may be issued under the RSU Scheme (as amended) shall not exceed 23,417,154 Shares, representing 5.0% of the total number of issued Shares (excluding treasury shares) on the date of this report.

For details, please refer to (i) the announcement of the Company dated September 9, 2021, and the circular of the Company dated October 25, 2021, in relation to the adoption of the 2021 RSU Scheme; and (ii) the circular of the Company dated May 31, 2024 (the "**Circular**") and the announcement of the Company dated June 24, 2024, in relation to the Amendments to the 2021 RSU Scheme. Unless otherwise specified, capitalised terms used in this section shall have the same meaning as those defined in the Circular.

On November 30, 2021, the Shareholders granted a specific mandate to the directors of the Company to issue and allot up to 22,107,780 shares upon vesting of the RSUs to be granted under the 2021 RSU Scheme. On June 24, 2024, the Shareholders approved the Amendments to the 2021 RSU Scheme, pursuant to which the Company may (i) allot and issue up to 23,417,154 Shares pursuant to the RSUs granted under the 2021 RSU Scheme and share grants under other schemes ("**Scheme Mandate**"), and (ii) allot and issue up to 9,366,861 Shares pursuant to RSUs granted to Service Providers under the 2021 RSU Scheme and share grants under other schemes ("**Service Provider Sublimit**"). For details, please refer to the Circular.

Under the 2021 RSU Scheme (as amended), the maximum entitlement of each individual Participant in any 12-month period (excluding any RSUs and share grants lapsed or encashed) shall not exceed 1% of the Company's shares in issue for the time being.

As the performance conditions were not met, there were no RSUs to be vested as of December 31, 2025. As at January 1, 2025 and December 31, 2025, 22,096,854 and 23,417,154 RSUs were available for grant under the Scheme Mandate, respectively, out of which 9,366,861 RSUs and 9,366,861 RSUs were available for grant under the Service Provider Sublimit, respectively.

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

| Grantees[1] | Unvested as at January 1, 2025 | | Vested during the Reporting Period | | Expired/lapsed during the Reporting Period | Cancelled during the Reporting Period | Unvested as at December 31, 2025 | |
|---|---|---|---|---|---|---|---|---|
| | Number | Date of grant | Number | Weighted average closing price of the shares immediately before the dates on which the awards were vested | | | Number | Date of grant |
| Other Employee Participants[3] | 1,320,300[2] | September 4, 2024 | — | — | 1,320,300 | — | — | — |

(1) No RSUs were granted by the Company during the Reporting Period. Rule 17.07(3) of the Listing Rules is therefore not applicable.

(2) The RSUs were granted by the Company at nil consideration subject to the acceptance of the Participants, and no consideration was required from the relevant grantees at the time of vesting. The RSUs will be vested in 12 months from the date of grant, conditional on the achievement of objective performance conditions as set out in the notice of grant, which include measures relating to financial metrics and other targets.

(3) Such Employee Participants did not include any Directors or chief executive of the Company.

## 11. SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for those disclosed in this report, there were no other significant investments held as at December 31, 2025. The Group did not have other plans for material investments and capital assets.

## 12. RISK MANAGEMENT

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

### (a) Macroeconomic risk

Deterioration of economic conditions worldwide or part of the market resulting from economic cycles, tariff, political or social unrest, armed conflicts, government measures in response to outbreaks of contagious diseases, or other events or conditions that may adversely affect the business results in the decrease in the availability of funds and needs of our customers or material adverse effect on the net sales, profitability, cash flow and financial position of the Company.

The Company puts efforts into expanding the direct operations offices infrastructure and implementing glocalization to mitigate the risk of financial crisis in a specific region. In addition, the Company maintains a cost control mechanism in order to be able to adjust the Company's expenses in case of macroeconomic events negatively impacting the top line performance.

**(b) Foreign currency exposure**

The functional currency of the Company is the U.S. Dollar and most of the sales proceeds are denominated in the U.S. Dollar. However, the Company also generates revenue globally in a few other currencies, particularly Euros, and incurs costs mostly in New Israeli Shekels. Furthermore, the functional currencies of certain subsidiaries are currencies other than the U.S. Dollar, including the Euros, the Indian Rupee, the New Israeli Shekels, the HK Dollar, the South Korean Won, Australian Dollar and the Chinese RMB. As at the end of the Reporting Period, the assets and liabilities of these entities were translated into the U.S. Dollar at the exchange rates prevailing at the end of the Reporting Period and their statements of profit or loss were translated into the U.S. Dollar at the weighted average exchange rates for the period. As such, the Group's results of operations are sensitive to changes in foreign currency exchange rates.

The Company 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.

**(c) 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.

**(d) Legal & Compliance Risk**

The Company's business and operations may be affected by unexpected or uncertain application of a law or regulation which may incur penalties, operation costs.

The Company has engaged legal advisers in different jurisdictions to provide legal advisers and suggest prompt actions on any regulatory updates.

## 13. EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth the number of our employees by function as at December 31, 2025:

| Functions | Number of Employees |
|---|---|
| Operations | 285 |
| R&D | 84 |
| Sales & Marketing | 524 |
| General and Administration | 154 |
| Total | 1,047 |

Employees' headcount in 2025 increased by 3.2% with an increase of 32 employees.

R&D activity is conducted by 84 employees, representing 8.0% of corporate employees.

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.

## REPORT OF DIRECTORS

The Board is pleased to present its 2025 annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2025.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature its innovative and proprietary technologies. In addition, the Company is actively expanding the business into injectables, alongside complementary offerings.

Details of the principal activities of the subsidiaries of the Company are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended December 31, 2025 are set out in the Consolidated Statement of Profit or Loss on page 66.

The Board has resolved to declare a final dividend of HK$0.095 (inclusive of tax) per Share for the year ended December 31, 2025. During the year ended December 31, 2025 and as of the date of this annual report, the Company did not have any treasury shares (as defined in the Listing Rules).

## DIVIDENDS POLICY

The Company has adopted the Dividend Policy. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its Shareholder value. The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to propose, declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and the factors.

The Board shall also take into account the factors of the Group when considering the declaration and payment of dividends, including financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends, profits legally available for distribution, which are defined as the greater of retained earnings or earnings accumulated during the preceding two years (the "**Profits Criteria**"), ability of the Company to pay the Profits Criteria and any other factors that the Board may consider relevant. Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period. The Board will review this Dividend Policy as appropriate from time to time.

## BUSINESS REVIEW

The business review of the Group for the Reporting Period is set out in the sections headed "Chief Executive Officer's Review" on pages 5 to 7 and "Management Discussion and Analysis" on pages 8 to 25, respectively of this annual report. All references herein to other sections or reports in this annual report form part of this Report of the Directors.

## AGM AND CLOSURE OF REGISTER OF MEMBERS

The notice of the forthcoming AGM will be published in accordance with the requirements of the Listing Rules and the Articles of Association. The Company will announce the period of closure of register of members and the record date in the notice of AGM to be issued.

## SUMMARY FINANCIAL INFORMATION

A summary of the financial information for the last five financial years, as extracted from the audited financial statements, is set out in the section headed "Financial Summary" in this annual report.

## BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at December 31, 2025 are set out in note 29 to the financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and its subsidiaries during the Reporting Period are set out in note 13 to the financial statements.

## CHARGE ON ASSETS

As at December 31, 2025, no property, plant and equipment was pledged to banks as loan security (December 31, 2024: Nil).

## SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 32 to the financial statements.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended December 31, 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares).

## DISTRIBUTABLE RESERVES

The amount of the Company's reserves available for distribution as at December 31, 2025, calculated in accordance with Israeli rules and regulations, was US$183.2 million.

Details of the movements in the respective reserves of the Group and the Company during the Reporting Period are set out in the Consolidated Statement of Changes in Equity to the financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate amount of purchases attributable to the Group's five largest suppliers was less than 30% of total purchases of the Group, and the aggregate amount of revenue attributable to the Group's five largest customers was less than 30% of total revenue of the Group.

During the Reporting Period, to the knowledge of the Directors, none of the Directors, their close associates, or Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the number of issued Shares of the Company) had interests in the five largest suppliers or customers of the Company.

## DIRECTORS

The following is the list of Directors during the Reporting Period and up to the date of this annual report (unless otherwise stated).

**Executive Directors**

Mr. Lior Moshe DAYAN *(Chairman, appointed as a Chairman on January 1, 2026)*
Mr. Jiahong LI *(Co-Chief Executive Officer, Chief Financial Officer, appointed as an executive Director on March 19, 2025)*
Mr. Yi LIU *(ceased to be an executive Director on January 1, 2026)*

**Non-executive Directors**

Mr. Yi LIU *(redesignated as a non-executive Director on January 1, 2026)*
Ms. Rongli FENG
Ms. Caroline Xiaokui JIN *(appointed as a non-executive Director on January 1, 2026)*
Mr. Yifang WU (吳以芳) *(ceased to be a non-executive Director on January 1, 2026)*

**Independent non-executive Directors**

Mr. Heung Sang Addy FONG
Mr. Chi Fung Leo CHAN
Ms. Jenny CHEN
Mr. Kai Yu Kenneth LIU

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 56 to 60 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a letter of appointment or service contract with the Company, subject to the provision of retirement and rotation of Directors under the Articles of Association.

None of the Directors has an unexpired letter of appointment or service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## REMUNERATION POLICY

The remuneration policy of the Group is set out in the section headed "Management Discussion and Analysis" on pages 8 to 25 of this annual report.

Details of the remuneration to Directors and chief executives, senior management and the five highest paid employees of the Company are set out in notes 8 and 9 to the financial statements.

## DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Related Party Transactions", there is no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time in the Reporting Period was a Director or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during the Reporting Period or at the end of the Reporting Period.

## PENSION SCHEME

The full-time employees of the Group are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries (subject to maximum caps) to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. There were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution scheme as at December 31, 2025, and forfeited contributions may not be used by the employer to reduce the existing level of contributions. Contributions to these schemes are expensed as incurred. The Group's pension cost charged to the Statement of profit or loss for the Reporting Period was US$0.6 million.

## MANAGEMENT CONTRACT

No contract concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed in this annual report, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the Reporting Period or at the end of the Reporting Period.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

Except Mr. Yi LIU (our non-executive Director and also the director of CML), and Ms. Rongli FENG (our non-executive Director and also the director of CML), none of the Directors is interested in any businesses apart from the Group's business which competes with or is likely to compete, either directly or indirectly, with the Group's business. CML, a subsidiary of Fosun Pharma, acts as agent or distributor in the PRC for a broad range of medical devices (including products relating to the imaging, aesthetics, surgery, dermatology, oncology and dental segments).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2025, 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 C3 of the Listing Rules were as follows:

| Name of Director | The company in which the interests are held | The class of shares/debenture | Capacity and nature | Number of shares held | Percentage of shareholding in the relevant class of shares |
|---|---|---|---|---|---|
| Yi LIU | Company | Ordinary Shares | Beneficial owner | 140,000 | 0.03% |
| | Fosun Pharma | A shares | Beneficial owner | 342,344 | 0.02% |
| | Fosun Pharma | H shares | Beneficial owner | 782,800 | 0.14% |
| Lior Moshe DAYAN | Company | Ordinary Shares | Beneficial owner | 538,500 | 0.11% |
| | Fosun International | Ordinary Shares | Beneficial owner | 200,000 | 0.00% |
| Yifang WU | Fosun International | Ordinary Shares | Beneficial owner | 960,000 | 0.01% |
| | Fosun Pharma | A shares | Beneficial owner | 834,776 | 0.04% |
| | Fosun Pharma | H shares | Beneficial owner | 373,000 | 0.07% |
| Rongli FENG | Fosun Pharma | A shares | Beneficial owner | 214,355 | 0.01% |
| | Fosun Pharma | H shares | Beneficial owner | 381,400 | 0.07% |
| Jiahong LI | Fosun Pharma | A shares | Beneficial owner | 13,600 | 0.00% |
| | Fosun Pharma | H shares | Beneficial owner | 31,800 | 0.01% |

Save as disclosed in the foregoing, as at December 31, 2025, none of the Directors or chief executives 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 December 31, 2025, so far as is known to the Directors, the persons or entities, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

| Name of Shareholders | Capacity | Number of Shares held or interested | Approximate Percentage (%) |
|---|---|---|---|
| CML | Beneficial owner | 127,318,640(L)[1] | 27.18% |
| Ample Up[2] | Beneficial owner | 207,186,160(L) | 44.24% |
| | Interest in controlled corporation | 127,318,640(L) | 27.18% |
| | | 334,504,800 (L) | 71.42% |
| Fosun Industrial[3] | Interest in controlled corporation | 334,504,800 (L) | 71.42% |
| Fosun Pharma[4] | Interest in controlled corporation | 334,504,800 (L) | 71.42% |
| Fosun High Tech[5] | Interest in controlled corporation | 334,504,800 (L) | 71.42% |
| Fosun International[6] | Interest in controlled corporation | 334,504,800 (L) | 71.42% |
| FHL[7] | Interest in controlled corporation | 334,504,800 (L) | 71.42% |
| FIHL[8] | Interest in controlled corporation | 334,504,800 (L) | 71.42% |
| Guangchang GUO[9] | Interest in controlled corporation | 334,504,800 (L) | 71.42% |

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 334,504,800 Shares which Ample Up is interested in, comprising 207,186,160 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, there is no other person known to the Directors or chief executive of the Company who, as at December 31, 2025, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

## PERMITTED INDEMNITY

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the directors of the Group.

## SHARE SCHEME

On November 30, 2021, the Group adopted the 2021 RSU Scheme, which was amended pursuant to the Shareholders' resolution at the annual general meeting of the Company on June 24, 2024. Pursuant to the 2021 RSU Scheme (as amended), the Company may grant the directors of the Company (including executive Directors, and non-executive Directors, but excluding independent non-executive Directors), the directors of the Company's subsidiaries and the employees of the Group, an employee or director of a Related Entity, or Service Providers restricted share units. For details of the 2021 RSU Scheme, please refer to "10. 2021 RSU Scheme" in the Management Discussion and Analysis in this annual report.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Group during the Reporting Period or subsisted at the end of the Reporting Period.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, during the Reporting Period, the Company has maintained sufficient public float as required by the Listing Rules.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in the Articles of Association or under the applicable laws of Israel where the Company is incorporated.

## DONATIONS

During the Reporting Period, the Group made no donations.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Company had the following connected transactions and continuing connected transactions that are not exempt from annual reporting requirement under Chapter 14A of the Listing Rules:

### 1. Sublicense Agreement

***Subject matter***

Fosun Pharma Industrial, a wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company, entered into the Sublicense Agreement and the Amendment to Sublicense Agreement with Sisram Tianjin, a wholly-owned subsidiary of the Company on October 26, 2022 and December 15, 2022, respectively, pursuant to which Sisram Tianjin agreed to sublicense from Fosun Pharma Industrial the relevant know-hows and patents of the Product, so as to, among other things, import, use, sell or commercialize the Product in the Fields in the Territory. The Sublicense Agreement takes effect from February 9, 2023 and shall continue until the date on which all of Sisram Tianjin's payment obligations under the Sublicense Agreement have been performed or have expired.

***Consideration***

Sisram Tianjin is expected to make the following payments:

(1) Upfront Payment: an upfront payment of US$52.25 million (or US$55.39 million, tax inclusive) (the "**Upfront Payment**") within 30 Business Days after the date of the Sublicense Agreement.

(2) One-off Regulatory Milestone Payments: the milestone payments in the amount of US$22 million (or US$23.32 million, tax inclusive) upon the research and development of the Product obtaining BLA for the aesthetic indications from NMPA and FDA, respectively (the "**Regulatory Milestone Payments**").

(3) One-off Sales Milestone Payments: the sales milestone payments in the aggregate amount of up to US$172.5 million upon the sales of the Product achieving certain milestones.

(4) Royalty Payments: royalty payments will be made as follows (the "**Royalty Payments**"):

| Range of Annual Net Sales | Royalty Rate |
|---|---|
| On that portion which is less than US$100 million | 16% |
| On that portion which is greater than or equal to US$100 million but less than US$300 million | 18% |
| On that portion which is greater than or equal to US$300 million but less than US$500 million | 20% |
| On that portion which is greater than or equal to US$500 million | 22% |

The Royalty Payments shall continue until the latest of: (i) the expiration of the last valid claim (including any patent term adjustments or extensions) within the relevant patents of the Head Licensor with respect to the Product that covers the Product (including composition of matter, method of use or making) in the Territory; (ii) the expiration of all regulatory exclusivity for the Product in the Territory; (iii) the first commercial sale of a Biosimilar of the Product in the Territory; and (iv) 15 years after the first commercial sale of the Product in the Territory.

On 12 March 2026, the Company set the cap for Royalty Payments for each of the years ending 31 December 2026, 31 December 2027 and 31 December 2028 to be not exceeding USD11.2 million. The said annual caps may not represent the actual transaction amount between the Group and Fosun Pharma Industrial. For details, please refer to the Company's announcement dated 12 March 2026.

***Listing Rules Implications***

As Fosun Pharma Industrial is a wholly-owned subsidiary of Fosun Pharma and Fosun Pharma is a controlling shareholder of the Company, therefore, Fosun Pharma Industrial is a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly, (1) the entering into of the Sublicense Agreement and the proposed payments of the Upfront Payment, the Regulatory Milestone Payments and the Sales Milestone Payments would constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules; and (2) the payment of the Royalty Payments would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

***Waivers***

With respect to the payment of the Royalty Payments which constitutes a continuing connected transaction under Chapter 14A of the Listing Rules, the Company has applied for, and the Stock Exchange has granted to the Company, (i) a waiver from strict compliance with the requirement under Rule 14A.53 to set monetary annual caps, so as to allow the Company to use the formula set out in "Consideration — (4) Royalty Payments" above as the annual caps for the Royalty Payments during the term of the Sublicense Agreement; and (ii) a waiver from strict compliance with Rule 14A.52 to allow the term of the Sublicense Agreement to be for an unspecified term.

These waivers have been granted subject to the following conditions:

(1) the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if there are any material changes to the terms of the Sublicense Agreement;

(2) the Company's board (including the independent non-executive Directors) will ensure that the relevant transactions are undertaken in accordance with the terms of the Sublicense Agreement, and comply with the applicable Listing Rule requirements;

(3) the independent non-executive Directors will review the transactions under the Sublicense Agreement on an annual basis and confirm in the Company's annual reports the matters set out in Rule 14A.55. The auditors of the Company will also report on the same transactions and issue a letter to the board of directors confirming the matters set out in Rule 14A.56;

(4) the Company will re-comply with Chapter 14A of the Rules in setting the annual caps for the royalty payments under the Sublicense Agreement when the Product is commercialized; and

(5) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of waiver, the Company will take immediate steps to ensure compliance with such new requirements.

Further details of the Sublicense are set out in the circular of the Company dated December 23, 2022.

As disclosed hereinabove, since the Group intends to commercialize the Product in 2026, on 12 March 2026, the Company set the cap for Royalty Payments for each of the years ending 31 December 2026, 31 December 2027 and 31 December 2028. For details, please refer to the Company's announcement dated 12 March 2026.

***Transaction Amount***

The Product received the approval for drug registration from NMPA in September 2024. The Company intends to launch the Product in 2026. Therefore, no transaction was entered into under the Sublicense Agreement and the Amendment to Sublicense Agreement for the year ended 31 December 2025.

**2. Supply Framework Agreement**

On June 10, 2025, Sisram HK entered into the Supply Framework Agreement with Fosun Wanbang (Jiangsu), pursuant to which Sisram HK agreed to supply the Product to Fosun Wanbang (Jiangsu), and Fosun Wanbang (Jiangsu) agreed to purchase the Product from Sisram HK.

***Subject matter***

Sisram HK agreed to supply the Product to Fosun Wanbang (Jiangsu), and Fosun Wanbang (Jiangsu) agreed to purchase the Products from Sisram HK.

Sisram HK and Fosun Wanbang (Jiangsu) may from time to time enter into other definitive agreements in relation to, among others, the supply price, settlement time, settlement method, settlement basis and quality assurance.

***Listing Rules Implications***

Fosun Wanbang (Jiangsu) is an indirect wholly-owned subsidiary of Fosun Pharma and Fosun Pharma is a controlling shareholder of the Company. Therefore, Fosun Wanbang (Jiangsu) is a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly, the entering into of the Supply Framework Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the transactions contemplated under the Supply Framework Agreement exceeds 0.1% but is less than 5%, the transactions under the Supply Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

***Annual cap***

The proposed annual caps in respect of the transactions contemplated under the Supply Framework Agreement for the period from 10 June 2025 to 31 December 2025 and the period from 1 January 2026 to 9 June 2026 are as follows:

| | From 10 June 2025 to 31 December 2025 (US$) | From 1 January 2026 to 9 June 2026 (US$) |
|---|---|---|
| Aggregate transaction amount | 14,300,000 | 14,300,000 |

***Transaction Amount***

The Product received the approval for drug registration from NMPA in September 2024. The Company intends to launch the Product in 2026. Therefore, no transaction was entered into under the Supply Framework Agreement for the year ended 31 December 2025.

**3. Commercial Distribution Co-Operation Agreement**

On September 22, 2025, Sisram Tianjin entered into the Commercial Distribution Co-operation Agreement with Fosun Wanbang (Jiangsu), pursuant to which Sisram Tianjin agreed to be responsible for, among others, the commercialization, marketing promotion, medical education and commercialization planning with respect to botulinum toxin type A for injection (DaxibotulinumtoxinA-lanm, with the trademark of 达希斐® in Mainland China and the English trademark of DAXXIFY®, project code RT002) (the "**Product**") in the Commercial Distribution Co-operation Territory (the "**Services**") and Fosun Wanbang (Jiangsu) agreed to be responsible for, among others, the import, procurement, customs clearance, legal inspection, warehousing transportation, and general distribution of the Product in the Commercial Distribution Co-operation Territory.

***Subject matter***

Sisram Tianjin agreed to be responsible for, among others, the commercialization, marketing promotion, medical education and commercialization planning of the Product in the Commercial Distribution Co-operation Territory. Fosun Wanbang (Jiangsu) agreed to be responsible for the following areas of the Product in the Commercial Distribution Co-operation Territory, including among others: (a) import, procurement, customs clearance, legal inspection, warehousing transportation and general distribution; (b) commercial channel distribution; and (c) warehousing space, operational procedures, and related systems. Sisram Tianjin and Fosun Wanbang (Jiangsu) may from time to time enter into other definitive agreements in relation to, among others, logistics and service level, regional distribution fee and payment installations. The term of the Commercial Distribution Co-operation Agreement commenced on September 22, 2025 and will expire on September 21, 2026.

### *Consideration*

The service fees to be paid by Fosun Wanbang (Jiangsu) to Sisram Tianjin under the Commercial Distribution Co-Operation Agreement shall be calculated based on the following formula:

Total Amount of Sales (excluding VAT) – Procurement Costs and Import Tax – Operating Costs – Other Expenses

For the purpose of the above formula:

"Total Amount of Sales" means the total amount of revenue from the sale of the Product by Fosun Wanbang (Jiangsu) in the Commercial Distribution Co-operation Territory (excluding VAT).

"Procurement Costs and Import Tax" means the actual amount paid by Fosun Wanbang (Jiangsu) for the import and procurement of the Product and the total amount of taxes paid for the import of the Product (excluding VAT).

"Operating Costs" means the operating costs incurred by Fosun Wanbang (Jiangsu) for conducting businesses relating to the Product such as international segment fees, domestic logistics fees, domestic warehousing fees, capital costs and management fees.

"Other Expenses" means fees arising from, including but not limited to, the registration and re-registration, pharmacovigilance, product quality insurance, test samples, legal inspection samples, returns and loss reported, near-expiry loss reported for the Product (excluding losses caused by the operations of Fosun Wanbang (Jiangsu)).

### *Listing Rules Implications*

Fosun Wanbang (Jiangsu) is an indirect wholly-owned subsidiary of Fosun Pharma and Fosun Pharma is a controlling shareholder of the Company. Therefore, Fosun Wanbang (Jiangsu) is a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly, the entering into of the Commercial Distribution Co-operation Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the transactions contemplated under the Commercial Distribution Co-operation Agreement exceeds 0.1% but is less than 5%, the transactions under the Commercial Distribution Co-operation Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further details of the Sublicense are set out in the announcement of the Company dated September 22, 2025.

***Annual Cap***

The annual caps in respect of the transactions under the Commercial Distribution Co-operation Agreement for period from September 22, 2025 to December 31, 2025 and the period from January 1, 2026 to September 21, 2026 are as follows:

| | From September 22, 2025 to December 31, 2025 (US$) | From January 1, 2026 to September 21, 2026 (US$) |
|---|---|---|
| Aggregate transaction amount | 17,000,000 | 17,000,000 |

***Transaction Amount***

The Product received the approval for drug registration from NMPA in September 2024. The Company intends to launch the Product in 2026. Therefore, no transaction was entered into under the Commercial Distribution Co-Operation Agreement for the year ended 31 December 2025.

Save as disclosed in this annual report, during the year ended December 31, 2025 and up to the Latest Practicable Date, the Company had no connected transactions or continuing connected transactions which are required to be disclosed in accordance with Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions. During the Reporting Period, the Company has complied with all the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

***Confirmation of independent non-executive Directors***

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the above continuing connected transactions:

(i) have been entered into in the ordinary and usual course of business of the Group;

(ii) have been entered into on normal commercial terms or better; and

(iii) have been entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed in this annual report, during the year ended December 31, 2025 and up to the Latest Practicable Date, the Company had no connected transactions or continuing connected transactions which are required to be disclosed in accordance with Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

## RELATED PARTY TRANSACTIONS

During the Reporting Period, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the Reporting Period are disclosed in note 37 to the financial statements. The Company incurred no transaction amount in respect of the continuing connected transactions disclosed above during the Reporting Period. Other than those transactions disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" above, none of the related party transactions as described in note 37 to the financial statements constituted "continuing connected transaction" or "connected transaction" under the Listing Rules which are subject to announcement or independent shareholders' approval requirements.

## NON-COMPETITION UNDERTAKING

The Company has entered into a non-compete deed dated August 30, 2017 with Fosun Pharma to ensure a clear delineation between the respective businesses of the Group and the Remaining Fosun Pharma Group with effect from the Listing Date (the "**Non-Compete Deed**"). Fosun Pharma has provided the Company with an annual confirmation regarding its compliance with the terms of the Non-Compete Deed. The independent non-executive Directors have performed an annual review and confirmed that they are not aware of any circumstances which indicate that Fosun Pharma is not in compliance with non-compete undertakings given by it in the Non-Compete Deed.

## CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the Reporting Period had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholders or any of their subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholders or any of their subsidiaries to the Company or any of its subsidiaries.

## SUBSEQUENT EVENTS

Save for those disclosed in this report, in particular, in note 41 to the financial statements, no major subsequent events have occurred since the end of the Reporting Period and up to the date of this report.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the Reporting Period, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to the sustainable development of the environment and the society. In recognition of the potential climate impact due to manufacturing of the Company's products, the Company strives to enhance the environmental performance of its products manufacturing and development through eco-friendly operational measures as well as supporting a number of external charters with regard to energy efficiency and carbon reduction. In addition, during the Reporting Period, the Group had continually increased investment in upgrading its technology, improved production process. The Group constantly strengthened environment protection and optimized the production process for the purposes of energy saving, emission reduction and environment protection. The Group emphasized harmonious development with nature to protect the sustainable development of the environment.

Further information on the Company's environmental policies and performance is set out in the Environmental, Social and Governance Report which is published on the same date of this report.

## SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2025, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

## RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that its employees, customers and business partners are keys to its sustainability journey. The Company has been striving to achieve corporate sustainability through engaging its employees, providing quality services for its customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human capital. The Company provides a fair workplace, promoting non-discrimination and diversity to its staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company administers its employee health and safety management system and ensures the adoption of the principles across the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

To enhance customer satisfaction and promote a customer-oriented culture within the Company, the Company takes "Customer First" as one of its core values. It values the feedback from customers through daily communication, regular meeting and etc. It has also established a mechanism about customer service, support and complaints. When dealing with a customer complaint, the Company treats it as an opportunity to improve its relationship with the customer, addressing the concern in a timely manner and in accordance with international standards.

The Company believes that its suppliers are equally important in driving quality delivery of its products. It proactively collaborates with its business partners (including suppliers and contractors) to deliver quality sustainable products and services.

## AUDITORS

The financial statements of the Group have been audited by Ernst & Young.

A resolution to re-appoint Ernst & Young as the auditors of the Company and to authorize the Directors to fix its remuneration will be proposed at the forthcoming AGM.

On Behalf of the Board
**Lior Moshe DAYAN**
*Chairman*
Shanghai, PRC, March 23, 2026

The Board hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2025 (the "**Reporting Period**").

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. By maintaining good corporate governance and enhancing transparency and accountability, the Board effectively implements corporate governance and monitors, assesses and manages major risks arising in the ordinary course of business, in an effort to protect the interests of Shareholders and enhance corporate value.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules.

In the opinion of the Directors, the Company has complied with all the principles and code provisions of the CG Code for the Reporting Period.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

## CORPORATE CULTURE AND STRATEGY

Positioning itself as a global wellness group, Sisram has been focusing on providing innovation solutions for medical aesthetics and related clinical indications over two decades with an aim to provide diverse range of products and cultivate a consumer-focused branding leveraging on its unique ecosystem for wellness. Sisram has been dedicated itself to providing high-quality products and services to leading surgical, medical and beauty clinics worldwide and putting its corporate culture of improving quality of life into practice, so as to offer distinguished and excellent service experiences for one who seeks for wellness.

Over all these years, the Company has been adhering to the spirit of ingenuity and its true aspiration and advocating sustainable development in business operations. With prudent yet innovative risk strategies, the resilience in coping with risks of the Company has been improved constantly. Through implementing and adhering to its positive cultural values, the Company is able to create greater value for its customers and Shareholders.

Being committed to promoting corporate culture and values, the Board and senior management attach great importance to, and continuously put efforts in, the development of corporate culture. The alignment between the culture and strategies of the Company is evaluated and continuously optimized from time to time. With effective employee training, optimized employee incentive and accountability mechanisms as well as effective and feasible whistle-blowing mechanisms, employees can gain a better understanding of corporate culture and values while the Company can create an ideal workplace and ensure strict compliance with corporate standards in the ordinary course of business.

The Company believes that its culture is critical to the successful execution of its strategies, and is well aligned with such strategies.

## 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 C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Specific enquiry has been made of all the Directors and the Directors have fully complied with the relevant requirements set out in the Company's own code of conduct throughout the Reporting Period.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their roles and the Board responsibilities. The Board includes a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

### Board Composition

The Board currently comprises the following Directors:

***Executive Directors***

Mr. Lior Moshe DAYAN *(Chairman)*[(1)(2)]
Mr. Jiahong LI *(Co-Chief Executive Officer, Chief Financial Officer) (appointed on March 19, 2025)*[(2)]

***Non-executive Directors***

Mr. Yi LIU *(redesignated on January 1, 2026)*[(1)]
Ms. Rongli FENG
Ms. Caroline Xiaokui JIN *(appointed on January 1, 2026)*[(4)]
Mr. Yifang WU *(resigned on January 1, 2026)*[(3)]

***Independent non-executive Directors***

Mr. Heung Sang Addy FONG *(also External Director)*
Mr. Chi Fung Leo CHAN *(also External Director)*
Ms. Jenny CHEN
Mr. Kai Yu Kenneth LIU

Notes:

(1) On January 1, 2026, Mr. Yi LIU has been redesignated as a non-executive Director and ceased to be a Chairman. Mr. Lior Moshe DAYAN has been appointed the Chairman following the redesignation of Mr. Yi LIU.

(2) Mr. Jiahong LI was appointed as an executive Director on March 19, 2025. On January 1, 2026, Mr. Lior Moshe DAYAN ceased to be the Chief Executive Officer and Mr. Jiahong LI assumed as the Co-Chief Executive Officer.

(3) On January 1, 2026, Mr. Yifang WU resigned as a non-executive Director.

(4) On January 1, 2026, Ms. Caroline Xiaokui JIN was appointed as a non-executive Director.

In compliance with Rule 3.09D of the Listing Rules, Mr. Jiahong LI and Ms. Caroline Xiaokui JIN have obtained the legal advice referred to in Rule 3.09D of the Listing Rules and have each confirmed that they understood their respective obligations as Directors on March 19, 2025 and January 1, 2026, respectively.

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 56 to 60 of this annual report.

None of the members of the Board is related to one another.

### Chairman and Chief Executive Officer

The positions of Chairman and chief executive officer are held by Mr. Yi LIU and Mr. Lior Moshe DAYAN, respectively, for the year ended December 31, 2025. On January 1, 2026, Mr. Yi LIU has stepped down from the role as Chairman and Mr. Lior Moshe DAYAN has been appointed the Chairman. On January 1, 2026, Mr. Lior Moshe DAYAN has no longer been the Chief Executive Officer due to work assignment in the Group. Mr. Eyal BEN DAVID has been appointed as the chief executive officer, and Mr. Jiahong LI has been appointed as the co-chief executive Officer with effect from January 1, 2026.

The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company's business development and daily management and operations generally.

### Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-Executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors are independent.

## MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT AVAILABLE TO THE BOARD

The Company has also established the following mechanisms to ensure independent views and input are available to the Board:

- A sufficient number of Independent Non-executive Directors representing more than one-third of the Board have been appointed and all of them continue to devote adequate time contribution to the Company;

- All Independent Non-Executive Directors are required to confirm in writing annually their compliance of independence requirements as set out under Rule 3.13 of the Listing Rules;

- Annual meeting between the Chairman and all Independent Non-executive Directors without presence of other Directors providing an effective platform for the Chairman to listen to independent views on various issues concerning the Company;

- Independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company;

- Non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committee(s) as appropriate;

- Non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration;

- All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committees meetings; and

- An Independent Board Committee consisting of independent Non-executive Directors is established by the Board as and when required to manage any connected/related party transactions.

The Board will conduct annual review of the mechanisms above. During the Reporting Period, the Board has reviewed the mechanisms above and confirmed that they effectively ensure the Board has access to independent opinions and views.

## Appointment and Re-election of Directors

Each Director has entered into a letter of appointment with the Company and will continue thereafter unless terminated by either party giving to other three months' written notice in advance. The appointment of Directors is subject to the provision of retirement and rotation of directors under the Articles of Association.

The Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the next Annual General Meeting after appointment.

Under the Articles of Association, the Directors (other than any external Directors elected pursuant to the Israeli Companies Law) shall be divided by the Board into three groups, designated as group I, group II and group III. Each group of Directors shall consist, as nearly as possible as determined by the Board, of one-third of the total number of Directors constituting the entire Board (excluding the external Directors). The first term of office of the group I Directors has expired at the Annual General Meeting occurred in 2018; the first term of office of the group II Directors has expired at the Annual General Meeting occurred in 2019; and the first term of the group III Directors has expired at the Annual General Meeting occurred in 2020. Any Director whose term has expired (upon the expiring of the term of such Director's group) may be re-elected to the Board. At each Annual General Meeting, election or re-election of Directors following the expiration of the term of office of the Directors of a certain group, will be for a term of office that expires on the third Annual General Meeting next succeeding such election or re-election, such that from 2018 and forward, each year the term of office of only one group of Directors will expire (i.e., the term of office of group I will initially expire at the Annual General Meeting held in 2018 and thereafter at 2021, 2024 etc.).

On January 1, 2026, Mr. Yi LIU has been redesignated as a non-executive Director and Ms. Caroline Xiaokui JIN has been appointed as a non-executive Director. In accordance with Article 41(g) of the Articles of Association, Mr. Yi LIU and Ms. Caroline Xiaokui JIN will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

In accordance with Articles 41(c) and (d) of the Articles of Association, Mr. Lior Moshe DAYAN and Mr. Jiahong LI being the group III Directors, will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting for a term of office expiring on the third Annual General Meeting next succeeding such re-election.

In accordance with the Israeli Companies Law, Mr. Heung Sang Addy FONG and Mr. Chi Fung Leo CHAN being the external Directors, will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting for a term of office of three years.

## Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

## CPD of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate CPD to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The record of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the Reporting Period:

| Name of Directors | Type of Training [Note] |
|---|---|
| ***Executive Directors*** | |
| Mr. Lior Moshe DAYAN | A and B |
| Mr. Jiahong LI *(appointed on 19 March 2025)* | A and B |
| ***Non-executive Directors*** | |
| Mr. Yi LIU *(redesignated on 1 January 2026)* | A and B |
| Ms. Rongli FENG | A and B |
| Ms. Caroline Xiaokui JIN *(appointed on 1 January 2026)* | N/A |
| Mr. Yifang WU *(resigned on 1 January 2026)* | A and B |
| ***Independent Non-executive Directors*** | |
| Mr. Heung Sang Addy FONG | A and B |
| Mr. Chi Fung Leo CHAN | A and B |
| Ms. Jenny CHEN | A and B |
| Mr. Kai Yu Kenneth LIU | A and B |

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 202.

### Audit Committee

From January 1, 2025 to June 23, 2025, the Audit Committee consists of three members, namely Mr. Heung Sang Addy FONG (Independent Non-executive Director), Mr. Chi Fung Leo CHAN (Independent Non-executive Director) and Ms. Jenny CHEN (Independent Non-executive Director). Mr. Heung Sang Addy FONG is the chairman of the Audit Committee. On June 24, 2025, Mr. Chi Fung Leo CHAN ceased to be a member of the Audit Committee and Mr. Kai Yu Kenneth LIU (Independent Non-executive Director) was appointed as a member of the Audit Committee. From June 24, 2025 and up to the year ended December 31, 2025, the Audit Committee consists of three members, namely Mr. Heung Sang Addy FONG, Ms. Jenny CHEN and Mr. Kai Yu Kenneth LIU.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held two meetings to review, in respect of the year ended December 31, 2025, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors.

### Remuneration Committee

From January 1, 2025 to June 23, 2025, the Remuneration Committee consists of three members, namely Mr. Chi Fung Leo CHAN (Independent Non-executive Director), Mr. Yi LIU (Executive Director before redesignation on January 1, 2026) and Mr. Heung Sang Addy FONG (Independent Non-executive Director). Mr. Chi Fung Leo CHAN is the chairman of the Remuneration Committee. On June 24, 2025, Mr. Heung Sang Addy FONG ceased to be a member of the Remuneration Committee and Mr. Kai Yu Kenneth LIU (Independent Non-executive Director) was appointed as a member of the Remuneration Committee. From June 24, 2025 and up to the year ended December 31, 2025, the Remuneration Committee consists of three members, namely Mr. Chi Fung Leo CHAN, Mr. Yi LIU and Mr. Kai Yu Kenneth LIU. On January 1, 2026, Mr. Yi LIU ceased to be a member of the Remuneration Committee and Ms. Rongli FENG (Non-executive Director) was appointed as a member of the Remuneration Committee. With effect from January 1, 2026, the Remuneration Committee consists of three members, namely Mr. Chi Fung Leo CHAN, Ms. Rongli FENG and Mr. Kai Yu Kenneth LIU.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, and operating the Company's share award scheme as they apply to Directors and senior management and recommending to the Shareholders any grants of awards to be made to Directors and/or senior management.

The Remuneration Committee met four times to review and make recommendations to the Board on the remuneration policy and structure of the Company and the remuneration packages of the Executive Directors and senior management and other related matters. The Company does not have any directors' service contracts requiring approval within the Reporting Period.

Details of the remuneration of the Directors and chief executive are set out in notes 8 and 9 to the financial statements.

**Nomination Committee**

From January 1, 2025 to June 23, 2025, the Nomination Committee consists of three members, namely Mr. Yi LIU (Executive Director before redesignation on January 1, 2026), Mr. Heng Sang Addy FONG (Independent Non-executive Director) and Mr. Chi Fung Leo CHAN (Independent Non-executive Director). Mr. Yi LIU was the chairman of the Nomination Committee. On June 24, 2025, Mr. Chi Fung Leo CHAN ceased as a member of the Nomination Committee and Ms. Jenny CHEN (Independent Non-executive Director) was appointed as a member of the Nomination Committee. From June 24, 2025 and up to the year ended December 31, 2025, the Nomination Committee consists of three members, namely Mr. Yi LIU, Mr. Heung Sang Addy FONG and Ms. Jenny CHEN. On January 1, 2026, Mr. Yi LIU ceased to be chairman of the Nomination Committee and has been a member of the Nomination Committee. and Mr. Lior Moshe DAYAN (Executive Director) was appointed as chairman of the Nomination Committee and Mr. Chi Fung Leo CHAN (Independent Non-executive Director) was appointed as a member of the Nomination Committee on January 1, 2026. With effect from January 1, 2026, the Nomination Committee consists of five members, namely Mr. Lior Moshe DAYAN, Mr. Yi LIU, Mr. Heung Sang Addy FONG, Mr. Chi Fung Leo CHAN and Ms. Jenny CHEN. Mr. Lior Moshe is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee have been amended on June 24, 2025, and are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee met three times to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the Annual General Meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

**Board Diversity Policy**

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Nomination Committee will review the implementation and effectiveness of the Board Diversity Policy at least on an annual basis.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

As at the date of this report, the Board of the Company comprised of nine members, including two Executive Directors, three Non-executive Directors and four Independent non-executive Directors, where independent non-executive directors account for 44.4%. About the age and gender diversity, the Board consists of six male members and three female members with five Directors of age 41–50 years old, two Directors of age 51–60 years old and two Directors of over 60 years old. The Nomination Committee has reviewed the membership, structure and composition of the Board, and consider that the structure of the Board has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business, and allowed opinion from different gender and background be heard and discussed.

In terms of gender diversity in the workforce (including senior management), as at 31 December 2025, the Group's workforce (including senior management) has 424 female, among which, around 4 hold the Group's senior management roles.

The Board had targeted to achieve and had achieved at least 25% of female Directors (three out of nine Directors), 30% of female senior management and 40% of female employees of the Group for the Reporting Period. The Board considers that the above gender diversity on the Board and in the workforce (including senior management) has been achieved with reference to the circumstances of the Company during the Reporting Period.

The Board targets to maintain at least the current level of female representation (at least three female Directors), and will continue to seek opportunities to increase the proportion of female Directors over time as and when suitable candidates are identified.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report in this report. The Company is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

In considering the Board's succession and to ensure diversity at the Board level, the Nomination Committee will engage independent professional search firm(s) to help identify suitable candidates for consideration as Non-Executive Directors as and when appropriate.

**Director Nomination Policy**

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- character and integrity;
- qualifications including professional qualifications (such as accounting and financial expertise), skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- requirement for the Board to have two external Directors in accordance with the Israeli Companies Law and whether the candidate would meet the stringent standards of independence with reference to the Israeli Companies Law and the articles of association of the Company;

- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

- such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as below:

***(i) Appointment of New Directors***

— The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

— If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

— The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

— For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at a general meeting.

***(ii) Re-election of Directors at General Meeting***

— The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance by such Director on the Board.

— The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

— The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at a general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate shall be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

**Corporate Governance Functions**

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and CPD of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each director at the Board and Board Committee meetings and the general meetings of the Company held during the Reporting Period is set out in the table below:

| | Attendance/Number of Meetings | | | | | |
|---|---|---|---|---|---|---|
| Name of Directors | Board | Audit Committee | Remuneration Committee | Nomination Committee | Annual General Meeting | General Meeting |
| Mr. Lior Moshe DAYAN | 5/5 | | | N/A | 1/1 | N/A |
| Mr. Jiahong LI<br>*(appointed on 19 March 2025)* | 5/5 | | | | 1/1 | N/A |
| *Mr. Yi LIU*<br>*(redesignated on 1 January 2026)* | 5/5 | | 3/4 | 3/3 | 1/1 | N/A |
| Ms. Rongli FENG | 4/5 | | N/A | | 1/1 | N/A |
| Ms. Caroline Xiaokui JIN<br>*(appointed on 1 January 2026)* | N/A | | | | N/A | N/A |
| Mr. Yifang WU<br>*(resigned on 1 January 2026)* | 3/5 | | | | 1/1 | N/A |
| Mr. Heung Sang Addy FONG | 4/5 | 2/2 | 2/4 | 2/3 | 1/1 | N/A |
| Mr. Chi Fung Leo CHAN | 5/5 | 1/2 | 4/4 | 2/3 | 1/1 | N/A |
| Ms. Jenny CHEN | 5/5 | 2/2 | | 1/3 | 1/1 | N/A |
| Mr. Kai Yu Kenneth LIU | 5/5 | 1/2 | 1/4 | | 1/1 | N/A |

Apart from regular Board meetings, the Chairman also held meeting with the Independent Non-executive Directors without the presence of other Directors during the Reporting Period.

All Independent Non-executive Directors have attended general meeting to gain and develop a balanced understanding of the view of Shareholders.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. Highlights of the Company's internal control and risk management systems include the following:

- The Company's risk management and internal control systems have been developed so as to allow the Company to maintain the highest standard corporate governance and to identify and mitigate any potential risks.

- The Company has appointed an internal auditor in accordance with the Israeli law requirements. The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. The Audit Committee will also oversee the activities and to assess the performance of the internal auditor as well as review the internal auditor's work plan. The internal auditor will report its findings to the Audit Committee.

- The senior management of the Company conducts internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with relevant staff of the Company, assessed the likelihood of risk occurrence, monitor the risk management progress, and reports to the Audit Committee and the Board on all findings and the effectiveness of the systems.

- In addition, the Company has adopted a Corporate Governance Manual to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions, notifiable transactions, inside information and securities transactions by the Directors. The Company has designated team to monitor its compliance with Listing Rules and other applicable laws and regulations.

- The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Such policy was set out in the Corporate Governance Manual adopted by the Company. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting.

The Company has in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the compliance officer or the audit committee, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the Reporting Period, the Company held one anti-corruption training and briefing to all employees. There were no non-compliance cases in relation to bribery and corruption.

## Principal Risks

The Company faces different principal risks and uncertainties set out below that may impose adverse impact to the Company's performance, operation and execution of its strategies. The Company is committed to mitigate and assess its risk management to ensure well risk management and governance.

| Risk | Impact | Mitigations |
|---|---|---|
| **Macroeconomic risk** | Deterioration of economic conditions worldwide or part of the market resulting from economic cycles, political or social unrest, armed conflicts, government measures in response to outbreaks of contagious diseases, or other events or conditions that may adversely affect the business result, which in turn results in the decrease in the availability of funds and needs of our customers or material adverse effect on the net sales, profitability, cash flow and financial position of the Company. | The Company puts effort into expanding the direct operations offices infrastructure also to mitigate the risk of financial crisis in a specific region. In addition, the Company maintains a cost control mechanisms in order to be able to adjust the Company's expenses in case of macroeconomic events negatively impacting the top line performance. |
| **Legal & Compliance Risk** | The Company's business and operations may be affected by unexpected or uncertain application of a law or regulation which may incur penalties, operation costs. | The Company has engaged legal advisers in different jurisdiction for providing legal advisers and suggest any prompt actions on any regulatory updates. |
| **Third Party Risk** | Business operations of the Company may be impacted by any actions or failures from third parties in delivering services to the Company. | The Company established monitoring programme on the business agreements to enhance monitoring and control in alignment with international standards. |
| **Risk of insufficient supply of raw materials** | Raw materials and spare parts such as electronic components purchased from third-party may be affected by the supply from third parties, which may result in increasing costs, decreasing profit margins and insufficient supply of products. | The Company has strategically purchased raw materials and spare parts such as major electronic components to cope with the risk of supply chain shortage and has achieved satisfactory results initially. |
| **Exchange rate risk** | The consolidated financial statements of the Company are prepared in U.S. dollars, with net sales of its operating subsidiaries denominated in its local currency and a substantial portion of the cost of sales (in the form of purchases of raw materials/ inventories) of each subsidiary is incurred in U.S. dollars. Fluctuations in the exchange rate between U.S. dollar against the currencies in which revenue generated from the operating activities are denominated may adversely affect the net sales, gross margin, profitability and cash flows reported in U.S. dollars of the Company. | The Company regularly hedges its currency risk on product purchases that are settled in currencies other than the respective functional currencies of the subsidiaries by using forward foreign exchange contracts. |

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 61 to 65.

## AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors in respect of audit services and non-audit services for the Reporting Period amounted to US$493,000 and US$71,000, respectively.

An analysis of the remuneration paid to the external auditors of the Company, Ernst & Young, in respect of audit services and non-audit services for the Reporting Period is set out below:

| **Service Category** | **Fees Paid/Payable** |
|---|---|
| | *US$'000* |
| Audit Services | 493 |
| Non-audit Services | |
| — Tax Services | 71 |
| | 564 |

## COMPANY SECRETARY

Ms. Qianli FANG serves as the company secretary of the Company.

During the Reporting Period, Ms. Qianli FANG took no less than 15 hours of relevant professional training to update her respective skills and knowledge.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings of the Company, including the election of individual Director. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting of the Company.

### Convening an Extraordinary General Meeting

Pursuant to Article 26 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting of the Company in Hong Kong or elsewhere, if permitted under applicable law or the Listing Rules, and at such time as may be determined by the Board, and shall be obligated to do so upon a requisition in writing in accordance with Sections 63(b)(1) or (2) and 63(c) of the Israeli Companies Law. Moreover, where the Israeli Companies Law refers to the right of a Shareholder to convene an extraordinary general meeting of the Company, such provisions will apply to any public investor, as if such person were a Shareholder as defined herein, mutatis mutandis.

### Putting Forward Proposals at General Meetings

Pursuant to Article 27(a) of the Articles of Association, a Shareholder (including two or more Shareholders that are acting in concert) holding one percent or more of the outstanding voting rights in the Company (a "**Proposing Shareholder**") may request, subject to Section 66(b) of the Israeli Companies Law and the regulations promulgated thereunder, that the Board include a proposal on the agenda of a general meeting of the Company to be held in the future, provided that the Proposing Shareholder gives timely notice of such request in writing (a "**Proposal Request**") to the Company and the Proposal Request complies with all the requirements of the Articles of Association and applicable law and the Listing Rules. To be considered timely, a Proposal Request must be delivered, either in person or by certified mail, postage prepaid, and received at the principal executive office of the Company, by the applicable deadline under the Israeli Companies Law as amended from time to time, namely, no later than seven days from the notice of a general meeting of the Company whose agenda includes items that require a 35-day prior notice, and no later than three days from the notice of any other general meeting of the Company.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

| | |
|---|---|
| Address: | Ofek Building 15, HaHarash Street 18,<br>Industrial Park, Caesarea, 3079895, Israel |
| Email: | ir@sisram-medical.com |

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law. Shareholders may call the Company at 972–4–6275357 for any assistance.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through Annual General Meetings and other general meetings of the Company. At the Annual General Meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the Reporting Period, the Company has not made any changes to its Articles of Association. An up-to-date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

**Policies relating to Shareholders**

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The policy aims to ensure that the Shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

Under the policy, information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times, and the Board shall maintain an on-going dialogue with Shareholders and the investment community.

The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the Reporting Period and the results were satisfactory.

**Arrangement of Electronic Dissemination of Corporate Communications**

Pursuant to Rule 2.07 of the Listing Rules under the expansion of paperless listing regime and electronic dissemination of corporate communications that came into effect on 31 December 2023, the Company has adopted electronic dissemination of corporate communications (the "**Corporate Communications**"), which mean any documents issued or to be issued by the Company including but not limited to (a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular and (f) a proxy form.

Both the English and Chinese versions of all future Corporate Communications will be available electronically on the website of the Company at www.sisram-medical.com and the HKExnews website at www.hkexnews.hk in place of printed copies.

## EXECUTIVE DIRECTORS

**Mr. Lior Moshe DAYAN**, aged 56, was appointed as chief executive officer of the Company and an executive Director on June 6, 2017, until his redesignation as Chairman, chairman of the Nomination Committee and an Authorised Representative under Rule 3.05 of the Listing Rules on January 1, 2026. Mr. Dayan has been the senior vice president of global sales and managing director of the German subsidiary of the Group since April 2011.

He is responsible for the direction and management of all sales, marketing and business development operations, including market competitiveness, pricing, compensation, distribution and sales channel strategy. He was the senior director in charge of the Asia-Pacific markets of Alma Lasers from September 2008 to December 2010 and the vice president of sales and marketing of Alma Lasers European and APAC markets from November 2010 to April 2011.

Mr. Dayan has over 20 years of experience in the laser industry with operational, logistic, financial and sales expertise, 12 of which were in Asia. Prior to joining the Group, he served in several managing positions at Lumenis Ltd. from September 2001 to September 2008, including sales director of the European and West African markets, sales and marketing regional manager of the countries in South East Asia, director of supply chain and financial director in the medical business unit. Prior to his time in the medical devices industry, Mr. Dayan held several senior financial positions in the hi-tech telecommunications industry from 1996 until 2001, when he acted as the cost of goods and profit controller of ECI Telecom Israel from 1996 to 1998 and the director of cost of goods and inventory control of ECI Telecom Israel from 1998 to 2001.

Mr. Dayan obtained a bachelor's degree in Economics and Logistics from Bar Ilan University in Israel in June 1997 and obtained a Master of Business and Administration from the Israeli branch of Manchester University in November 1999.

**Mr. Jiahong LI (李家宏)**, aged 47, was appointed as an executive Director on March 19, 2025, until his redesignation as Co-Chief Executive Officer on January 1, 2026.

Mr. Li joined the Group as the chief financial officer of the Company on October 29, 2024. He is responsible for the financial operation, financing and investment activities of the Group. Mr. Li holds a master of business administration from National University of Singapore and a Bachelor of Economics from University of International Business & Economics, China. Mr. Li is a Certified Management Accountant of the United States, a Chartered Global Management Accountant and a fellow of the Chartered Institute of Management Accountants of the United Kingdom, the Institute of Public Accountant of Australia, and the Institute of Financial Accountants of the United Kingdom. He has over 25 years of experience in financial management, strategy formulation and execution, and M&A gained from Fortune 500 multinational and leading start-up companies in Telecom, Consumer Care and Healthcare industry. Prior to joining the Group, Mr. Li was the executive director, vice president and head of finance and government affairs of EdiGene Inc. from 2021 to 2024, the chief financial officer of Varian Medical Systems Asia Pacific from 2013 to 2021, the regional finance controller of Johnson & Johnson Asia Pacific from 2010 to 2013 and served various financial roles at Motorola across China, Singapore and the United States from 2000 to 2010.

## NON-EXECUTIVE DIRECTORS

**Mr. Yi LIU (劉毅)**, aged 50, was appointed as the chairman of the Board and an executive Director on April 14, 2016 and redesignated as a non-executive Director on January 1, 2026.

Mr. Liu joined the Group in April 2016 and has served as a Director since then. Mr. Liu was the chief technology officer of the medical devices division of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司) ("Fosun Pharma", together with its subsidiaries, the "Fosun Pharma Group") from November 2015 to December 2016, vice president of Fosun Pharma from January 2017 to December 2021, and senior vice president of Fosun Pharma from January 2022 to June 2025. Mr. Liu is currently an executive director, and the chief executive officer and president of Fosun Pharma. He also holds directorships and management positions in certain subsidiaries of Fosun Pharma, including serving as a non-executive director of Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司) (stock code: 02696), a company listed on the Hong Kong Stock Exchange.

Mr. Liu obtained a bachelor's degree of Engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 1998. He graduated from the Chinese Academy of Governance (國家行政學院) in the PRC in July 2000 and obtained a master's degree in Management from Peking University (北京大學) in the PRC in January 2006. He received his ph. D. degree in biomedical engineering from Beihang University (北京航空航太大學) in June 2021.

**Ms. FENG Rongli (馮蓉麗)**, aged 49, was appointed as the non-executive Director on August 20, 2020 and has been a member of Remuneration Committee from January 1, 2026. She is currently the Executive President and Chief Human Resources Officer (CHO) of Fosun Pharma. She was a vice president and senior vice president of Fosun Pharma from April 2020 to January 2024. From April 2020 to March 2021, she served as Vice President and General Manager of Human Resources Department of Fosun Pharma. From July 2018 to April 2020, she served as the deputy chief human resources officer of Fosun High Tech and the managing director of human resources of Shanghai Fosun Venture Capital Management Co., Ltd. Ms. Feng is also a supervisor of Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司) (the shares of which are listed on the Stock Exchange (stock code: 2696)) and a non-executive director of Sinopharm Group Co. Ltd.* (國藥控股股份有限公司) (the shares of which are listed on the Stock Exchange (stock code: 1099)) from June 2020 to December 2025. Previously, Ms. Feng served as a human resources supervisor of Sealed Air Packaging (Shanghai) Co., Ltd.* (希悦爾包裝(上海)有限公司) from July 1996 to April 2000, a human resources manager of Grundfos Pumps (Shanghai) Co., Ltd.* (格蘭富水泵(上海)有限公司) from April 2000 to November 2002, the Asia-Pacific human resources manager of Emerson Electric (China) Investment Co., Ltd.* (艾默生電氣(中國)投資有限公司) from November 2002 to July 2006, the China human resources planning manager of Dow Chemical (China) Co., Ltd.* (陶氏化學(中國)有限公司) from August 2006 to November 2009, the director of human resources of Shanghai Roche Pharmaceutical Co., Ltd.* (上海羅氏製藥有限公司) from November 2009 to January 2015, and the senior director of human resources at F. Hoffmann-La Roche AG from February 2015 to July 2018.

Ms. Feng graduated from Shanghai University in China with a major in Microcomputer Application in July 1996. In February 2002, she obtained a master's degree in Business Administration from Columbia Southern University in the United States through long distance learning.

**Ms. Caroline Xiaokui JIN**, aged 62, was appointed as a non-executive Director with effect from 1 January 2026.

Ms. Jin was appointed the global chairman of Breas Medical Holdings AB since November 2022. Prior to joining the Group, Ms. Jin served as the vice president of Jafron Biomedical Co., Ltd. (stock code: 300529.SZ) from July 2021 to October 2022. Ms. Jin also served as the head of Renal Care Services in China in Baxter Asia Pacific from March 2020 to June 2021, as Baxter Healthcare Corporation's global head of Geographic Expansion and Emerging Market Growth for its Acute Therapies global business from August 2017 to March 2020, as the global head of Acute Marketing and Portfolios for its global Acute Renal business from January 2016 to July 2017, during which she also served as the interim head of the Global Business Unit from September 2016 to January 2017 and as the regional marketing head for Baxter Healthcare APAC's Acute Renal business in the Asia Pacific region from May 2013 to December 2015. From 2006 to 2013, Ms. Jin held several managing roles at Becton Dickinson and Company in Asia-Pacific. Between 2000 and 2006, she served as a manager at Bayer HealthCare.

Ms. Jin obtained a Doctor of Philosophy degree in Biochemistry and Biophysics from Oregon State University in the United States in 1993. She attended the Master of Science program at the Graduate School of the Chinese National Academy of Sciences in China in 1986. She also obtained a Bachelor of Science degree in Chemistry and Molecular Biology from Jilin University in China in 1985.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Heung Sang Addy FONG (方香生)**, aged 66, was appointed as an independent non-executive Director of the Company on August 30, 2017.

Mr. Fong has more than 25 years of audit, financial and capital market experiences. Mr. Fong is the chief financial officer of Anyong Dingye Biotech Inc. since December 2025. He was the chief financial officer of Borqs Technologies, Inc. (the shares of which are listed on NASDAQ (stock code: BRQS.NASDAQ)) from June 2024 to September 2025. Before that, he was a non-executive director of Borqs Technologies, Inc. Besides, Mr. Fong was the chief financial officer of GMAX Biopharm International Limited between April 2020 to May 2024. Between October 2017 to March 2020, he was the chief financial officer of Adlai Nortye Biopharma Co., Ltd. Before that he was a managing director of Bonus Eventus Securities Limited since April 2015 and previously, he served as chief financial officer of China Harmony Auto Holding Limited (stock code: 3836.HK) from October 2012 to March 2015, chief financial officer of Chendu CYPCO Biotechnology Co., Ltd. from August 2011 to October 2012, director and chief financial officer of China Electric Motor, Inc. (delisted from NASDAQ in June 2011) from January 2010 to May 2011, director and chief financial officer of Apollo Solar Energy Inc. (stock code: ASOE.PK) from February 2009 to March 2010 and the executive vice president of the corporate development of Fuqi International, Inc. (delisted from NASDAQ in March 2011) from December 2006 to January 2009.

In addition, Mr. Fong also acted as an independent director of various listed companies. He was an independent director of Universal Technologies Holdings Ltd (stock code: 1026.HK) from July 2006 to June 2013, an independent director of China Housing and Land Development, Inc. (delisted from NASDAQ in March 2016) from September 2010 to April 2014, an independent director and chairman of the audit committee of Kandi Technologies Group Inc (stock code: KNDI.NASDAQ) from July 2007 to June 2011, and an independent director and chairman of the audit committee of Diguang International Development Co., Ltd. (stock code: DGNG.PK) from August 2007 to April 2014.

Mr. Fong obtained a master's degree in Business Administration from the University of Nevada, Reno, in the United States in December 1989 and a master's degree in science from the University of Illinois, Champaign, in the United States in June 1993. He is a member of the American Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants and the State Board of Accountancy of Washington State.

**Mr. Chi Fung Leo CHAN (陳志峰)**, aged 47, was appointed as an independent non-executive Director of the Company on August 30, 2017 and has been appointed as a member of the Nomination Committee on January 1, 2026.

Mr. Chan has been appointed as an independent non-executive director of Prinx Chengshan Holdings Limited (stock code: 1809.HK) since March 2026. Mr. Chan has been appointed as an independent non-executive director of Luyuan Group Holdings (Cayman) Limited (stock code: 2451.HK) since June 2023. Besides, Mr. Chan has been appointed as an independent non-executive director, chairman of audit committee, a member of nomination committee and remuneration committee of Ziyuanyuan Holdings Group Limited (stock code: 8223. HK) since June 2018. He also has been the managing director of Red Solar Capital Limited since October 2017. Previously, he served as an independent non-executive director and chairman of audit committee of Jinke Smart Services Group Co., Ltd. (stock code: 9666. HK) from October 2020 to June 2023. He also served as the managing director of LY Capital Limited from May 2016 to October 2017, deputy managing director of V Baron Global Financial Services Limited from May 2015 to April 2016, director of the corporate finance team of CITIC Securities International in Hong Kong from December 2011 to April 2015, manager of the consumer team and corporate financing team of BNP Paribas in Hong Kong from August 2007 to December 2011, associate of the corporate financing team of CCB International Capital Limited in Hong Kong from July 2006 to July 2007, the officer of corporate financing team of Kingsway Group in Hong Kong from January 2005 to June 2006 and staff accountant of the audit group of Ernst & Young Hong Kong from September 2001 to March 2004, respectively.

Mr. Chan obtained a bachelor of business administration with a major in Accounting from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan was admitted as a member of the Hong Kong Institute of Certified Public Accountants in October 2005.

**Ms. Jenny CHEN (陳怡芳)**, aged 46, was appointed as an independent non-executive Director of the Company on August 30, 2017.

Ms. Chen has more than 20 years' experience in the legal profession. She co-founded CFN Lawyers, a Hong Kong law firm in January 2013 and is currently a partner of the firm. Prior to that, she worked as a corporate associate in Maples and Calder (Hong Kong) LLP from January 2012 to January 2013, an associate general counsel of American International Assurance Company, Limited from September 2009 to May 2011, and a corporate associate in DLA Piper Hong Kong from July 2006 to September 2009. She also worked at Woo Kwan Lee & Lo from July 2002 to June 2006 with her last position as an assistant solicitor.

Ms. Chen obtained her LLB degree from the Law School of the University of Hong Kong in November 2001 and completed her Postgraduate Certificate in Laws (PCLL) at the same university in June 2002.

Ms. Chen was admitted to practice as a solicitor in Hong Kong in September 2004 and a solicitor in England and Wales in September 2005, respectively.

**Mr. Kai Yu Kenneth LIU (廖啟宇)**, aged 56, was appointed as an independent non-executive Director of the Company on August 30, 2017.

Mr. Liu has been appointed as an independent non-executive director of Wuhan Youji Holdings Ltd. (stock code: 2881.HK) since June 2024, he also has been appointed as an independent non-executive director of Fourace Industries Group Holdings Limited (stock code: 1455.HK) since August 2020 and has been appointed as an independent non-executive director of Hangzhou Tigermed Consulting Co., Ltd. (stock code: 300347.SZ and 3347.HK) since April 2020. He has also been appointed as an independent non-executive director of Tianli Education International Holdings Limited (stock code: 1773.HK) since June 2018. Besides, Mr. Liu worked with Hong Kong Exchanges and Clearing Limited (stock code: 388.HK) from June 2004 to October 2016, in his last position as assistant vice president in IPO Transactions, Listing & Regulatory Affairs Division. Prior to that, he worked with VC CEF Capital Limited (now known as VC Capital Limited) from September 2000 to May 2003, in his last position as an assistant manager in the corporate finance department. He also worked as an audit officer in the internal audit department of Kowloon-Canton Railway Corporation from January 2000 to September 2000, an assistant manager of the audit and control division of the Hong Kong branch of Banque Nationale de Paris from August 1996 to September 1997, an accountant of Ernst & Young from August 1994 to May 1996 and a junior accountant in the audit department of Kwan Wong Tan & Fong (merged with Deloitte Touche Tohmatsu in 1997) from May 1994 to August 1994.

Mr. Liu obtained a bachelor of engineering degree in mechanical engineering from the Imperial College of Science, Technology and Medicine of the University of London in August 1991 and a master of business administration degree in international banking and finance from the University of Birmingham in December 1998. Mr. Liu has been a member of the HKICPA since July 1999 and a fellow of the Association of Chartered Certified Accountants since April 2004.

## SENIOR MANAGEMENT OF THE GROUP

### Chief Executive Officer

**Mr. Eyal BEN DAVID**, aged 45, was appointed as the Chief Executive Officer with effect from January 1, 2026. He joined the Group in 2009 and has been serving as President of the International Division since 2024. In this role, he oversees operations across APAC and EMEA. From 2018 to 2023, Mr. BEN DAVID served as Executive Vice President of Global sales of the Group, where he led worldwide sales, service, marketing and clinical operations, implementing innovative strategies that significantly enhanced market share. Prior to this, Mr. BEN DAVID held a series of senior commercial and leadership roles across Latin America, EMEA, and global distribution channels in Alma Lasers Ltd., driving a period of hypergrowth during his tenure. Throughout his career, his leadership has consistently delivered operational excellence, strategic expansion, and sustained global growth.

Mr. BEN DAVID holds a bachelor degree of Science in Industry Engineering and an Executive Master of Business Administration ("MBA"), both from Ben-Gurion University.

### Company Secretary

**Ms. Qianli FANG (方前厲)**, aged 32, joined the Company in May 2019 and was appointed as the Company Secretary on January 10, 2022. Since joining, Ms. FANG has held several key positions within the Group, including Secretary to the Board, Vice President of Investor Relations, and Secretary to the Board of Alma, the Company's principal subsidiary.

Ms. Fang is responsible for the Group's corporate governance, corporate compliance, corporate affairs, and internal control functions. In addition, she plays an active role in the Company's initiatives, particularly in cross-border investments and mergers and acquisitions, leveraging her expertise in bridging international resources and perspectives.

Prior to joining the Company, Ms. Fang worked in the Financial Advisory Practice at Deloitte Israel from February 2016 to April 2019, advising Chinese client's on overseas investment and M&A transactions.

Ms. Fang holds a Master of Business Administration (MBA) from Bar Ilan University, Israel, and is a Chartered Professional Accountant (CPA) of Canada. She brings valuable global perspectives to the Group's development.

Ernst & Young
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**To the shareholders of Sisram Medical Ltd**
(Incorporated in Israel with limited liability)

## OPINION

We have audited the consolidated financial statements of Sisram Medical Ltd (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 66 to 148, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Impairment of goodwill* | |
| The carrying value of goodwill in the consolidated financial statements amounted to US$126,915,000 as at December 31, 2025. In accordance with IFRS Accounting Standards, the Company is required to perform impairment test for goodwill at least annually. The impairment test is based on the recoverable amount of the cash-generating unit to which the goodwill is allocated. The recoverable amount of the cash-generating unit is the higher of its fair value less costs of disposal and its value in use using cash flow projections based on a financial budget covering a five-year period. This matter is significant to our audit because the impairment testing process was complex and involved significant management judgements.<br><br>The disclosures about the impairment of goodwill are included in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 15 "Goodwill" to the consolidated financial statements, which specifically explains the key assumptions management used for the calculation of the recoverable amount. | We obtained an understanding of the internal control over the process of the impairment test of goodwill, performed walkthroughs and tests of controls, and assessed the design and operating effectiveness of the relevant internal controls.<br><br>Our substantive audit procedures included, among others, involving internal valuation specialists to assist us in evaluating the assumptions and methodologies used by management, in particular, the discount rate and the long-term growth rate. We paid specific attention to the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historical performance and the business development plan of the cash-generating unit.<br><br>We also assessed the relevant disclosures included in the financial statements. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Impairment of intangible assets* | |
| The carrying values of intangible asset with indefinite-life and intangible asset not yet available for use in the consolidated financial statements amounted to US$24,493,000 and US$74,037,000, respectively, as at December 31, 2025. In accordance with IFRS Accounting Standards, the Group is required to perform impairment test for these assets at least on an annual basis. The impairment test is based on the recoverable amount of each individual asset. This matter was significant to our audit because the impairment testing process was complex and involved significant judgements and estimates.<br><br>The disclosures about the impairment of indefinite-life intangible asset and the intangible asset not yet available for use are included in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates" and note 16 "Other intangible assets" to the consolidated financial statements, which specifically explains the key assumptions management used for the calculation of the recoverable amount. | We obtained an understanding of the internal control over the process of the impairment test of indefinite-life intangible assets and the intangible asset not yet available for use, performed walkthroughs and tests of controls, and assessed the design and operating effectiveness of the relevant internal controls.<br><br>Our substantive audit procedures included, among others, involving internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the management, in particular, discount rates, royalty rate, contributory asset charge and growth rate beyond budget period used in the valuation method based on cash flow forecast of each individual asset. We paid specific attention to the forecasts with respect to future revenues, operating results by comparing the forecasts with the historical performance of each individual asset.<br><br>We also assessed the relevant disclosures included in the financial statements. |

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lau Kwok Wa Lawrence (practising certificate number: P04882).

*Ernst & Young*
Certified Public Accountants
Hong Kong
March 23, 2026

| | Notes | 2025<br>US$'000 | 2024<br>US$'000 |
|---|---|---|---|
| **REVENUE** | 5 | **365,347** | 349,112 |
| Cost of sales | | **(150,203)** | (132,432) |
| Gross profit | | **215,144** | 216,680 |
| Other income and gains | 5 | **4,556** | 7,289 |
| Selling and distribution expenses | | **(129,496)** | (131,515) |
| Administrative expenses | | **(36,232)** | (33,571) |
| Research and development expenses | | **(16,861)** | (15,937) |
| Other expenses | | **(5,526)** | (7,980) |
| Finance costs | 7 | **(3,245)** | (2,455) |
| Share of profits and losses of associates | | **210** | 30 |
| **PROFIT BEFORE TAX** | 6 | **28,550** | 32,541 |
| Income tax expense | 10 | **(3,545)** | (3,775) |
| **PROFIT FOR THE YEAR** | | **25,005** | 28,766 |
| Attributable to: | | | |
| Owners of the parent | | **19,016** | 25,126 |
| Non-controlling interests | | **5,989** | 3,640 |
| | | **25,005** | 28,766 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| Basic | | | |
| — For profit for the year (US cents) | 12 | **4.06** | 5.36 |
| Diluted | | | |
| — For profit for the year (US cents) | 12 | **4.06** | 5.36 |

| | Note | 2025 US$'000 | 2024 US$'000 |
|---|---|---|---|
| **PROFIT FOR THE YEAR** | | **25,005** | 28,766 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | | |
| Cash flow hedges: | | | |
| Effective portion of changes in fair value of hedging instruments arising during the year | | **2,089** | (105) |
| Reclassification adjustments for gains included in the consolidated statement of profit or loss | | **(1,512)** | (136) |
| | | **577** | (241) |
| Exchange differences: | | | |
| Exchange differences on translation of foreign operations | | **3,742** | (3,035) |
| Net other comprehensive income that may be reclassified to profit or loss in subsequent periods | | **4,319** | (3,276) |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Actuarial reserve relating to a defined benefit plan | 31 | **(36)** | (188) |
| Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods | | **(36)** | (188) |
| **OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX** | | **4,283** | (3,464) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **29,288** | 25,302 |
| Attributable to: | | | |
| Owners of the parent | | **23,361** | 21,753 |
| Non-controlling interests | | **5,927** | 3,549 |
| | | **29,288** | 25,302 |

| | Notes | December 31, 2025 US$'000 | December 31, 2024 US$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 13 | **21,318** | 22,092 |
| Right-of-use assets | 14(a) | **35,471** | 37,377 |
| Goodwill | 15 | **126,915** | 126,915 |
| Other intangible assets | 16 | **136,695** | 142,543 |
| Deferred tax assets | 19 | **9,950** | 9,618 |
| Trade receivables | 22 | **35,918** | 26,553 |
| Investments in associates | 17 | **7,297** | 5,157 |
| Financial assets at fair value through profit or loss | 18 | **2,827** | 2,764 |
| Other non-current assets | 20 | **4,574** | 5,029 |
| Total non-current assets | | **380,965** | 378,048 |
| **CURRENT ASSETS** | | | |
| Inventories | 21 | **93,289** | 81,023 |
| Trade receivables | 22 | **92,587** | 80,759 |
| Prepayments, other receivables and other assets | 23 | **18,714** | 14,945 |
| Financial assets at fair value through profit or loss | 18 | **—** | 1,745 |
| Derivative financial instruments | 24 | **728** | 508 |
| Cash and bank balances | 25 | **70,973** | 70,234 |
| Total current assets | | **276,291** | 249,214 |
| **CURRENT LIABILITIES** | | | |
| Contract liabilities | 26 | **12,036** | 15,597 |
| Trade payables | 27 | **22,927** | 13,364 |
| Other payables and accruals | 28 | **50,300** | 48,447 |
| Interest-bearing bank and other borrowings | 29 | **10,788** | 4,796 |
| Lease liabilities | 14(b) | **5,501** | 4,407 |
| Tax payable | | **4,701** | 8,876 |
| Total current liabilities | | **106,253** | 95,487 |

| | Notes | **December 31, 2025 US$'000** | December 31, 2024 US$'000 |
|---|---|---|---|
| **NET CURRENT ASSETS** | | **170,038** | 153,727 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **551,003** | 531,775 |
| **NON-CURRENT LIABILITIES** | | | |
| Contract liabilities | 26 | **3,458** | 1,254 |
| Lease liabilities | 14(b) | **35,464** | 33,998 |
| Deferred tax liabilities | 19 | **7,211** | 8,668 |
| Other long-term liabilities | 30 | **1,189** | 3,063 |
| Total non-current liabilities | | **47,322** | 46,983 |
| **NET ASSETS** | | **503,681** | 484,792 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 32 | **1,334** | 1,334 |
| Reserves | 34 | **478,518** | 462,695 |
| Non-controlling interests | | **23,829** | 20,763 |
| Total equity | | **503,681** | 484,792 |

**Lior Moshe DAYAN**
*Director*

**Jiahong Li**
*Director*

| | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital US$'000 (note 32) | Share premium* US$'000 | Other reserve* US$'000 (note 34) | Cash flow hedge reserve* US$'000 | Exchange fluctuation reserve* US$'000 | Retained earnings* US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| At January 1, 2025 | 1,334 | 323,071 | (24,023) | 17 | (8,135) | 171,765 | 464,029 | 20,763 | 484,792 |
| Profit for the year | — | — | — | — | — | 19,016 | 19,016 | 5,989 | 25,005 |
| Other comprehensive income for the year: | | | | | | | | | |
| Effective portion of changes in fair value of hedging instruments arising during the year, net of tax | — | — | — | 2,089 | — | — | 2,089 | — | 2,089 |
| Reclassification adjustments for gains included in the consolidated statement of profit or loss | — | — | — | (1,512) | — | — | (1,512) | — | (1,512) |
| Exchange differences on translation of foreign operations | — | — | — | — | 3,792 | 12 | 3,804 | (62) | 3,742 |
| Actuarial reserve relating to a defined benefit plan, net of tax | — | — | — | — | — | (36) | (36) | — | (36) |
| Total comprehensive income for the year | — | — | — | 577 | 3,792 | 18,992 | 23,361 | 5,927 | 29,288 |
| Final 2024 dividend declared | — | — | — | — | — | (7,538) | (7,538) | — | (7,538) |
| Dividends paid to non-controlling shareholders | — | — | — | — | — | — | — | (2,861) | (2,861) |
| At December 31,2025 | 1,334 | 323,071 | (24,023) | 594 | (4,343) | 183,219 | 479,852 | 23,829 | 503,681 |

* These reserve accounts comprise the consolidated reserves of US$478,518,000 (2024: US$462,695,000) in the consolidated statement of financial position.

| | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital US$'000 (note 32) | Share premium* US$'000 | Other reserve* US$'000 (note 34) | Cash flow hedge reserve* US$'000 | Exchange fluctuation reserve* US$'000 | Retained earnings* US$'000 | Total US$'000 | Non-controlling interests US$'000 | Total equity US$'000 |
| At January 1, 2024 | 1,334 | 323,071 | (23,438) | 258 | (5,244) | 156,330 | 452,311 | 17,214 | 469,525 |
| Profit for the year | — | — | — | — | — | 25,126 | 25,126 | 3,640 | 28,766 |
| Other comprehensive income for the year: | | | | | | | | | |
| Effective portion of changes in fair value of hedging instruments arising during the year, net of tax | — | — | — | (105) | — | — | (105) | — | (105) |
| Reclassification adjustments for gains included in the consolidated statement of profit or loss | — | — | — | (136) | — | — | (136) | — | (136) |
| Exchange differences on translation of foreign operations | — | — | — | — | (2,891) | (53) | (2,944) | (91) | (3,035) |
| Actuarial reserve relating to a defined benefit plan, net of tax | — | — | — | — | — | (188) | (188) | — | (188) |
| Total comprehensive income for the year | — | — | — | (241) | (2,891) | 24,885 | 21,753 | 3,549 | 25,302 |
| Equity-settled share-based payments (note 33) | — | — | (794) | — | — | — | (794) | — | (794) |
| Share of contribution of associates from capital injection by other investors | — | — | 209 | — | — | — | 209 | — | 209 |
| Final 2023 dividend declared | — | — | — | — | — | (9,450) | (9,450) | — | (9,450) |
| At December 31, 2024 | 1,334 | 323,071 | (24,023) | 17 | (8,135) | 171,765 | 464,029 | 20,763 | 484,792 |

| | Notes | 2025 US$'000 | 2024 US$'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | | **28,550** | 32,541 |
| Adjustments for: | | | |
| Finance costs | 7 | **3,245** | 2,455 |
| Interest income | 5 | **(961)** | (790) |
| Loss on disposal of right-of-use assets | | **(2)** | (8) |
| Fair value gain from foreign exchange forward contracts not qualifying as hedges | 6 | **(2,334)** | (480) |
| Fair value gain on revenue commitment of an associate | 5 | **—** | (1,218) |
| Gain from disposal of investments in associates | 6 | **—** | (4,152) |
| Depreciation of property, plant and equipment | 6 | **3,548** | 3,452 |
| Depreciation of right-of-use assets | 6 | **6,156** | 6,075 |
| Amortization of other intangible assets | 6 | **7,645** | 7,779 |
| Impairment of other intangible assets | 6 | **—** | 102 |
| Provision for impairment of trade receivables | 6 | **1,407** | 2,202 |
| Provision for impairment of inventories | 6 | **3,796** | 3,093 |
| Share of profits of associates | 6 | **(210)** | (30) |
| Equity-settled share-based payments | 6 | **—** | (794) |
| | | **50,840** | 50,227 |
| Increase in inventories | | **(14,833)** | (4,548) |
| Increase in trade receivables | | **(20,641)** | (13,931) |
| (Increase)/decrease in prepayments, other receivables and other assets | | **(2,073)** | 4,743 |
| Decrease in other non-current assets | | **460** | — |
| Increase in trade payables | | **8,614** | 5,699 |
| Increase in other payables and accruals | | **47** | 204 |
| (Decrease)/increase in contract liabilities | | **(1,413)** | 228 |
| Decrease in other long-term liabilities | | **(171)** | (2,102) |
| Cash generated from operations | | **20,830** | 40,520 |
| Income tax paid | | **(11,432)** | (7,437) |
| Net cash flows from operating activities | | **9,398** | 33,083 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | | **885** | 1,141 |
| Purchases of items of property, plant and equipment | | **(2,582)** | (2,749) |
| Disposal of items of property, plant and equipment | | **—** | 11 |
| Purchase of intangible assets | | **—** | (15,396) |
| Disposal of investments in associates | | **—** | 2,235 |
| Payment for business combination | | **—** | (1,763) |
| Decrease in term deposits with original maturity of more than three months | | **—** | 9,926 |
| Net cash flows used in investing activities | | **(1,697)** | (6,595) |

| | Notes | 2025 US$'000 | 2024 US$'000 |
|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| New bank loan and other borrowings | | **24,577** | 7,554 |
| Repayment of bank loan and other borrowings | | **(18,705)** | (7,109) |
| Lease payments | 14(b) | **(8,358)** | (7,201) |
| Dividends paid to shareholders | | **(7,538)** | (9,450) |
| Dividends paid to non-controlling shareholders | | **(2,861)** | — |
| Interest paid | | **(729)** | (250) |
| Proceeds from the settlement of foreign currency forward contracts | | **2,691** | 341 |
| Net cash flows used in financing activities | | **(10,923)** | (16,115) |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(3,222)** | 10,373 |
| Cash and cash equivalents at beginning of year | | **70,102** | 60,535 |
| Effect of foreign exchange rate changes, net | | **3,946** | (806) |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **70,826** | 70,102 |
| **ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS** | | | |
| Cash and bank balances as stated in the consolidated statement of financial position | 25 | **70,973** | 70,234 |
| Pledged bank balances for bank loans | 25 | **(147)** | (132) |
| Cash and cash equivalents as stated in the consolidated statement of cash flows | | **70,826** | 70,102 |

## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated under the laws of the State of Israel on April 25, 2013. The registered office of the Company is located at Ofek Building 15, HaHarash Street 18, Industrial Park, Caesarea, 3079895, Israel.

The Company is involved in research, development, design, manufacture, sale and marketing of medical aesthetics and dental equipment, home use devices, injectables and cosmeceuticals products.

A major shareholder of the Company is Ample Up Limited and the ultimate holding company of the Company is Fosun International Holdings Limited. The ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

### Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

| Company name | Place and date of incorporation/registration and place of operations | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| Alma Lasers Ltd. ("**Alma**") | Israel<br>October 5, 1999 | Israeli New Shekels ("**NIS**")14,000,000 | 100% | — | Manufacture and sale of medical equipment |
| Alma Lasers Inc. | United States ("**U.S.**")<br>August 1, 2005 | United States dollars ("**US$**")10 | — | 100% | Distribution of medical equipment |
| Alma Lasers GmbH | Germany<br>July 31, 2012 | Euro ("**EUR**")25,000 | — | 100% | Distribution of medical equipment |
| Alma Lasers AT GmbH | Austria<br>March 22, 2010 | Euro35,000 | — | 100% | Distribution of medical equipment |
| Alma Medical Private Limited | India<br>December 3, 2014 | Indian Rupee ("**INR**")7,500,000 | — | 100% | Distribution of medical equipment |
| Alma Medical HK Limited | Hong Kong S.A.R<br>June 6, 2018 | Hong Kong dollar ("**HK$**")100 | — | 100% | Distribution of medical equipment |
| Alma Lasers Australia Pty Ltd. | Australia<br>May 17, 2019 | Australian dollar ("**AU$**")100 | — | 100% | Distribution of medical equipment |
| Alma Korea Limited | Republic of Korea<br>June 25, 2019 | Korean won 100,000,000 | — | 100% | Distribution of medical equipment |
| Sisram Medical (Tianjin) Ltd.* ("**Sisram Tianjin**") | PRC/Chinese mainland<br>April 10, 2020 | RMB50,000,000 | — | 100% | Investment holding, pharmaceutical research and development |
| Shanghai Foshion Medical System Co., Ltd.** ("**Foshion**") | PRC/Chinese mainland<br>January 20, 2000 | RMB30,000,000 | — | 100% | Distribution of medical equipment |

## 1. CORPORATE AND GROUP INFORMATION (Continued)

### Information about subsidiaries (Continued)

| Company name | Place and date of incorporation/registration and place of operations | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| Xingyuanda Medical Technology Huaian Co., Ltd.** | PRC/Chinese mainland December 17, 2020 | RMB7,100,000 | — | 100% | Distribution of medical equipment |
| Sisram Medical HK Limited ("**Sisram HK**") | Hong Kong S.A.R December 9, 2021 | HK$100 | — | 100% | Distribution of medical equipment |
| Alma Lasers UK Ltd. | England and Wales May 17,2022 | Great British Pound ("**GBP**")100 | — | 100% | Distribution of medical equipment |
| Alma Lasers Middle East Trading L.L.C | United Arab Emirates February 1, 2023 | Arab Emirates dirham ("**AED**")300,000 | — | 100% | Distribution of medical equipment |
| Alma Lasers Suisse GmbH | Swiss Confederation May 8, 2023 | Swiss franc ("**CHF**")20,000 | — | 100% | Distribution of medical equipment |
| Alma Hong Kong 2023 Ltd. | Hong Kong S.A.R March 7, 2023 | HK$100 | — | 60% | Distribution of medical equipment |
| Alma Feidun Technology (Chengdu) Co., Ltd.* | PRC/Chinese mainland May 22, 2023 | US$10,000,000 | — | 100% | Distribution of medical equipment |
| Alma Lasers Japan K.K. | Japan June 19, 2023 | Japanese yen ("**JPY**")100 | — | 100% | Distribution of medical equipment |
| Alma Lasers (Thailand) Ltd. | Thailand July 12, 2025 | Thai Baht ("**THB**")100,000 | — | 100% | Distribution of medical equipment |
| Alma Lasers Canada, Inc. | Canada December 8, 2025 | Canadian Dollars ("**CAD**")100 | — | 100% | Distribution of medical equipment |

* Sisram Tianjin and Alma Feidun Technology (Chengdu) Co., Ltd. are registered as a wholly-foreign-owned enterprise under PRC law.

** Foshion and Xingyuanda Medical Technology Huaian Co., Ltd. are registered as limited liability enterprises under PRC law.

# 2. ACCOUNTING POLICIES

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and interpretations) as approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit or loss and a defined benefit plan which have been measured at fair value. The financial statements are presented in US$ and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, branches, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

| | |
|---|---|
| IFRS 18 | *Presentation and Disclosure in Financial Statements*[2] |
| IFRS 19 and its amendments | *Subsidiaries without Public Accountability: Disclosures*[2] |
| Amendments to IFRS 9 and IFRS 7 | *Amendments to the Classification and Measurement of Financial Instruments*[1] |
| Amendments to IFRS 9 and IFRS 7 | *Contracts Referencing Nature-dependent Electricity*[1] |
| Amendments to IFRS 10 and IAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3] |
| Amendments to IAS 21 | *Translation to a Hyperinflationary Presentation Currency*[2] |
| *Annual Improvements to IFRS Accounting Standards — Volume 11* | Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1] |

1 Effective for annual periods beginning on or after January 1, 2026
2 Effective for annual/reporting periods beginning on or after January 1, 2027
3 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies*, *Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 Basis of *Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analyzing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards or IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognized and introduce an accounting policy option to derecognize a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to IFRS Accounting Standards — Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognize any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## 2.4 MATERIAL ACCOUNTING POLICIES

**Investments in associates**

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

**Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating unit, or groups of cash-generating unit, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating unit) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating unit) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating unit) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

### Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Fair value measurement (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

| | | |
|---|---|---|
| Level 1 | — | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating unit.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Impairment of non-financial assets (Continued)

An assessment is made at the end of the reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

### Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|---|---|
| Plant and machinery | 10% to 34% |
| Furniture and fixtures | 6% to 34% |
| Leasehold improvements | Over the shorter of the lease terms and 5% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives and intangible assets that are not available for use are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

#### *Customer relationships*

Customer relationships are stated at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 9.5 to 14.5 years.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Intangible assets (other than goodwill) (Continued)

***Trademarks***

Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. Trademark with definite useful live is stated at cost less any impairment losses and is amortized on the straight-line basis over the estimated useful lives of 10 years.

***Patents and technology***

Patents and technology are stated at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 5 to 10 years.

***License agreement***

Purchased licenses that were available for use were stated at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 6 to 10 years. Medicine license that was not available for use as at the end of 2025 was stated at cost less any impairment losses and was not amortized.

***Research and development costs***

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Leases (Continued)**

***Group as a lessee (Continued)***

*(a) Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

| | |
|---|---|
| Plant and buildings | 2 to 20 years |
| Motor vehicles | 3 years |

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

*(b) Lease liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

*(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

Lease payments on short-term and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Investments and other financial assets**

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

***Financial assets at amortized cost (debt instruments)***

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

***Financial assets at fair value through other comprehensive income (debt instruments)***

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

***Financial assets designated at fair value through other comprehensive income (equity investments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

(a) the rights to receive cash flows from the asset have expired; or

(b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Normally when contractual payments are 90 days past due, the Group performs analytical review and investigates the reason for the overdue to evaluate if it's in default or not. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Impairment of financial assets (Continued)**

***General approach (Continued)***

| | | |
|---|---|---|
| Stage 1 | — | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | — | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | — | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

***Simplified approach***

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

**Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings, payables, or as derivatives designated as hedge instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings, derivative financial instruments and other long-term liabilities.

***Subsequent measurement***

The subsequent measurement of financial liabilities depends on their classification as follows:

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Financial liabilities (Continued)

#### *Financial liabilities at fair value through profit or loss (Continued)*

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

#### *Financial liabilities at amortized cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Derivative financial instruments and hedge accounting**

***Initial recognition and subsequent measurement***

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

***Cash flow hedges***

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Derivative financial instruments and hedge accounting (Continued)**

***Cash flow hedges (Continued)***

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

**Provisions**

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Provisions (Continued)

The Group provides for warranties in relation to the sale of certain products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognized based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

(a) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

### Revenue recognition

#### *Revenue from contracts with customers*

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Revenue recognition (Continued)**

***Revenue from contracts with customers (Continued)***

*(a) Sale of products*

Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customer.

*(b) Services provided*

The Group provides services that are bundled together with the sale of products to customers. The services can be obtained from other providers and do not significantly customize or modify the products. Contracts for bundled sales of products and services are separate performance obligations because the promises to transfer the products and provide services are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative standalone selling prices of the products and services. The revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

***Other income***

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

**Contract liabilities**

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Share-based payments**

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of options under the share option scheme is determined by the management using a binomial model. The fair value of restricted shares under the share ownership plan is determined by the management using an asset-based approach.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Share-based payments (Continued)

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### Employee benefits

#### *Defined benefit plan*

The Group's liability for severance pay for its employees is pursuant to the Israel's Severance Pay Law and is based on the most recent salary of the employees multiplied by the number of years of employment. Employees are entitled to severance pay equal to one month's salary for each year of employment, or a portion thereof. The Group's liability for its employees is provided for by monthly deposits with severance pay funds, insurance policies and by an accrual.

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Employee benefits (Continued)**

***Defined benefit plan (Continued)***

The cost of providing severance pay is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under “cost of sales”, “selling and distribution expenses”, “administrative expenses” and “research and development expenses” in the consolidated statement of profit or loss by function:

(a) service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements

(b) net interest expense or income

**Dividends**

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 11 to the financial statements.

**Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

**Foreign currencies**

These financial statements are presented in US$, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Foreign currencies (Continued)

Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associate are currencies other than the US$. As at the end of the reporting period, the assets and liabilities of these entities are translated into US$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US$ at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

***Revenue from contracts with customers***

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) *Identifying performance obligations in a bundled sale of industrial products and extended warranty option*

The Group provides services that are either sold separately or bundled together with the sale of products to a customer. The services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both products and services are each capable of being distinct. The fact that the Group regularly sells both products and services on a standalone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the products and to provide services are distinct within the context of the contract. The products and services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the products and services together in the contract does not result in any additional or combined functionality and neither the products nor the services modify or customize the other. In addition, the products and services are not highly inter-dependent or highly interrelated, because the Group would be able to transfer the products even if the customer declined it and would be able to provide services in relation to products sold by other distributors. Consequently, the Group has allocated a portion of the transaction price to the industrial products and extended warranty option based on relative standalone selling prices.

### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

***Impairment of goodwill***

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2025 was US$126,915,000. Further details are given in note 15 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

**Estimation uncertainty (Continued)**

***Impairment of non-financial assets (other than goodwill)***

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the reporting period. Indefinite life intangible assets and intangible assets not yet available for use are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

***Provision for expected credit losses on trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

**Estimation uncertainty (Continued)**

***Leases — Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

***Net realizable value of inventories***

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customers' needs or competitors' actions in response to the product industry cycle. Management reassesses these estimates at the end of the reporting period.

***Useful lives and residual value of plant and equipment***

The Group determines the estimated useful lives, residual value and related depreciation charges for its plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual value of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than the previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

***Fair value of financial instruments***

The fair value of financial instruments, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, etc, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 39 to the financial statements.

## 4. 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, minimally invasive treatment systems, non-energy-based devices and cosmeceuticals. Therefore, no analysis by operating segment is presented.

### Geographical information

#### *(a) Revenue from external customers*

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Asia Pacific | **147,419** | 116,215 |
| North America | **111,010** | 137,398 |
| Europe | **56,442** | 50,538 |
| Middle East and Africa | **36,422** | 34,605 |
| Latin America | **14,054** | 10,356 |
| Total revenue | **365,347** | 349,112 |

The revenue information above is based on the locations of the customers.

#### *(b) Non-current assets*

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Israel | **208,404** | 206,664 |
| Chinese mainland | **134,772** | 136,156 |
| United States | **8,215** | 7,458 |
| Other countries | **16,797** | 15,388 |
| Total non-current assets | **368,188** | 365,666 |

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

### Information about a major customer

There was no revenue from transactions with a single external customer amounting to 10% or more of total revenue for the reporting period (2024: Nil).

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | 2025 US$'000 | 2024 US$'000 |
|---|---|---|
| Revenue from contracts with customers | **365,347** | 349,112 |

**Revenue from contracts with customers**

***(i) Disaggregated revenue information***

**For the year ended December 31, 2025**

| | 2025 US$'000 | 2024 US$'000 |
|---|---|---|
| **Types of goods or services** | | |
| Sale of products | **345,211** | 327,298 |
| Services provided | **20,136** | 21,814 |
| Total revenue from contracts with customers | **365,347** | 349,112 |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | **345,211** | 327,298 |
| Services transferred over time | **20,136** | 21,814 |
| Total revenue from contracts with customers | **365,347** | 349,112 |

The following table shows the amounts of revenue recognized in the reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

| | 2025 US$'000 | 2024 US$'000 |
|---|---|---|
| Revenue recognized that was included in contract liabilities at the beginning of the reporting period: | | |
| Sale of goods | **7,538** | 7,452 |
| Warranty and related services | **8,059** | 8,452 |
| Total | **15,597** | 15,904 |

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

**Revenue from contracts with customers (Continued)**

***(ii) Performance obligations***

Information about the Group's performance obligations is summarized below:

*Sale of products*

The performance obligation is satisfied when control of goods is transferred to the customers and there are different payment terms according to the region.

*Services provided*

The performance obligation is satisfied over time as services are rendered and advances are normally required before rendering the services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| Amounts expected to be recognized as revenue: | | |
| Within one year | **12,036** | 15,597 |
| After one year | **3,458** | 1,254 |
| Total | **15,494** | 16,851 |

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to goods to be sold and services to be provided. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognized as revenue within one year.

**Other income and gains**

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| Foreign exchange differences, net | **2,514** | — |
| Interest income | **961** | 1,316 |
| Revenues from rent | **154** | 160 |
| Gain from disposal of investments in associates | **—** | 4,152 |
| Fair value gain on a revenue commitment | **—** | 1,218 |
| Others | **927** | 443 |
| Total other income and gains | **4,556** | 7,289 |

## 6. PROFIT BEFORE TAX

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

| | 2025<br>US$'000 | 2024<br>US$'000 |
|---|---|---|
| Cost of inventories sold | **133,770** | 115,183 |
| Cost of services provided | **16,433** | 17,249 |
| Total | **150,203** | 132,432 |
| Employee benefit expense (including directors' and senior management's remuneration (note 8): | | |
| Wages and salaries | **115,586** | 115,984 |
| Equity-settled share based payments | **—** | (794) |
| Defined benefit scheme | **648** | 686 |
| Total | **116,234** | 115,876 |
| Research and development costs: | | |
| Current year expenditure | **16,861** | 15,937 |
| Auditors' remuneration | **564** | 508 |
| Lease payments not included in the measurement of lease liabilities | **1,755** | 1,302 |
| Depreciation of property, plant and equipment (note 13) | **3,548** | 3,452 |
| Depreciation of right-of-use assets (note 14 (a)) | **6,156** | 6,075 |
| Amortization of other intangible assets (note 16) | **7,645** | 7,779 |
| Impairment of other intangible assets (note 16) | **—** | 102 |
| Provision for impairment of inventories | **3,796** | 3,093 |
| Provision for impairment of trade receivables (note 22) | **1,407** | 2,202 |
| Fair value gain from foreign exchange forward contracts not qualifying as hedges | **(2,334)** | (480) |
| Fair value gain on a revenue commitment | **—** | (1,218) |
| Gain from disposal of investment in associate | **—** | (4,152) |
| Share of profits of associates (note 17) | **(210)** | (30) |
| Foreign exchange differences, net | **(2,514)** | 1,827 |

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2025<br>US$'000 | 2024<br>US$'000 |
|---|---|---|
| Interest on loans and borrowings | **788** | 251 |
| Interest on lease liabilities (note 14(b)) | **2,457** | 2,204 |
| Total | **3,245** | 2,455 |

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

| | Group | |
|---|---|---|
| | 2025<br>US$'000 | 2024<br>US$'000 |
| Fees | **128** | 128 |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | **1,176** | 904 |
| Equity-settled share base payments | **—** | (205) |
| Performance related bonuses | **577** | 576 |
| Subtotal | **1,753** | 1,275 |
| Total | **1,881** | 1,403 |

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

| | 2025<br>US$'000 | 2024<br>US$'000 |
|---|---|---|
| Mr. Heung Sang Addy FONG | **32** | 32 |
| Mr. Chi Fung Leo CHAN | **32** | 32 |
| Ms. Jenny CHEN | **32** | 32 |
| Mr. Kai Yu Kenneth LIU | **32** | 32 |
| Total | **128** | 128 |

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive director, non-executive directors and the chief executive

| | Fees US$'000 | Salaries, allowances and benefits in kind US$'000 | Performance related bonuses US$'000 | Equity-settled share base payments US$'000 | Total remuneration US$'000 |
|---|---|---|---|---|---|
| **2025** | | | | | |
| Executive director: | | | | | |
| Mr. Jiahong Li | — | 210 | 120 | — | 330 |
| Chief executive: | | | | | |
| Mr. Lior Moshe DAYAN | — | 966 | 457 | — | 1,423 |
| Total | — | 1,176 | 577 | — | 1,753 |

The Group did not pay any remuneration to the executive director Mr. Yi LIU and non-executive directors, Mr. Yifang WU and Ms. Rongli FENG, during the year ended December 31, 2025.

| | Fees US$'000 | Salaries, allowances and benefits in kind US$'000 | Performance related bonuses US$'000 | Equity-settled share base payments US$'000 | Total remuneration US$'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| Executive director: | | | | | |
| Mr. Yi LIU | — | — | — | (41) | (41) |
| Chief executive: | | | | | |
| Mr. Lior Moshe DAYAN | — | 904 | 576 | (164) | 1,316 |
| Total | — | 904 | 576 | (205) | 1,275 |

The Group did not pay any remuneration to the non-executive directors, Mr. Yifang WU and Ms. Rongli FENG, during the year ended December 31, 2024.

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during the year (2024: Nil).

On March 19, 2025, Mr. Jiahong Li was appointed as an executive director of the Company.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the reporting period included one director who is also the chief executive (2024: one director who is also the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the reporting period of the remaining four (2024: four) highest paid employees who are neither directors nor the chief executive of the Company are as follows:

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | **1,608** | 1,360 |
| Equity-settled share base payments | **—** | (48) |
| Performance related bonuses | **2,003** | 2,600 |
| Total | **3,611** | 3,912 |

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

| | **Number of employees** | |
|---|---|---|
| | **2025** | 2024 |
| Nil to US$1,000,000 | **3** | 3 |
| US$1,000,001 to US$1,500,000 | **1** | 1 |
| Total | **4** | 4 |

## 10. INCOME TAX

### Israel

The Israeli corporate tax rate applicable to the Company was 23% for the reporting period (2024: 23%). Each entity in the Group is taxable based on its standalone results as measured by the local tax system.

Alma Lasers Ltd. ("**Alma**"), a major operating subsidiary of the Company, was granted the status of "Preferred Enterprise" under the Law for the Encouragement of Capital Investments, 1959 (as amended in 2011, the "**2011 Amendment of the Investment Law**") and therefore enjoyed a preferential corporate tax rate of 16% during the period.

For a Special Preferred Technological Enterprise ("**SPTE**") where the parent company's total revenues are more than NIS10 billion in the tax year, its preferred technological income will be subject to a tax rate of 6%, regardless of its geographical location.

As of December 31, 2025, Alma enjoyed a preferential effective tax rate of 6% for being a SPTE for the year ended December 31, 2025 (2024: 6%).

## 10. INCOME TAX (Continued)

### United States

The subsidiary operating in the United States is subject to the United States federal and multiple state income tax. The United States federal income tax was provided at the rate of 21% during the year, and multiple state income tax was provided at the average rate of 6% during the year on the estimated assessable profits arising in the United States.

### Chinese mainland

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

### Other overseas subsidiaries

Taxes on taxable income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| Current | **5,334** | 9,145 |
| Deferred (note 19) | **(1,789)** | (5,370) |
| Total tax charge for the year | **3,545** | 3,775 |

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| Profit before tax | **28,550** | 32,541 |
| Statutory tax rate | **23%** | 23% |
| Tax at the statutory tax rate | **6,567** | 7,484 |
| Different tax rates for certain entities | **(902)** | (3,708) |
| Effect on opening deferred tax from changes in tax rates | **(55)** | (123) |
| Tax losses utilized from previous period | **(311)** | (452) |
| Expenses not deductible for tax | **312** | 142 |
| Taxes in respect of previous year | **(2,340)** | 375 |
| Deductible temporary differences not recognized | **91** | 95 |
| Others | **183** | (38) |
| Total tax charge for the year at the effective rate | **3,545** | 3,775 |

## 11. DIVIDEND

On March 23, 2026, the board of directors resolved to declare a final dividend of HK$0.095 (inclusive of tax) per share for the year ended December 31, 2025 (for the year ended December 31, 2024: HK$0.126).

## 12. 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 reporting period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 468,343,092 (2024: 468,343,092) outstanding during the reporting period.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024 and 2025.

The calculation of basic earnings per share is based on:

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| **Earnings** | | |
| Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation | **19,016** | 25,126 |

| | **Number of shares** | |
|---|---|---|
| | **2025** | 2024 |
| **Shares** | | |
| Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation | **468,343,092** | 468,343,092 |

## 13. PROPERTY, PLANT AND EQUIPMENT

**December 31, 2025**

| | Plant and machinery US$'000 | Furniture and fixtures US$'000 | Leasehold improvements US$'000 | Total US$'000 |
|---|---|---|---|---|
| At January 1, 2025: | | | | |
| Cost | 17,686 | 4,062 | 17,437 | 39,185 |
| Accumulated depreciation | (9,690) | (1,957) | (5,446) | (17,093) |
| Net carrying amount | 7,996 | 2,105 | 11,991 | 22,092 |
| At January 1, 2025 net of accumulated depreciation | 7,996 | 2,105 | 11,991 | 22,092 |
| Additions | 900 | 592 | 1,282 | 2,774 |
| Depreciation provided during the year | (1,301) | (542) | (1,705) | (3,548) |
| At December 31, 2025, net of accumulated depreciation | 7,595 | 2,155 | 11,568 | 21,318 |
| At December 31, 2025: | | | | |
| Cost | 18,586 | 4,654 | 18,719 | 41,959 |
| Accumulated depreciation | (10,991) | (2,499) | (7,151) | (20,641) |
| Net carrying amount | 7,595 | 2,155 | 11,568 | 21,318 |

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

**December 31, 2024**

| | Plant and machinery US$'000 | Furniture and fixtures US$'000 | Leasehold improvements US$'000 | Total US$'000 |
|---|---|---|---|---|
| At January 1, 2024: | | | | |
| Cost | 17,079 | 3,336 | 16,037 | 36,452 |
| Accumulated depreciation | (9,623) | (1,177) | (2,841) | (13,641) |
| Net carrying amount | 7,456 | 2,159 | 13,196 | 22,811 |
| At January 1, 2024 net of accumulated depreciation | 7,456 | 2,159 | 13,196 | 22,811 |
| Additions | 618 | 726 | 1,400 | 2,744 |
| Disposal | (11) | — | — | (11) |
| Depreciation provided during the year | (67) | (780) | (2,605) | (3,452) |
| At December 31, 2024, net of accumulated depreciation | 7,996 | 2,105 | 11,991 | 22,092 |
| At December 31, 2024: | | | | |
| Cost | 17,686 | 4,062 | 17,437 | 39,185 |
| Accumulated depreciation | (9,690) | (1,957) | (5,446) | (17,093) |
| Net carrying amount | 7,996 | 2,105 | 11,991 | 22,092 |

## 14. LEASES

**The Group as a lessee**

The Group has lease contracts for various items of plant, motor vehicles and other equipment used in its operations. Leases of plant generally have lease terms between 2 and 20 years, while motor vehicles generally have lease terms of 3 years. Other equipment generally has lease terms of 12 months or less and/ or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

## 14. LEASES (Continued)

### The Group as a lessee (Continued)

#### *(a) Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

| | Plant and buildings US$'000 | Motor vehicles US$'000 | Total US$'000 |
|---|---|---|---|
| As at January 1, 2024 | 38,597 | 1,501 | 40,098 |
| Additions | 3,173 | 369 | 3,542 |
| Depreciation charge | (5,245) | (830) | (6,075) |
| Exchange realignment | (149) | (39) | (188) |
| As at December 31, 2024 and January 1, 2025 | **36,376** | **1,001** | **37,377** |
| Additions | **3,369** | **964** | **4,333** |
| Depreciation charge | **(5,365)** | **(791)** | **(6,156)** |
| Termination of leases | **—** | **(238)** | **(238)** |
| Exchange realignment | **135** | **20** | **155** |
| As at December 31, 2025 | **34,515** | **956** | **35,471** |

#### *(b) Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Carrying amount at January 1 | **38,405** | 40,261 |
| New leases | **4,333** | 3,542 |
| Accretion of interest recognized during the year (note 7) | **2,457** | 2,204 |
| Payments | **(8,358)** | (7,201) |
| Termination of leases | **(240)** | (8) |
| Exchange realignment | **4,368** | (393) |
| Carrying amount at December 31 | **40,965** | 38,405 |
| Analysed into: | | |
| Current portion | **5,501** | 4,407 |
| Non-current portion | **35,464** | 33,998 |

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

## 14. LEASES (Continued)

### The Group as a lessee (Continued)

*(c)* The amounts recognized in profit or loss in relation to leases are as follows:

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| Interest on lease liabilities (note 7) | **2,457** | 2,204 |
| Depreciation charge of right-of-use assets (note 6) | **6,156** | 6,075 |
| Expense relating to short-term leases (included in cost of sales) | **1,069** | 656 |
| Expense relating to leases of low-value assets (included in administrative expenses) | **17** | 16 |
| Variable lease payments not included in the measurement of lease liabilities (included in cost of sales and expenses) | **669** | 630 |
| Total amount recognized in profit or loss | **10,368** | 9,581 |

*(d)* The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 35(c) and 36(b) to the financial statements.

## 15. GOODWILL

| | **US$'000** |
|---|---|
| Cost and net carrying amount at December 31, 2025 and 2024 | 126,915 |

### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing:

- Cash-generating unit of Alma; and
- Cash-generating unit of Alma Hong Kong 2023 Limited ("**Alma HK 2023**").

#### *Cash-generating unit of Alma*

The Group's goodwill acquired through business combination amounted to US$111,183,000 arose mainly from the acquisition of Alma in 2013. The goodwill has been allocated to the cash-generating unit of Alma for impairment testing. The recoverable amount of goodwill of Alma has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.4% (2024: 16.8%). The growth rate used to extrapolate the cash flows of the Alma cash-generating unit beyond the five-year period is 2.0% (2024: 2.0%), which is also an estimate of the long-term rate of raw materials price inflation.

## 15. GOODWILL (Continued)

### Impairment testing of goodwill (Continued)

***Cash-generating unit of Alma HK 2023***

The goodwill of Alma HK 2023 amounting to US$15,732,000 arose from a business combination with a distributer in Chinese mainland in 2023. The cash flows generated from the business acquired for impairment testing is independent from those of the other subsidiaries of the Group, hence it is a separate cash generating unit.

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on a financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 18.7% (2024: 19.3%). The long-term growth rate used to extrapolate the cash flows of the above cash-generating unit is 2.0% (2024: 2.0%), which is also an estimate of the long-term rate of raw materials price inflation.

### Key assumptions used in the value in use calculation

Assumptions were used in the value in use calculation of the cash-generating units for the reporting period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

*Budgeted gross margins* — The basis used to determine the values assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

*Discount rates* — The discount rates used are before tax and reflect specific risks relating to the relevant units.

*Long-term growth rate* — The basis used to determine the value assigned to long-term growth rate is the forecast price indices during the budget year from where the raw materials are sourced.

The values assigned to the key assumptions are consistent with the historical experience of the Group and the external information sources.

## 16. OTHER INTANGIBLE ASSETS

| | Customer relationships US$'000 | Trademarks US$'000 | Patents and technology US$'000 | License agreement and others US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **December 31, 2025** | | | | | |
| Cost at January 1, 2025, net of accumulated amortization | **42,070** | **24,531** | **3,324** | **72,618** | **142,543** |
| Amortization provided during the year (note 6) | **(7,258)** | **(7)** | **(374)** | **(6)** | **(7,645)** |
| Exchange realignment | **(17)** | **—** | **65** | **1,749** | **1,797** |
| At December 31, 2025 | **34,795** | **24,524** | **3,015** | **74,361** | **136,695** |
| At December 31, 2025: | | | | | |
| Cost | **82,882** | **24,539** | **24,609** | **77,727** | **209,757** |
| Accumulated amortization | **(48,087)** | **(15)** | **(21,492)** | **(3,366)** | **(72,960)** |
| Accumulated impairment | **—** | **—** | **(102)** | **—** | **(102)** |
| Net carrying amount | **34,795** | **24,524** | **3,015** | **74,361** | **136,695** |
| **December 31, 2024** | | | | | |
| Cost at January 1, 2024, net of accumulated amortization | 49,387 | 24,536 | 3,736 | 58,410 | 136,069 |
| Additions | — | — | — | 15,396 | 15,396 |
| Amortization provided during the year (note 6) | (7,317) | (5) | (310) | (147) | (7,779) |
| Impairment during the year (note 6) | — | — | (102) | — | (102) |
| Exchange realignment | — | — | — | (1,041) | (1,041) |
| At December 31, 2024 | 42,070 | 24,531 | 3,324 | 72,618 | 142,543 |
| At December 31, 2024: | | | | | |
| Cost | 82,899 | 24,539 | 24,544 | 75,978 | 207,960 |
| Accumulated amortization | (40,829) | (8) | (21,118) | (3,360) | (65,315) |
| Accumulated impairment | — | — | (102) | — | (102) |
| Net carrying amount | 42,070 | 24,531 | 3,324 | 72,618 | 142,543 |

## 16. OTHER INTANGIBLE ASSETS (Continued)

### Impairment testing of trademark

The intangible asset of the Group with indefinite life is the trademark generated from the acquisition of Alma Group which amounted to US$24,493,000 as at December 31, 2025 (December 31, 2024: US$24,493,000). The trademark has indefinite life because the extension cost is low and it can be used indefinitely. The impairment test is based on the recoverable amount of the intangible asset, which is the fair value less costs of disposal.

The fair value calculation of the trademark used the relief from royalty method based on the royalty rate of 2.5% (2024: 2.5%) of forecasted revenues. The revenues are forecasted based on an operational plan covering a five-year period as approved by senior management. The long-term growth rate of revenues is 2.0% (2024: 2.0%), which is also an estimate of the long-term rate of inflation. The discount rate applied to the royalty income was 16.8% for 2025 (2024: 16.9%).

The fair value measurement hierarchy of the trademark was level 3.

#### *Key assumptions used in the calculation*

Assumptions were used in the calculation for the reporting period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of indefinite life intangible asset:

*Discount rate* — The discount rate used reflects specific risks relating to the trademark.

*Royalty rate* — The royalty rate is determined based on comparable or similar transactions.

*Long-term growth rate* — The basis used to determine the value assigned to long-term growth rate is the forecast price indices during the budget year from where the raw materials are sourced.

### Impairment testing of medical license not yet available for use

The recoverable amount of medical license of US$74,037,000 (2024: US$72,289,000) not yet available for use has been determined based on the fair value less costs of disposal, and the fair value of the medical license not yet available for use was determined using the multi-period excess earnings method taking into account the nature of the assets, using cash flow projections based on financial budget approved by the management, covering the economic life of corresponding products. The discount rate and the contributory asset charges used in impairment testing is 16.0% (2024: 16.0%) and 0.6% to 0.8% (2024: 1.7% to 8.6%), respectively.

The fair value measurement hierarchy of the medical license not yet available for use was level 3.

#### *Key assumptions used in the calculation*

Discount rate — The discount rate used reflects specific risks relating to medical license not yet available for use.

Contributory asset charges — The basis used to determine the value assigned to contributory asset charges is the return of revenue ("**ROR**") of the contributory assets. The ROR was determined according to the borrowing rate and cost of equity, and the contributory assets mainly included working capital, tangible assets and assembled workforce.

## 16. OTHER INTANGIBLE ASSETS (Continued)

### Impairment testing of medical license not yet available for use (Continued)

***Key assumptions used in the calculation (Continued)***

The values assigned to the key assumptions are consistent with the historical experience of the Group and the external information sources.

## 17. INVESTMENTS IN ASSOCIATES

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Share of net assets | **3,369** | 1,229 |
| Goodwill on acquisition | **3,928** | 3,928 |
| Total | **7,297** | 5,157 |

Particulars of the associates are as follows:

| Name | Particulars of issued shares held | Place of Incorporation/ registration and business | Percentage of ownership interest attributable to the Group | Principal activity |
|---|---|---|---|---|
| Fuzhou Rick Brown Pharmaceutical Technology Co., Ltd. | Ordinary shares | PRC/Chinese mainland | 28 | Development of biotechnology products |
| Tianjin Silkar Biotech Co., Ltd.* | Ordinary shares | PRC/Chinese mainland | 7 | Development of biotechnology products |

* The Group's investments in the associates are accounted for under the equity method of accounting because the Group has significant influence over the entities by way of representation on their boards of directors and participation in the policy-making process, despite the fact that the Group's equity interests in the associates were lower than 20% during the reporting period.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Share of the associates' profits and total comprehensive income for the year | **210** | 30 |
| Aggregate carrying amount of the Group's investments in the associates | **7,297** | 5,157 |

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2025<br>US$'000 | 2024<br>US$'000 |
|---|---|---|
| Other unlisted investments, at fair value — current | — | 1,745 |
| Other unlisted investments, at fair value — non-current | **2,827** | 2,764 |
| Total | **2,827** | 4,509 |

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

## 19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

**Deferred tax assets**

| | Warranties<br>US$'000 | Reserves and allowances<br>US$'000 | Research and development<br>US$'000 | Equity-settled share-based payments<br>US$'000 | Contract liabilities<br>US$'000 | Lease Liabilities<br>US$'000 | Unrealized intercompany profit and others<br>US$'000 | Total<br>US$'000 |
|---|---|---|---|---|---|---|---|---|
| At January 1, 2024 | 468 | 3,380 | 1,037 | 278 | 162 | 3,547 | 5,196 | 14,068 |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | (49) | 808 | (70) | (124) | 10 | 640 | 2,177 | 3,392 |
| At December 31, 2024 | **419** | **4,188** | **967** | **154** | **172** | **4,187** | **7,373** | **17,460** |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | **(68)** | **(1,047)** | **8** | **16** | **(32)** | **17** | **1,180** | **74** |
| Gross deferred tax assets at December 31,2025 | **351** | **3,141** | **975** | **170** | **140** | **4,204** | **8,553** | **17,534** |

## 19. DEFERRED TAX (Continued)

### Deferred tax liabilities

| | Fair value adjustments arising from acquisition of a subsidiary US$'000 | Right of use assets US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|
| At January 1, 2024 | 14,062 | 3,359 | 1,067 | 18,488 |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | (2,957) | 462 | 517 | (1,978) |
| At December 31, 2024 | **11,105** | **3,821** | **1,584** | **16,510** |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | **(1,405)** | **(312)** | **2** | **(1,715)** |
| Gross deferred tax liabilities at December 31, 2025 | **9,700** | **3,509** | **1,586** | **14,795** |

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Gross deferred tax assets | **17,534** | 17,460 |
| Offsetting with deferred tax liabilities | **(7,584)** | (7,842) |
| Net deferred tax assets recognized in the consolidated statement of financial position | **9,950** | 9,618 |
| Gross deferred tax liabilities | **14,795** | 16,510 |
| Offsetting with deferred tax assets | **(7,584)** | (7,842) |
| Net deferred tax liabilities recognized in the consolidated statement of financial position | **7,211** | 8,668 |

At December 31, 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the Chinese mainland. In the opinion of the directors, it is not probable that these subsidiaries and joint ventures will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately US$17,224,000 at December 31, 2025 (2024: US$7,734,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 20. OTHER NON-CURRENT ASSETS

| | 2025<br>US$'000 | 2024<br>US$'000 |
|---|---|---|
| Input tax to be deducted | **3,840** | 4,338 |
| Long-term deposits | **685** | 651 |
| Long-term prepayments | **49** | 40 |
| Total | **4,574** | 5,029 |

## 21. INVENTORIES

| | 2025<br>US$'000 | 2024<br>US$'000 |
|---|---|---|
| Finished goods | **64,101** | 52,882 |
| Raw materials | **27,561** | 27,571 |
| Work in progress | **1,627** | 570 |
| Total | **93,289** | 81,023 |

At December 31, 2025, the Group did not have any inventories (2024: Nil) that have been pledged.

## 22. TRADE RECEIVABLES

| | 2025<br>US$'000 | 2024<br>US$'000 |
|---|---|---|
| Trade receivables | | |
| Current | **96,032** | 83,100 |
| Non-current | **37,344** | 28,039 |
| Subtotal | **133,376** | 111,139 |
| Impairment | | |
| Current | **(3,445)** | (2,341) |
| Non-current | **(1,426)** | (1,486) |
| Subtotal | **(4,871)** | (3,827) |
| Net carrying amount | | |
| Current | **92,587** | 80,759 |
| Non-current | **35,918** | 26,553 |
| Total | **128,505** | 107,312 |

## 22. TRADE RECEIVABLES (Continued)

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Details of the concentration of credit risk arising from the customers are set out in note 40 to the financial statements.

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

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| Within one month | **109,525** | 86,300 |
| 1 to 2 months | **3,820** | 3,210 |
| 2 to 3 months | **4,857** | 3,587 |
| Over 3 months | **10,303** | 14,215 |
| Total | **128,505** | 107,312 |

The movements in loss allowance for impairment of trade receivables are as follows:

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| At beginning of year | **3,827** | 2,346 |
| Impairment losses (note 6) | **1,407** | 2,202 |
| Amount written off as uncollectible | **142** | (667) |
| Effect of foreign exchange rate changes, net | **(505)** | (54) |
| At end of year | **4,871** | 3,827 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

## 22. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at December 31, 2025**

| | Due date | | | | |
|---|---|---|---|---|---|
| | **Within one month** | **1 to 2 months** | **2 to 3 months** | **Over 3 months** | **Total** |
| Expected credit loss rate | **0.5%** | **0.9%** | **1.0%** | **29.3%** | **3.7%** |
| Gross carrying amount (US$'000) | **110,048** | **3,855** | **4,907** | **14,566** | **133,376** |
| Expected credit losses (US$'000) | **523** | **35** | **50** | **4,263** | **4,871** |

**As at December 31, 2024**

| | Due date | | | | |
|---|---|---|---|---|---|
| | Within one month | 1 to 2 months | 2 to 3 months | Over 3 months | Total |
| Expected credit loss rate | 0.2% | 3.0% | 3.2% | 19.4% | 3.4% |
| Gross carrying amount (US$'000) | 86,482 | 3,311 | 3,705 | 17,641 | 111,139 |
| Expected credit losses (US$'000) | 182 | 101 | 118 | 3,426 | 3,827 |

## 23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Advances to suppliers | **6,551** | 5,978 |
| Tax recoverable | **6,598** | 3,776 |
| Prepaid expenses | **3,499** | 3,015 |
| Deposits and other receivables | **2,066** | 2,176 |
| At end of year | **18,714** | 14,945 |

The financial assets included in the above balances relate to receivables for which there was no recent history of default or past due amounts. As at December 31, 2025 and 2024, the loss allowance was assessed to be minimal.

## 24. DERIVATIVE FINANCIAL INSTRUMENTS

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Foreign exchange forward contracts | **728** | 508 |

## 25. CASH AND BANK BALANCES

| | 2025 US$'000 | 2024 US$'000 |
|---|---|---|
| Cash and cash equivalents as stated in the consolidated statement of cash flows | **70,826** | 70,102 |
| Pledged bank balances for bank loans | **147** | 132 |
| Cash and bank balances | **70,973** | 70,234 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of less than three months, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB41,166,925 (2024: RMB170,630,386). The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

## 26. CONTRACT LIABILITIES

Details of contract liabilities as at December 31, 2025 and 2024 are as follows:

| | 2025 US$'000 | 2024 US$'000 |
|---|---|---|
| *Short-term advances received from customers* | | |
| Sale of goods | **6,003** | 7,538 |
| Warranty and related services | **6,033** | 8,059 |
| | **12,036** | 15,597 |
| *Long-term advances received from customers* | | |
| Warranty services | **3,458** | 1,254 |
| Total | **15,494** | 16,851 |

Contract liabilities include short-term and long-term advances received to deliver products and render warranty services.

## 27. TRADE PAYABLES

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

| | **2025** **US$'000** | 2024 US$'000 |
|---|---|---|
| Within 1 month | **7,461** | 5,635 |
| 1 to 2 months | **8,227** | 5,030 |
| 2 to 3 months | **6,690** | 1,300 |
| Over 3 months | **549** | 1,399 |
| Total | **22,927** | 13,364 |

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

## 28. OTHER PAYABLES AND ACCRUALS

| | **2025** **US$'000** | 2024 US$'000 |
|---|---|---|
| Payroll | **28,983** | 29,416 |
| Accrued expenses | **14,634** | 12,812 |
| Sales tax | **678** | 1,127 |
| Contingent consideration* | **3,557** | 1,739 |
| Others | **2,448** | 3,353 |
| Total | **50,300** | 48,447 |

* On March 30, 2023, a subsidiary of the Group, Alma HK 2023 entered into an asset purchase agreement with PhotonMed International Limited ("**PhotonMed HK**") and Ms. Zhou Mei, pursuant to which Alma HK 2023 has agreed to purchase the business (comprising the target assets). After the completion of the acquisition on June 28, 2023, Alma HK 2023 shall issue 40% of its shares to PhotonMed HK so that Alma and PhotonMed HK would hold 60% and 40% of the total issued shares of Alma HK 2023, respectively. As part of the purchase agreement, contingent consideration portion up to RMB37,500,000 was payable, which was dependent on the amount of target revenue and earnings before interest, tax, depreciation and amortization ("**EBITDA**") for the periods July 1 through June 30 for the three years subsequent to the acquisition. The fair values and fair value hierarchy of the contingent consideration at the end of the year were disclosed in note 39.

Other payables are non-interest-bearing.

## 29. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Effective interest rate (%)** | **Maturity** | **US$'000** | Effective interest rate (%) | Maturity | US$'000 |
| **Current** | | | | | | |
| Fixed short term loan | **SOFR+200bp** | **2026** | **5,304** | — | — | — |
| Other borrowings | **3.30–4.10** | **2026** | **5,484** | 4.10–4.15 | 2025 | 4,796 |
| Total | | | **10,788** | | | 4,796 |

Note: SOFR represents the Secured Overnight Financing Rate.

The maturity of interest-bearing bank and other borrowings is within one year. Other borrowings are due to Group's related parties as disclosed in note 37.

## 30. OTHER LONG-TERM LIABILITIES

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Employee benefit liabilities, net (note 31) | **1,189** | 1,324 |
| Contingent consideration (note 38) | **—** | 1,739 |
| Total | **1,189** | 3,063 |

## 31. DEFINED BENEFIT OBLIGATIONS

The Group operates a defined benefit plan in respect of severance pay pursuant to Israel's Severance Pay Law. According to the law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds that are linked to the Consumer Price Index of Israel with a term that is consistent with the estimated term of the severance pay obligation.

In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies (the "**Plan Assets**"). The Plan Assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. The Plan Assets are not available to the Group's own creditors and cannot be returned directly to the Group.

## 31. DEFINED BENEFIT OBLIGATIONS (Continued)

The liability for employee benefits shown in the consolidated statement of financial position reflects the present value of the defined benefit obligation less the fair value of the plan assets. Remeasurement of the net liability is recognized in other comprehensive income in the reporting period in which it occurs.

In addition, a 25-year subsidy scheme has been launched by the government of Hong Kong to subsidise long service payment payable by employers relating to service periods from May 1, 2025. The Group was not entitled to the subsidy during the year (2024: Nil).

The most recent actuarial valuations of the Plan Assets and the present value of the defined benefit obligations were carried out on December 31, 2025 by Ogen, an Israeli actuarial company, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

| | **2025** | 2024 |
|---|---|---|
| Discount rate | | |
| Employees | **4.90%–5.26%** | 5.23%–5.65% |
| Officers | **4.90%–4.90%** | 5.23%–5.65% |

| | **2025** | 2024 |
|---|---|---|
| Expected rate of salary increase | | |
| Employees | **1.50%–2.20%** | 1.50%–5.00% |
| Officers | **2.20%–2.20%** | 1.50%–5.00% |

The actuarial valuation showed that the market value of the Plan Assets was US$9,464,000 as at December 31, 2025 (December 31, 2024: US$7,268,000), and that the actuarial value of these assets represented 88.8% (December 31, 2024: 84.6%) of the benefits that had accrued to qualifying employees.

## 31. DEFINED BENEFIT OBLIGATIONS (Continued)

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

**Employees**

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Recorded liability | **8,851** | 7,229 |
| Discount rate changed to | **5.90%–6.26%** | 6.23%–6.65% |
| Adjusted liability | **8,343** | 6,732 |
| Discount rate changed to | **3.90%–4.26%** | 4.23%–4.65% |
| Adjusted liability | **9,420** | 7,809 |
| Expected rate of salary increase changed to | **2.50%–3.20%** | 2.50%–6.00% |
| Adjusted liability | **9,016** | 7,523 |
| Expected rate of salary increase changed to | **0.50%–1.20%** | 0.50%–4.00% |
| Adjusted liability | **8,750** | 7,042 |

**Officers**

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Recorded liability | **1,802** | 1,363 |
| Discount rate changed to | **5.90%–5.90%** | 6.23%–6.65% |
| Adjusted liability | **1,675** | 1,260 |
| Discount rate changed to | **3.90%–3.90%** | 4.23%–4.65% |
| Adjusted liability | **1,947** | 1,480 |
| Expected rate of salary increase changed to | **3.20%–3.20%** | 2.50%–6.00% |
| Adjusted liability | **1,934** | 1,471 |
| Expected rate of salary increase changed to | **1.20%–1.20%** | 0.50%–4.00% |
| Adjusted liability | **1,701** | 1,277 |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

## 31. DEFINED BENEFIT OBLIGATIONS (Continued)

The total expenses recognized in the consolidated statement of profit or loss in respect of the plan are as follows:

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| Current service cost | **613** | 620 |
| Net interest expense | **35** | 66 |
| Net benefit expenses | **648** | 686 |
| Recognized in cost of sales | **177** | 286 |
| Recognized in selling and distribution expenses | **324** | 144 |
| Recognized in administrative expenses | **95** | 114 |
| Recognized in research and development expenses | **52** | 142 |
| Net benefit expenses | **648** | 686 |

The movements in the present value of the defined benefit obligations are as follows:

| | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|
| At beginning of year | **8,592** | 8,077 |
| Current service cost | **613** | 620 |
| Net interest expense | **35** | 66 |
| Benefits paid | **(1,799)** | (704) |
| Return on plan assets | **452** | 385 |
| Loss from actuarial changes in other comprehensive income | **1,449** | 186 |
| Effect of changes in foreign exchange rate | **1,311** | (38) |
| At end of year | **10,653** | 8,592 |

The movements in the defined benefit obligations and the fair value of the Plan Assets are as follows:

**For the year ended December 31, 2025**

| | Expenses recognized in profit or loss | | | | | Gain/(loss) from measurement in other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance at January 1, 2025 US$'000 | Current service cost US$'000 | Net interest expense US$'000 | Total expense recognized in profit or loss for the year US$'000 | Payments from the plan US$'000 | Return on plan assets (excluding amounts included in net interest expenses) US$'000 | Actuarial loss arising from changes in financial assumptions US$'000 | Actuarial loss arising from experience adjustments US$'000 | Total effect on other comprehensive income for the year US$'000 | Effect of changes in foreign exchange rates US$'000 | Acquisition and contributions by employer US$'000 | Balance at December 31, 2025 US$'000 |
| Defined benefit obligations | 8,592 | 613 | 35 | 648 | (1,799) | 452 | 11 | 1,438 | 1,449 | 1,311 | — | 10,653 |
| Fair value of plan assets | 7,268 | — | — | — | (1,429) | 452 | — | 1,413 | 1,413 | 1,140 | 620 | 9,464 |
| Net defined benefit liability | 1,324 | 613 | 35 | 648 | (370) | — | 11 | 25 | 36 | 171 | (620) | 1,189 |

## 31. DEFINED BENEFIT OBLIGATIONS (Continued)

### For the year ended December 31, 2024

| | Expenses recognized in profit or loss | | | | | Gain/(loss) from measurement in other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance at January 1, 2024 US$'000 | Current service cost US$'000 | Net interest expense US$'000 | Total expense recognized in profit or loss for the year US$'000 | Payments from the plan US$'000 | Return on plan assets (excluding amounts included in net interest expenses) US$'000 | Actuarial loss arising from changes in financial assumptions US$'000 | Actuarial loss/(gain) arising from experience adjustments US$'000 | Total effect on other comprehensive income for the year US$'000 | Effect of changes in foreign exchange rates US$'000 | Acquisition and contributions by employer US$'000 | Balance at December 31, 2024 US$'000 |
| Defined benefit obligations | 8,077 | 620 | 66 | 686 | (704) | 385 | 39 | 147 | 186 | (38) | — | 8,592 |
| Fair value of plan assets | 6,858 | — | — | — | (553) | 385 | — | (2) | (2) | (31) | 611 | 7,268 |
| Net defined benefit liability | 1,219 | 620 | 66 | 686 | (151) | — | 39 | 149 | 188 | (7) | (611) | 1,324 |

Expected contributions to the defined benefit plan in future years are as follows:

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Within the next 12 months | **646** | 661 |

A maturity analysis of the expected payments for terminated employees is as follows:

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Within the next 12 months | **1,579** | 1,049 |
| Between 1 and 2 years | **2,367** | 1,758 |
| Between 2 and 5 years | **2,470** | 1,750 |
| Between 5 and 10 years | **4,337** | 1,984 |
| Over 10 years | **4,921** | 7,747 |
| Total | **15,674** | 14,288 |

## 32. SHARE CAPITAL

**Shares**

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Authorized:<br>1,000,000,000 (2024: 1,000,000,000) ordinary shares of NIS0.01 each | **2,835** | 2,835 |
| Issued and fully paid:<br>468,343,092 (2024: 468,343,092) ordinary shares of NIS0.01 each | **1,334** | 1,334 |

A summary of movements in the Company's share capital is as follows:

| | **Number of shares in issue** | **Share capital** US$'000 |
|---|---|---|
| At January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025 | 468,343,092 | 1,334 |

## 33. SHARE-BASED PAYMENTS

In order to attract, incentivize and motivate the employees of the Group, the Board approved the adoption of the 2021 RSU Scheme on September 9, 2021.

The maximum aggregate number of shares that may be issued under the RSU Scheme shall not exceed 23,417,154 shares, representing 5.0% of the total number of issued shares (excluding treasury shares) on the date of this report.

On November 30, 2021, pursuant to the 2021 RSU Scheme, the Company granted an aggregate of 800,000 RSUs and 183,490 RSUs, representing 800,000 shares and 183,490 shares, to Mr. Lior Moshe DAYAN and Mr. Doron Yannai, respectively, with vesting periods from one to four years.

On December 2, 2021, pursuant to the 2021 RSU Scheme, the Company granted an aggregate of 3,636,060 RSUs, representing an aggregate of 3,636,060 shares, to a total 68 eligible participants with vesting periods from one to four years.

On September 4, 2024, pursuant to the 2021 RSU Scheme, the Company granted an aggregate of 1,320,300 RSUs, representing an aggregate of 1,320,300 shares, to a total 59 eligible participants. The RSUs will be vested 12 months from the date of grant, conditional on the achievement of objective performance conditions, which include conditions relating to financial metrics and other targets. No consideration was required from the relevant grantees at the time of vesting. As at December 31, 2024, since the performance conditions were not met, the RSUs has no impact to financial statements of profit or loss. The RSUs was legally forfeited in 2025.

As at January 1, 2025 and December 31, 2025, 22,096,854 and 23,417,154 RSUs were available for grant under the 2021 RSU Scheme, respectively.

## 33. SHARE-BASED PAYMENTS (Continued)

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these RSUs. The Group accounts for the RSU Scheme as an equity-settled plan.

The following RSUs were outstanding under the 2021 RSU Scheme during the year:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| | **Weighted average subscription price US$ per share** | **Number of shares** | Weighted average subscription price US$ per share | Number of shares |
| At 1 January | — | **1,320,300** | — | 1,049,352 |
| Granted during the year | — | — | — | 1,320,300 |
| Forfeited during the year | — | **(1,320,300)** | — | (1,049,352) |
| Exercised during the year | — | — | — | — |
| At 31 December | — | — | — | 1,320,300 |

## 34. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity in the financial statements.

## 35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of US$4,333,000 and US$4,333,000, respectively, in respect of lease arrangements for plant and motor vehicles (2024: US$3,542,000 and US$3,542,000).

## 35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (b) Changes in liabilities arising from financing activities

**2025**

| | Interest-bearing bank borrowings US$'000 | Lease liabilities US$'000 |
|---|---|---|
| At January 1, 2025 | **4,796** | **38,405** |
| Changes from financing cash flows | **5,143** | **(8,358)** |
| Finance costs | **788** | **2,457** |
| New leases | **—** | **4,333** |
| Effect of foreign exchange rate changes, net | **61** | **4,368** |
| Termination of leases | **—** | **(240)** |
| At December 31, 2025 | **10,788** | **40,965** |

**2024**

| | Interest-bearing bank borrowings US$'000 | Lease liabilities US$'000 |
|---|---|---|
| At January 1, 2024 | 4,421 | 40,261 |
| Changes from financing cash flows | 195 | (7,201) |
| Finance costs | 251 | 2,204 |
| New leases | — | 3,542 |
| Effect of foreign exchange rate changes, net | (71) | (393) |
| Termination of leases | — | (8) |
| At December 31, 2024 | 4,796 | 38,405 |

### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

| | 2025 US$'000 | 2024 US$'000 |
|---|---|---|
| Within operating activities | **1,755** | 1,302 |
| Within financing activities | **8,358** | 7,201 |
| Total | **10,113** | 8,503 |

## 36. COMMITMENTS

(a) As at the end of reporting period, the Group did not have any significant contractual commitments.

(b) The Group had no lease contract that has not yet commenced as at December 31, 2025.

(c) On October 26, 2022, and December 15, 2022, respectively, Sisram Tianjin, a subsidiary of the Group, entered into a sublicense agreement and its amendments with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. ("**Fosun Industrial**"), a subsidiary of Fosun Pharma, pursuant to which Sisram Tianjin agreed to sublicense from Fosun Industrial the relevant know-hows and patents of Daxxify, so as to, among other things, import, use, sell or commercialize the Daxxify in Chinese mainland, Hong Kong and Macau Special Administrative Regions ("**S.A.R.**"). The Group may be obligated to make future royalty payments on future sales of specified products associated with its collaboration agreements. Payments under these agreements generally become due and payable upon achievement of such sales. These commitments are not recorded in the financial statement because the achievement and timing of these sales are not fixed and determinable. When the achievement of these sales has been reached, the corresponding amounts are recognized in the financial statements.

## 37. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with its related parties during the year:

| | Notes | **2025**<br>**US$'000** | 2024<br>US$'000 |
|---|---|---|---|
| Associate of Fosun Pharma | | | |
| **Sales of goods** | | | |
| Shanghai Linkedcare Information Technology Co., Ltd. | (1) | **31** | 106 |
| **Interest expense to related party** | | | |
| Fosun Group Finance Corporation Limited ("**Fosun Finance**")* | (2) | **201** | 208 |

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

Notes:

(1) The Group offered Shanghai Linkedcare Information Technology Co., Ltd. with products at market prices.

(2) In 2025, Foshion borrowed several loans with total amount of US$5,484,000 from Fosun Finance, an associate of Fosun Pharma, with annual interest rate of 3.30% and 4.10%. The terms of all loans were one year. In 2025, Foshion repaid US$4,796,000 it borrowed in the previous year. The total interest expense of the loans provided by Fosun Finance was US$201,000 for 2025 (2024: US$208,000).

## 37. RELATED PARTY TRANSACTIONS (Continued)

(b) Other related party transactions

On June 10, 2025, Sisram HK entered into the supply framework agreement with Fosun Wanbang (Jiangsu) Health Development Co., Ltd ("**Fosun Wanbang (Jiangsu)**"), a company established in Chinese mainland with limited liability and a subsidiary of Fosun Pharma, pursuant to which Sisram HK agreed to supply Daxxify to Fosun Wanbang (Jiangsu). No transaction occurred in 2025.

On September 22, 2025, Sisram Tianjin entered into the commercial distribution co-operation agreement with Fosun Wanbang (Jiangsu), pursuant to which Sisram Tianjin agreed to be responsible for, among others, the commercialization, marketing promotion, medical education and commercialization planning with respect to Daxxify in Chinese mainland and would charge service fees to Fosun Wanbang (Jiangsu). No transaction occurred in 2025.

(c) Outstanding balances with related parties:

| | Notes | **2025 US$'000** | 2024 US$'000 |
|---|---|---|---|
| Associate of Fosun Pharma | | | |
| **Amounts due to related party** | | | |
| *Loans* | | | |
| Fosun Finance | (a)(2) | **5,484** | 4,796 |
| **Amounts due from related party** | | | |
| *Deposits* | | | |
| Fosun Finance | (1) | **1,932** | 1,061 |

Note:

(1) Included in the cash and bank balances, deposits of US$1,932,000 (2024: US$1,061,000) are deposited in an associate of Fosun Pharma. The applicable interest rates were determined in accordance with the prevailing market rates and the transactions were carried out in accordance with normal commercial terms.

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

| | **2025 US$'000** | 2024 US$'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | **1,852** | 1,555 |
| Performance related bonuses | **689** | 744 |
| Equity-settled share based payments | **—** | (277) |
| Total compensation paid to key management personnel | **2,541** | 2,022 |

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

## 38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2025**

**Financial assets**

| | Financial assets at fair value through profit or loss | | |
|---|---|---|---|
| | Mandatorily Designated as such US$'000 | Financial assets at amortized cost US$'000 | Total US$'000 |
| Derivative financial instruments | 728 | — | 728 |
| Other non-current assets | — | 4,574 | 4,574 |
| Financial assets at fair value through profit or loss | 2,827 | — | 2,827 |
| Trade receivable | — | 128,505 | 128,505 |
| Financial assets included in prepayments, other receivables and other assets | — | 2,066 | 2,066 |
| Cash and bank balances | — | 70,973 | 70,973 |
| Total | 3,555 | 206,118 | 209,673 |

**Financial liabilities**

| | Financial liabilities at fair value through profit or loss | | |
|---|---|---|---|
| | Designated as such upon initial recognition US$'000 | Financial liabilities at amortized cost US$'000 | Total US$'000 |
| Trade payables | — | 22,927 | 22,927 |
| Financial liabilities included in other payables and accruals | 1,814 | 18,825 | 20,639 |
| Interest-bearing bank borrowings | — | 10,788 | 10,788 |
| Lease liabilities | — | 40,965 | 40,965 |
| Total | 1,814 | 93,505 | 95,319 |

## 38. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

**2024**

**Financial assets**

| | Financial assets at fair value through profit or loss | | |
|---|---|---|---|
| | Mandatorily Designated as such US$'000 | Financial assets at amortized cost US$'000 | Total US$'000 |
| Derivative financial instruments | 508 | — | 508 |
| Other non-current assets | — | 5,029 | 5,029 |
| Financial assets at fair value through profit or loss | 4,509 | — | 4,509 |
| Trade receivables | — | 107,312 | 107,312 |
| Financial assets included in prepayments, other receivables and other assets | — | 2,176 | 2,176 |
| Cash and bank balances | — | 70,234 | 70,234 |
| Total | 5,017 | 184,751 | 189,768 |

**Financial liabilities**

| | Financial liabilities at fair value through profit or loss | | |
|---|---|---|---|
| | Designated as such upon initial recognition US$'000 | Financial liabilities at amortized cost US$'000 | Total US$'000 |
| Trade payables | — | 13,364 | 13,364 |
| Financial liabilities included in other payables and accruals | 1,739 | 16,165 | 17,904 |
| Financial liabilities included in other long term liabilities | 1,739 | — | 1,739 |
| Interest-bearing bank borrowings | — | 4,796 | 4,796 |
| Lease liabilities | — | 38,405 | 38,405 |
| Total | 3,478 | 72,730 | 76,208 |

## 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at December 31, 2025 and 2024, 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 fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank borrowings as at the end of the reporting period was assessed to be insignificant.

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

**Unobservable inputs for level 3 assets/liabilities**

The fair values of contingent consideration included in other payables and accruals of US$1,814,000 are determined based on discounted cash flows. Significant unobservable inputs for the level 3 liabilities are the EBITDA and revenue of the acquired business and the discount rate.

The financial assets at fair value through profit or loss of US$2,827,000 are determined based on the market comparison approach. Significant unobservable inputs for the level 3 assets are the discount rate and the liquidity discount.

## 39. 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, 2025**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1) US$'000** | **Significant Observable inputs (Level 2) US$'000** | **Significant unobservable inputs (Level 3) US$'000** | **Total US$'000** |
| Derivative financial instruments | — | **728** | — | **728** |
| Financial assets at fair value through profit or loss | — | — | **2,827** | **2,827** |
| | — | **728** | **2,827** | **3,555** |

**As at December 31, 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) US$'000 | Significant Observable inputs (Level 2) US$'000 | Significant unobservable inputs (Level 3) US$'000 | Total US$'000 |
| Derivative financial instruments | — | 508 | — | 508 |
| Financial assets included in other non-current assets | — | — | 4,509 | 4,509 |
| | — | 508 | 4,509 | 5,017 |

## 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

**Fair value hierarchy (Continued)**

Liabilities measured at fair value:

**As at December 31, 2025**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) US$'000 | Significant Observable inputs (Level 2) US$'000 | Significant unobservable inputs (Level 3) US$'000 | Total US$'000 |
| Financial liabilities included in other payables and accruals | — | — | 1,814 | 1,814 |

**As at December 31, 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) US$'000 | Significant Observable inputs (Level 2) US$'000 | Significant unobservable inputs (Level 3) US$'000 | Total US$'000 |
| Financial liabilities included in other payables and accruals | — | — | 1,739 | 1,739 |
| Financial liabilities included in other long-term liabilities | — | — | 1,739 | 1,739 |
| | — | — | 3,478 | 3,478 |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the year, 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 (2024: Nil).

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

### Interest rate risk

The Group's exposure to interest rate risk relates principally to the Group's interest-bearing bank borrowings with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

The Group's exposure to interest rate risk is minimal.

### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity as at the end of the reporting period to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (arising from EUR, CAD, NIS and THB denominated financial instruments).

| | Increase/ (decrease) in foreign currency rate % | Increase/ (decrease) in profit before tax US$'000 |
|---|---|---|
| **For the year ended December 31, 2025** | | |
| If US$ strengthens against NIS | **5** | **(889)** |
| If US$ weakens against NIS | **(5)** | **889** |
| If US$ strengthens against EUR | **5** | **(816)** |
| If US$ weakens against EUR | **(5)** | **816** |
| If US$ strengthens against CAD | **5** | **(170)** |
| If US$ weakens against CAD | **(5)** | **170** |
| If US$ strengthens against THB | **5** | **(283)** |
| If US$ weakens against THB | **(5)** | **283** |
| **For the year ended December 31, 2024** | | |
| If US$ strengthens against EUR | 5 | (830) |
| If US$ weakens against EUR | (5) | 830 |
| If US$ strengthens against CAD | 5 | (186) |
| If US$ weakens against CAD | (5) | 186 |
| If US$ strengthens against NIS | 5 | (671) |
| If US$ weakens against NIS | (5) | 671 |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group applies the simplified approach in assessing ECLs for trade receivables.

#### *Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

**As at December 31, 2025**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 US$'000 | Stage 2 US$'000 | Stage 3 US$'000 | Simplified approach US$'000 | Total US$'000 |
| Trade and receivables* | — | — | — | 128,505 | 128,505 |
| Other non-current assets | | | | | |
| – Not yet past due | 4,574 | — | — | — | 4,574 |
| Financial assets at fair value through profit or loss | 2,827 | — | — | — | 2,827 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| – Normal** | 2,066 | — | — | — | 2,066 |
| Cash and cash equivalents | | | | | |
| – Not yet past due | 70,973 | — | — | — | 70,973 |
| Total | 80,440 | — | — | 128,505 | 208,945 |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

***Maximum exposure and year-end staging (Continued)***

**As at December 31, 2024**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 US$'000 | Stage 2 US$'000 | Stage 3 US$'000 | Simplified approach US$'000 | Total US$'000 |
| Trade and receivables* | — | — | — | 107,312 | 107,312 |
| Other non-current assets | | | | | |
| – Not yet past due | 5,029 | — | — | — | 5,029 |
| Financial assets at fair value through profit or loss | 4,509 | — | — | — | 4,509 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| – Normal** | 2,176 | — | — | — | 2,176 |
| Cash and cash equivalents | | | | | |
| – Not yet past due | 70,234 | — | — | — | 70,234 |
| Total | 81,948 | — | — | 107,312 | 189,260 |

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. As at December 31, 2025, 10% (2024: 11%) of the Group's trade receivables were due from the five largest customers.

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and finance from shareholders. As at December 31, 2025, 100% (2024: 100%) of the Group's borrowings would mature in less than one year, based on the carrying value of borrowings reflected in the financial statements.

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

**December 31, 2025**

| | On demand US$'000 | Less than 3 months US$'000 | 3 to less than 12 months US$'000 | 1 to 5 years US$'000 | Over 5 years US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Trade payables | **22,927** | **—** | **—** | **—** | **—** | **22,927** |
| Financial liabilities included in other payables and accruals | **18,825** | **—** | **1,814** | **—** | **—** | **20,639** |
| Interest-bearing bank borrowings | **—** | **6,671** | **4,207** | **—** | **—** | **10,878** |
| Lease liabilities | **—** | **1,707** | **5,461** | **20,897** | **26,742** | **54,807** |
| Total expected undiscounted payments | **41,752** | **8,378** | **11,482** | **20,897** | **26,742** | **109,251** |

**December 31, 2024**

| | On demand US$'000 | Less than 3 months US$'000 | 3 to less than 12 months US$'000 | 1 to 5 years US$'000 | Over 5 years US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Trade payables | 13,364 | — | — | — | — | 13,364 |
| Financial liabilities included in other payables and accruals | 16,165 | — | 1,739 | — | — | 17,904 |
| Financial liabilities included in other long-term liabilities | — | — | — | 1,739 | — | 1,739 |
| Interest-bearing bank borrowings | — | 1,309 | 3,577 | — | — | 4,886 |
| Lease liabilities | — | 1,488 | 4,716 | 19,295 | 27,172 | 52,671 |
| Total expected undiscounted payments | 29,529 | 2,797 | 10,032 | 21,034 | 27,172 | 90,564 |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes interest-bearing bank borrowings, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests.

As at December 31, 2025, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio as at December 31, 2025 was presented.

## 41. EVENT AFTER THE REPORTING PERIOD

The regional security environment continues to evolve amid ongoing geopolitical tensions and the scope and severity of hostilities in the Middle East remain difficult to predict at this stage. As of the date of this report, the Group's production and operations in Israel, as well as its subsidiaries in the Middle East, Europe, North America, Asia Pacific ("**APAC**"), etc. have maintained normal operations. Owing to the Group's geographically diversified footprint and established risk management protocols, such incidents have not had a material adverse impact on the Group's overall business activities to date. The Company will continue to monitor the situation closely, maintain regular communication with local teams and authorities, and stand ready to implement contingency measures — including adjustments to production scheduling, logistics, workforce deployment and customer support — to protect employee safety, ensure continuity of supply and minimize any potential disruption to customers and partners.

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

| | **December 31, 2025 US$'000** | December 31, 2024 US$'000 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Investments in subsidiaries | **379,386** | 373,691 |
| Property, plant and equipment | **76** | 326 |
| Other long-term assets | **—** | — |
| Total non-current assets | **379,462** | 374,017 |
| **CURRENT ASSETS** | | |
| Due from subsidiaries | **16,267** | 21,626 |
| Inventory | **553** | 114 |
| Trade receivables | **209** | 220 |
| Prepayments, other receivables and other assets | **952** | 750 |
| Cash and bank balances | **82** | 163 |
| Total current assets | **18,063** | 22,873 |
| **CURRENT LIABILITIES** | | |
| Other payables and accruals | **347** | 295 |
| Trade payables | **224** | 114 |
| Tax payable | **8** | 147 |
| Total current liabilities | **579** | 556 |
| **NET CURRENT ASSETS** | **17,484** | 22,317 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | **396,946** | 396,334 |
| **NET ASSETS** | **396,946** | 396,334 |
| **EQUITY** | | |
| Share capital | **1,334** | 1,334 |
| Reserves | **395,612** | 395,000 |
| Total equity | **396,946** | 396,334 |

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

A summary of the Company's reserves is as follows:

| | Share premium account US$'000 | Other reserve US$'000 | Retained earnings US$'000 | Total US$'000 |
|---|---|---|---|---|
| Balance at January 1, 2024 | 323,071 | 21,218 | 30,347 | 374,636 |
| Total comprehensive income for the year | — | — | 30,608 | 30,608 |
| Equity-settled share-based payments | — | (794) | — | (794) |
| Final 2023 dividend declared | — | — | (9,450) | (9,450) |
| At December 31, 2024 and January 1, 2025 | **323,071** | **20,424** | **51,505** | **395,000** |
| Total comprehensive income for the year | **—** | **—** | **8,150** | **8,150** |
| Equity-settled share-based payments | **—** | **—** | **—** | **—** |
| Final 2024 dividend declared | **—** | **—** | **(7,538)** | **(7,538)** |
| At December 31, 2025 | **323,071** | **20,424** | **52,117** | **395,612** |

## 43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on March 23, 2026.

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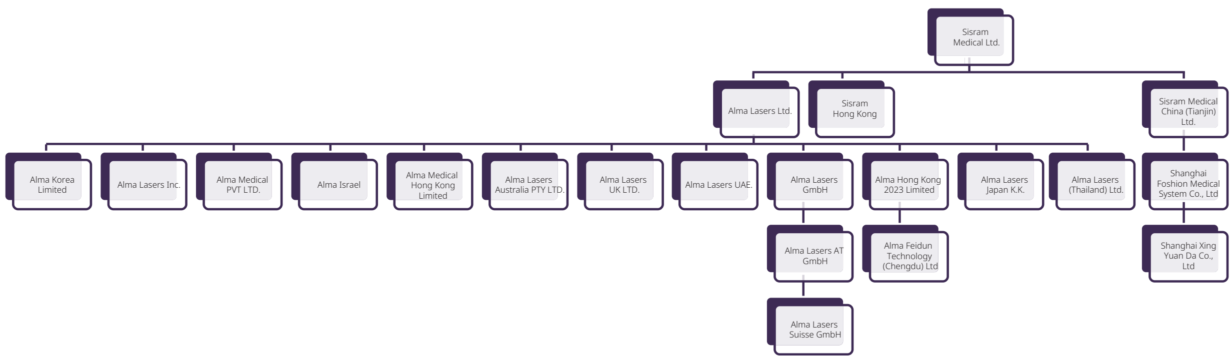
## ABOUT THIS REPORT

This is the ninth Environmental, Social and Governance (hereinafter referred to as "**ESG**") Report of Sisram Medical Ltd, which discloses to stakeholders such as investors, the Group's principles on the issue of sustainable development in its operation, the management methods established, the work implemented, and the effect achieved.

### Reporting Boundary

Unless stated otherwise, the reporting boundary of this report includes the Sisram Medical Ltd and all its subsidiaries (collectively "**Sisram Medical**" "**We**" "**the Group**"), which is consistent with the reporting boundary in the 2025 Annual Report of the Group.

The following simplified corporate structure of the Group shows the subsidiaries and their locations.




The abbreviations in the Report are explained as follows:

| Company Name | Abbreviation |
|---|---|
| Sisram Medical Ltd. | Sisram Medical |
| Alma Lasers Ltd. | Alma Lasers or Alma Israel |
| Sisram Medical China (Tianjin) Ltd. | Sisram Tianjin |
| Shanghai Xing Yuan Da Co., Ltd | Xing Yuan Da or Xingyuanda |
| Shanghai Foshion Medical System Co., Ltd | Foshion |
| Alma Lasers Inc. | Alma Inc. or Alma US |
| Alma Medical PVT Ltd | Alma India |
| Alma Medical Hong Kong Limited | Alma HK |
| Alma Lasers GmbH | Alma GmbH |
| Alma Lasers (Thailand) Ltd | Alma Thailand |

## Reporting Period

The information disclosed in this report is from January 1, 2025, to December 31, 2025 (hereafter referred to as "**the reporting period**"). Some statements and figures may be dated back to previous years.

## Reporting Framework

The Group prepared this report in accordance with the Environmental, Social and Governance Reporting Code published by the Stock Exchange of Hong Kong Limited (HKEX).

## Report Languages

This Report is published in traditional Chinese and English separately. In case of any inconsistency across versions, the English version shall prevail.

## Reporting Principles

- Materiality

  Based on the principle of materiality, this report analyzes substantive concerns and submits it to the board of directors for deliberation to ensure full disclosure of information that has a significant impact on investors and other stakeholders.

- Quantitative

  Based on the quantitative principle, this report presents statistics on ESG performance with measurable KPIs, including 3-year historical data and clear targets set by the Group.

- Balance

  Based on the principle of balance, this report provides complete and clear disclosure of the Group's ESG practices, thereby avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.

- Consistency

  Based on the principle of consistency, this report employs a consistent methodology and provides clear explanations on the calculation formula and statistical caliber of ESG quantitative performance, so that meaningful ESG performance comparison can be achieved in the future.

# 1. ESG GOVERNANCE OVERVIEW

## 1.1 Board Statement on ESG

### *Our ESG Approach*

Sisram Medical has always regarded sustainability as our key focus and is committed to advancing an ESG strategy that aligns with our core values: *Enhance Quality of Life through our Business*. We focus on three key areas: People, Planet and Practice, aiming to contribute to the global sustainable development.

**Our ESG Strategy**

| Three Pillars | | Short-term Perspective (3–5 years) | Long-term Perspective (5–10 years) |
|---|---|---|---|
| Planet | Environment | • Strive to improve our operational efficiencies and reduce environmental footprint<br>• Work to mitigate our products' life-cycle environmental impact | • Champion environmental protection and climate action both domestically and globally, and urge our business partners to align with these critical efforts |
| People | Employees | • Promote workforce diversity, inclusion and engagement<br>• Invest in our employees' career development<br>• Achieve a zero-harm workplace and improve employee well-being | • Satisfy the Group's future demand for talent by continuing to invest in talent recruitment and development, and provide competitive compensation and benefit packages |
| | Community | • Carry out community engagement initiatives focusing on health and social well-being | • Enable people from all corners of the world to enjoy accessible and affordable healthcare services |
| Practices | Products and Services | • Continue improving our product stewardship to the full satisfaction of domestic and global customers | • Provide high-quality devices utilizing advanced technologies to enhance confidence through aesthetic well-being |
| | Supply Chain | • Use supply-chain management system to effectively mitigate our environmental and social risks from our suppliers | • Conduct supplier audits on environmental and social performance, such as carbon footprint, labor management, etc. |
| | Business Ethics | • Ensure that our employees conduct business with integrity and in compliance with relevant laws and regulations | • Foster a culture of integrity and the highest ethical behavior |

The Group has set ESG-related targets regarding water efficiency, energy efficiency, greenhouse gas emission (GHG emission) and non-hazardous waste reduction. Our Board of Directors constantly reviews ESG performance and monitors progress against ESG targets, ensuring that our commitments, actions and contributions to the sustainable development of our planet are on track.

**Our ESG-related Targets and Progress**

| | 2025 Targets | Progress in 2025 |
|---|---|---|
| **Water Efficiency** | Continue to take measures to keep water consumption at a relatively low level | In 2025, Alma Lasers has continued conserving water in the office building via using recycled water and low-volume water equipment |
| **Energy Efficiency** | Reduce electricity consumption intensity to 7.88 kWh/US$1,000 of sales, which indicates a 20% reduction compared with 2020 | In 2025, the total electricity intensity of Alma Lasers reached 5.10 kWh/ USD$1,000 of sales, indicating a 48% reduction compared with 2020 |
| **Greenhouse Gas Emission** | Reduce GHG emissions intensity to 9.19 $kgCO_2$-eq/US$1,000 of sales, which indicates a 17% reduction compared with 2020 | In 2025, GHG emissions intensity of Alma Lasers reached 5.40 $kgCO_2$-eq/ USD$1,000 of sales, indicating a 51% reduction compared with 2020 |
| **Non-Hazardous Waste Reduction** | Continue to reduce non-hazardous waste production through source reduction, reusing and recycling | In 2025, Alma Lasers continued to recycle and reuse non-hazardous waste such as paper to reduce non-hazardous waste to landfill |

Note: In 2021, Sisram Medical set the ESG-related Targets covering the entities of Alma Lasers, as Sisram Tianjin, XingYuanDa and Foshion were newly established in 2021 and lacked adequate historical data for target setting. Also, Sisram Medical Ltd was mainly a holding company until year 2021. Sisram Medical will set ESG-related targets including Sisram Medical Ltd, Sisram Tianjin, XingYuanDa and Foshion in the future once we have sufficient data.

### 1.2 ESG Governance Structure

Sisram Medical is committed to embedding sustainability across all operations through a top-down ESG governance structure. Under this framework, the Board of Directors retains ultimate oversight and responsibility for the Group's ESG issues. The ESG Working Group supports this mandate by consolidating annual ESG performance and progress, providing regular reports to the Board to ensure effective implementation. This integrated approach maximizes our social impact and unlocks long-term, sustainable value for the Group.

**Our ESG Governance Structure**


| | |
|---|---|
| **Board of Directors** | The Board oversees the execution of the Group's ESG strategy. Specific duties shall include:<br><br>a) Identify and monitor ESG risks and opportunities relevant to the Group's operation<br><br>b) Discuss ESG risk management and internal control matters with Management to ensure that Management has performed its duty to have effective systems<br><br>c) Strategize ESG management with business growth<br><br>d) Review and approve the Group's overall ESG strategy, prioritized ESG issues and ESG targets<br><br>e) Oversee the Group's work progress on ESG targets at least on a yearly basis<br><br>f) Review the Group's annual ESG reports, etc. |
| **ESG Working Group** | The ESG Working Group reports to the Board, comprising senior management who have sufficient knowledge of current and emerging ESG matters as well as the Group's operations. Specific duties shall include:<br><br>a) Set ESG targets and provide the strategic direction for the Group's ESG practices<br><br>b) Conduct a materiality analysis to rank ESG issues by priority<br><br>c) Prepare annual ESG reports to be reviewed by the Board<br><br>d) Identify and evaluate ESG risks relevant to the Group's operation on an annual basis, and regularly update the Board on such risks as well as recommendations and follow-up measures<br><br>e) Other duties delegated to it by the Board |

### 1.3 Stakeholders Engagement

Sisram Medical places a high value on stakeholders' engagement and actively communicates with a wide range of stakeholders regarding ESG materiality issues as described in Section 1.4 Issue Materiality Assessment. Through regular communication, we have established a good relationship with our stakeholders, while continuously improving our ESG management practices by incorporating their feedback.

Sisram Medical defines its stakeholders to be individuals and organizations who can impact or be impacted by our operations. Sisram Medical's stakeholders include shareholders, governments and regulatory bodies, customers, employees, suppliers and distributors, communities, etc.

| Key Stakeholders | Materiality Issue | Methods of Engagement |
|---|---|---|
| Shareholders | • Compliance<br>• Intellectual Property Protection | • Shareholder meetings<br>• Information disclosure |
| Governments and Regulatory Bodies | • Compliance<br>• Business Ethics<br>• Use of Resources<br>• Emissions<br>• Climate Change | • Information disclosure<br>• Supervision and inspection, etc.<br>• Policy execution |
| Customers | • Product Quality and Safety<br>• Technological Innovation<br>• Satisfaction and Communication<br>• Information Security and Privacy Protection<br>• Selling Practices and Product Labelling<br>• Product Design and Lifecycle Management | • Annual satisfaction surveys<br>• Email<br>• Sales Representatives<br>• Customer visits |
| Employees | • Employee Rights and Benefits<br>• Occupational Health and Safety<br>• Development and Training<br>• Inclusion and Diversity | • Trainings<br>• Seminars<br>• Email<br>• Face-to-face conversation<br>• Satisfaction survey |
| Suppliers and Distributors | • Business Ethics<br>• Supply Chain Management<br>• Information Security and Privacy Protection | • Supplier management policy<br>• Annual supplier audit, etc. |
| Communities | • Community Investment<br>• Climate Change | • Corporate charitable activities |

## 1.4 Issue Materiality Assessment

The Group conducts annual materiality assessments to identify the most relevant ESG issues to business operation via policy benchmarking, industrial research and peer analysis. To ensure the effectiveness of the Group's ESG strategy, the board oversees the materiality analysis process and determines which ESG issues are sufficiently important to Sisram Medical and stakeholders.

**Issue Assessment Process**

**Preliminary Issue Screening**

- Indentify the ESG context of the Group, including business mode, business activities and business relationship, etc.
- In accordance with the *Environmental, Social and Governance Reporting Code* of the HKEX, Morgan Stanley Capital International (MSCI) ESG Materiality Map, Sustainability Accounting Standards Board (SASB) and their findings of peer analysis as well as stakeholder analysis, 18 issues have been identified

**Stakeholder Involvement**

- Identify key stakeholders, as well as communication methods and channels

**Issue Assessment**

- Consulting with internal and external experts, Sisram Medical has assessed 18 issues to identify possible impacts, risks and oppotunities, and evaluate their relevancy to business

**Issue Identification and Reporting**

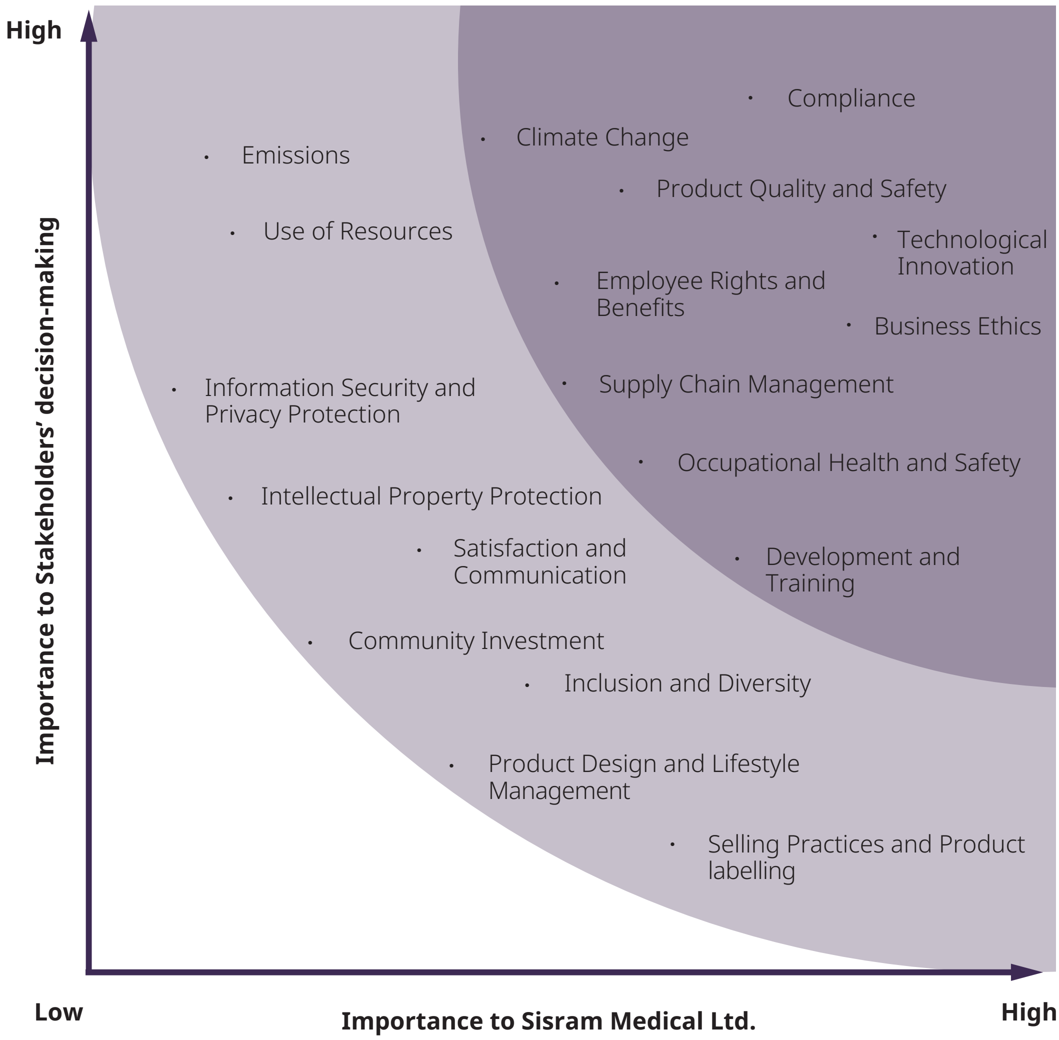
- Issues of high importance are disclosed detailedly in this report
- Sisram Medical has ranked the issues based on the results of issue assessment. The Board of Directors then reviewed material issues for completeness and accuracy

During the reporting period, the Group followed the above assessment process and identified 18 material issues that are important to our stakeholders, including 9 highly important issues.

**Adjustment of Materiality Issues in 2025**

| 2025 | 2024 | Adjustment Instructions |
|---|---|---|
| Product Quality and Safety | Product Health and Safety | The name of this issue changes from "Product Health and Safety" to "Product Quality and Safety". |
| Information Security and Privacy Protection | Customer Information Security and Privacy Protection | The name of this issue changes from "Customer Information Security and Privacy Protection" to "Information Security and Privacy Protection". |
| Intellectual Property Protection | / | Originally part of "Technological Innovation", this issue has been split out to facilitate focused discussion. |

**Materiality Matrix**



## 2. SAFEGUARDING THE ENVIRONMENT

At Sisram Medical, sustainability is our unwavering guide to action, integrated into every aspect of the Group's operations and strategic decisions. Through lean management, we optimize resource allocation, while actively promoting diverse sustainability programs to reduce energy waste. With these efforts, we have made real progress in advancing our environmental targets and set an example for sustainable development in the industry.

| Safeguarding the Environment at a Glance | | |
|---|---|---|
| **Why is this important?** | • With the depletion of natural resources, sustainability plays a key role in the full life cycle of products. Protecting natural resources is not only about maintaining the ecological balance, but also about ensuring a healthy and prosperous planet for future generations<br>• Climate change has far-reaching and devastating impacts on societies and economies, including frequent extreme weather events, ecosystem degradation, biodiversity loss, and threats to human health. According to the UN *Sustainable Development Goals Report 2024: Special Edition*, the global climate crisis is fueling economic instability and causing irreversible damage to the natural environment. | |
| **The Group's Approach** | • Set up targets in water efficiency, energy efficiency, GHG emissions and non-hazardous waste reduction<br>• Strict control of emissions and waste generation to reduce environmental damage<br>• Set up a target for energy reduction to build an energy-efficient workplace<br>• Improving the efficiency of water use by optimizing water use processes and enhancing water recycling<br>• Proactively identify climate-related risks and opportunities, and strive to reduce operational environmental footprint and mitigate climate change | |
| **Performance Highlights** | **0**<br>Violations or penalties of environmental protection laws and regulations[1]<br> | ↓ **45%**<br>PM emissions<br>$NO_x$ emissions<br>$SO_x$ emissions[2]<br> |

Note:

[1] Data scope: Sisram Medical Ltd and all its subsidiaries

[2] Data scope: Sisram Tianjin, Xingyuanda and Foshion

## 2.1 Emissions and Waste Management

Sisram Medical is a leading global provider of energy-based medical aesthetic treatment systems. Guided by a strong sense of purpose, we are committed to safeguarding the environment for future generations. Lean management is embedded in the whole process of our operation, enabling us to continuously identify and minimize emissions and waste across all aspects of production and business activities.

Sisram Medical deeply concerns the sustainable management of materials, tries to promote reuse and recycling and ensures the responsible disposal of non-hazardous waste in compliance with legal and environmental standards. Our emission management strategy follows the Procedures in Waste Management, adhering to the 3Rs principles — Reduce, Reuse, and Recycle — while also implementing a paperless office approach to further minimize non-hazardous waste.

**3Rs Principles in implementation at Sisram Medical**

| Reduce | Recycle | Reuse |
|---|---|---|
| • Advocating paperless office via installing web-based office system to minimize office paper use<br>• Distributing e-copy of files as much as possible<br>• limiting waste to landfill where possible | • Entrusting qualified third party to recycle paper and paperboard | • Setting duplex printing as the default mode for most network printer<br>• Reusing paperboard for packaging and distribution |

In order to enhance our sustainability performance in waste management, Sisram Medical always follows the well-established waste management procedures, consisting of monitoring, investigation, repair/rework, recycle and reuse. Additionally, we have established a material use baseline to track and reduce waste generation effectively.

**Waste Management Procedures**

| Monitoring | Investigation | Repair/Rework | Recycle and Reuse |
|---|---|---|---|
| • Monitor material usage data with reference of historical data<br>• Identify abnormal material usage data | • Investigate the source of abnormal material usage | • Send faulted material (raw material or semi-finished goods) to rework, limiting waste to landfill | • Recycle material internally if applicable<br>• Reuse material for production if possible |

Our process consists of product design, research and development (R&D), raw materials procurement, semi-finished product assembly, as well as calibration, integration, customization, and testing. The production of semi-finished products for the majority of our treatment system consoles and nearly all applicators is conducted in-house at our production facilities in Caesarea, Israel, while small portions of certain products are produced and assembled in Germany and mainland China. Thus, our operations are not manufacturing-intensive, and we generate only a small amount of hazardous waste, with minimal air emissions, wastewater and non-hazardous waste from daily operation. For waste generated, we entrust qualified third parties to transport and dispose of in accordance with the legal requirements.

**Emissions and Waste Generation in 2025**

| Types of Emission and Waste | Sources/Materials | Taken Measures |
|---|---|---|
| **Air Emission** | Vehicle Emission, Process-related Emissions | • Advocating green transportation<br>• Leasing cars with reduced fuel consumption and emission of $CO_2$<br>• Apply cartridge dust filtration systems |
| **Non-Hazardous Waste** | Plastics, Household Waste, Office Paper, Paper Board, Scrap Metal | • Setting duplex printing as the default mode for most network printers and disseminating information by electronic means as far as possible<br>• Digitizing documents by scanning and storing them electronically<br>• Printed paper not in use is collected by an authorized recycling company<br>• Metal scrap is collected and transferred to qualified recycling companies |
| **Hazardous Waste** | Chemical Solvent | • Safely collecting and temporarily storing hazardous solvent waste<br>• Engaging qualified third-party waste management companies for centralized recovery or incineration<br>• Ensuring all hazardous waste handling is conducted under approval and audit of environmental regulatory authorities |

During the reporting period, there were no investigations targeting the Group by any Environmental Protection Department due to violations of environmental regulations; nor was it subject to significant administrative or criminal penalties or urged by the relevant government departments.

## 2.2 Use of Resources

### *Energy*

The types of energy consumption at Sisram Medical include electricity for office and manufacturing activities, as well as fuel usage (diesel and gasoline) by own vehicles. In order to fully implement the principle of reducing energy consumption, we have established the Energy Policy, serving as a guide for our energy management.

In addition, as Sisram Medical's operations are primarily powered by electricity, we have set a target for electricity consumption. Driven by the specific targets, the Group as well as subsidiaries' offices actively adopt energy-saving measures to reduce total energy consumption collectively.

| Resource Type | 2025 Targets | Measures Taken |
|---|---|---|
| **Energy** | Reduce electricity consumption intensity to 7.88 kWh/US$1,000 of sales, which is a 20% reduction compared with 2020 | • Use energy-efficient LED lights<br>• Automatic control system to turn off lights and air conditioners after working hours<br>• Equipment renewal and renovation<br>• Use green energy sources such as solar power<br>• Use motion-sensor lights<br>• Implement temperature control settings for air-conditioning systems |

### *Water and Packaging Materials*

As a globally responsible corporate citizen, Sisram Medical is committed to conserving shared natural resources, including water. We use municipally supplied water, primarily for sanitary services and kitchen needs, with no significant water consumption in our manufacturing processes. Therefore, our main focus is on implementing water-saving measures in office buildings.

We have established management policies for water use, actively use recycled water and low-volume water equipment, aiming to reduce water consumption while minimizing our impact on natural resources.

As for packing materials, we mainly use plastic suitcases, paper boxes, etc. We strive to reduce packaging materials used in finished products via recycling and reusing paperboard.

| Resource Type | Targets | Taken Measures |
|---|---|---|
| **Water** | Continue to take measures to keep natural freshwater consumption at a relatively low level | • Fix dripping taps immediately<br>• Determine water requirements for each facility and check usage frequently<br>• Use desalinated seawater where appropriate |

| Resource Type | Targets | Taken Measures |
| --- | --- | --- |
| **Packaging Materials** | Continue to reduce non-hazardous waste production through source reduction, reusing and recycling | • Replace styrofoam or similar materials with paper-based filling materials<br>• Reuse and recycle cardboard boxes and packaging filling materials<br>• Packaging materials that cannot be reused are collected and recycled by authorized companies |

## 2.3 Climate Change

Climate change is a key issue of concern to the whole society and may have a negative impact on Sisram Medical's own operation as well as external stakeholders.

Realizing the relevance of climate change to our business operation, we continuously refine our climate change management, reinforcing our commitment to sustaining our progress on climate change, which contributes to the enhancement of our resilience to physical climate-related risks and helps us achieve low-carbon operation.

***Governance***

Sisram Medical is committed to integrating climate-related considerations into our operations and decision-making. Our top-down ESG governance structure supports effective oversight through clear roles, management reporting, and escalation through established governance processes.

At Sisram Medical, our Board of Directors has overall oversight and ultimate responsibility for ESG matters, including climate-related risks and opportunities. The Board reviews and approves the Group's overall ESG strategy, prioritized ESG issues and ESG targets, and oversees progress through annual reviews and the Group's ESG reporting cycle. The Board is kept informed of climate-related matters primarily through reporting from management and the ESG Working Group, led by the ESG Working Group with support from relevant operational functions, and takes climate-related considerations into account where relevant in overseeing strategy, risk management and key business decisions.

We maintain directors' climate-related capability through ongoing training and professional development initiatives. During the Reporting Period, we delivered internal Board training covering ESG knowledge required under the HKEx's updated requirements and provided updated reading materials on ESG disclosure expectations. We also circulate regulatory updates to Directors on an ongoing basis and, in connection with Director onboarding, proactively share relevant HKEx Listing Rules and corporate governance requirements with newly appointed Directors and prospective appointees as appropriate. An annual ESG training plan is also in place for Directors and management, typically delivered through 2–3 online sessions each year that incorporate ESG-related content.

During the Reporting Period, climate-related considerations were not formally embedded into the Group's remuneration policies. We advance climate-related work through our existing governance mechanisms and management processes, while continuously strengthening our capabilities in climate data management and the assessment of climate-related impacts, risks and opportunities. We keep our approach under ongoing review and refinement to support the future assessment of integrating climate-related KPIs into remuneration.

### *Strategy*

Sisram Medical's climate strategy is informed by an ongoing process to identify and assess climate-related risks and opportunities. Given the anticipated impacts of climate change, we continuously identify and assess climate-related risks and opportunities based on two key criteria: the potential impact on the Group's operations and the likelihood of occurrence. Our assessment applies consistent time horizons of short-term (1–2 years), medium-term (3–5 years) and long-term (beyond 5 years) to support prioritization and planning. These efforts support our ongoing climate risk management and inform operational planning where relevant.

Physical climate risks are assessed with reference to our operational footprint across key sites, including Beijing, Shanghai, Chicago and Caesarea. Based on our assessment and the nature of activities at these locations, overall exposure is considered limited, with ongoing monitoring through routine operational and risk management processes.

Transition risks and opportunities are assessed on a qualitative basis. Carbon pricing, including potential carbon taxes, is considered as part of this assessment; however, it has not been quantitatively modelled or incorporated into business decision-making.

- *Physical Risk Assessments*

  We have assessed acute and chronic physical climate risks that may affect our operations. No material financial impacts occurred during the Reporting Period. We consider long-term physical climate risks to remain minor, as our assembly-only core manufacturing activities require minimal energy; moreover, both our operations and those of our suppliers are not located in high-risk areas. Insurance and business continuity arrangements are in place to enhance climate resilience and mitigate potential disruptions, with business continuity plans reviewed annually.

<table>
<tr><th>Climate-Related Risks</th><th>Time Horizon</th><th>Value Chain</th><th>Mitigation and Adaptation Measures</th></tr>
<tr><td>Acute physical risks<br>• Increased severity and frequency of extreme weather events such as cyclones and floods could cause operational disruption and harm the Group's business.</td><td>Long-term</td><td>Upstream<br>Midstream</td><td rowspan="2">• Identify and assess external safety risk factors and work to mitigate them via a variety of health and safety measures<br>• Pay attention to extreme weather event warnings<br>• Conduct yearly review of business continuity plan<br>• Review insurance coverage regularly for property damage and business interruption</td></tr>
<tr><td>Chronic physical risks<br>• Long-term changes affect productivity and supply chain stability negatively due to climate change.<br>• Companies need to use more energy to keep the required indoor environment temperature due to the rising average temperatures.</td><td>Long-term</td><td>Upstream<br>Midstream</td></tr>
</table>

- *Transition Risk Assessments*

  In addition to physical risks, we assess climate-related transition risks related to policy and regulatory developments and market expectations. No material direct financial impacts occurred during the Reporting Period. We consider climate-related transition risks to remain minor, as our product materials and processes are not expected to be materially affected by climate-related regulation. We will continue to monitor policy developments and plan to evaluate our product carbon footprint to gain a clearer understanding of evolving market expectations.

<table>
<tr><th>Climate-Related Risks</th><th>Time Horizon</th><th>Value Chain</th><th>Mitigation and Adaptation Measures</th></tr>
<tr><td>Emerging regulation<br>• The global policies and requirements to deal with climate change are increasingly strict, and meeting the policy changes will increase the cost of the company, and failure to meet the regulatory requirements will lead to a decline in product sales.</td><td>Long-term</td><td>Upstream<br>Midstream</td><td rowspan="2">• Pay close attention to the updates of laws and regulations related to climate change<br>• Integrate environmental factors into the product design process<br>• Actively communicate with end-users to understand their focus on the climate change issue<br>• Launch product carbon footprint assessments in 2026 to collect market expectations</td></tr>
<tr><td>Market expectations<br>• Increasing expectations for low-emission and environmentally responsible products and services may affect market access, sales performance and corporate reputation, and failure to meet these expectations may reduce competitiveness and stakeholder trust.</td><td>Long-term</td><td>Downstream</td></tr>
</table>

- *Transition Opportunity Assessments*

  We have identified transition-related opportunities that may support energy management in our operations. No material direct financial impacts occurred during the Reporting Period. We consider these opportunities to be minor, as our manufacturing footprint is primarily assembly-based and requires relatively low energy use. We will continue to pursue pragmatic measures within routine operations, focusing on incremental facility efficiency improvements and renewable electricity sourcing where available.

<table>
<tr><th>Climate-Related Opportunities</th><th>Time Horizon</th><th>Value Chain</th><th>Mitigation and Adaptation Measures</th></tr>
<tr><td>Energy source<br>• The opportunity in the transition towards renewable energy sources in operations would help avoid additional operational costs due to the expected implementation of carbon taxes.</td><td>Medium-term</td><td>Midstream</td><td rowspan="3">• Take measures to reduce energy consumption, such as using energy-saving LED lights, automatic control to turn off lights and air conditioners after working hours etc.<br>• Design products that consume less energy</td></tr>
<tr><td>Low emissions products development<br>• With more attention to climate change, customers prefer to choose eco-friendly products and services. The Group's achievements in low emissions products development will enhance the company's competitiveness and brand image.</td><td>Long-term</td><td>Midstream</td></tr>
<tr><td>Energy efficiency<br>• By optimizing manufacturing processes, adopting energy-efficient equipment, and implementing intelligent energy management systems, the Group can reduce energy consumption in R&D and operations.</td><td>Long-term</td><td>Downstream</td></tr>
</table>

### *Risk Management*

Our risk management approach integrates climate-related risks into our enterprise risk management framework. In assessing these risks, we primarily rely on historical experience and management judgment, and we have not yet implemented formal climate scenario analysis. Climate risks are considered part of operational risk and are assessed based on both potential impact and likelihood, with climate-related risks currently classified as a low-risk category. Assessments cover our operational footprint across key sites as well as relevant suppliers; based on current evaluations, neither our operations nor our suppliers are located in areas of high physical climate risk. For transition risks, we plan to leverage a systematic assessment of our product carbon footprint to better understand potential exposure and support future prioritisation.

To manage identified risks, we apply standard operational risk processes including business continuity planning, insurance arrangements, and routine operational monitoring. Risk assessments are reviewed on an annual basis, and relevant climate risks are integrated into these reviews to ensure mitigation measures remain adequate.

We have introduced enhancements to our risk management processes to further address climate-related risks and opportunities. These include integrating climate-related factors into product lifecycle management, utilizing a Lean Management strategy to increase energy efficiency and support low-carbon operations, and creating site-specific energy efficiency improvement plans. Collectively, these measures strengthen our ability to manage climate-related risks across our operations and value chain, while supporting ongoing operational planning and resilience.

### *Metrics and Targets*

Sisram Medical has established clear climate targets since 2022, calculated on a $CO_2$e basis in accordance with relevant national guidelines, covering Scope 1 emissions from direct fuel combustion and Scope 2 emissions from purchased electricity consumption. The targets take into consideration Israel's Nationally Determined Contribution (NDC) under the Paris Agreement, which sets out national emissions reduction pathways. As we do not operate in an energy-intensive sector, we have not adopted a sectoral decarbonization approach (SDA) and have instead considered our historical emissions performance to ensure the targets are practical and achievable.

We are committed to reducing our gross greenhouse gas emissions. We target a 17% reduction in Scope 1 and Scope 2 emissions by 2025 from a 2020 baseline, with such target set on a gross basis, excluding the use of carbon offsets or removals. We also seek to address Scope 3 emissions across our value chain to further mitigate our impact on climate change. Our targets and the methodology used for their determination have not been validated by a third party. We will review and update our GHG emissions reduction targets as appropriate, taking into account the latest international climate agreements and national policy developments, and will explore engaging independent third-party institutions to verify our targets and target-setting methodology in future.

During the reporting period, GHG emissions intensity of Alma Lasers reached 5.4 kg$CO_2$-eq/USD$1,000 of sales, indicating a 51% reduction compared with 2020. Scope 3 data collection is in progress, and disclosure will be considered once data coverage is sufficiently robust.

To deliver our Scope 1 and Scope 2 reduction target, we focus on improving operational energy and process efficiency and increasing the use of renewable electricity where feasible, supported by ongoing energy management across key sites. Where practicable, our facilities also utilize clean energy solutions, including the installation of solar panels at our Israel sites to enhance on-site renewable energy generation and usage. Progress is tracked through annual GHG emissions and intensity metrics and reviewed through the Group's annual ESG reporting cycle.

The Group has not established a formal climate-related transition plan as at the date of this report. These initiatives are supported through their integration into existing operational and management processes; however, specific expenditure amounts are not disclosed at this stage, as they involve the Company's future strategic planning and commercially sensitive information. The Company will continue to enhance its climate governance framework and, subject to regulatory requirements and commercial confidentiality considerations, further refine its disclosure practices as appropriate in the future.

## 3. PUTTING PEOPLE FIRST

At Sisram Medical, we focus on attracting top talent and inspiring them to maximize their potential in the workplace. We protect the fundamental rights and interests of all employees and strive to create a trustful, inclusive and diverse work environment that provides each employee with opportunities to grow and learn.

| Putting People First at a Glance | |
|---|---|
| **Why is this important?** | • Employees are the core assets of a company, and their health and job satisfaction have a direct impact on the productivity and innovation of the company.<br>• Companies that focus on the needs and well-being of their employees can help create a positive corporate culture that drives sustainable business development.<br>• Companies that actively participate in public welfare and charity can win wide recognition from the society, inject positive energy into the prosperity of the society. |
| **The Group's Approach** | • Protect the basic rights and interests of employees and retain outstanding talents through diversified training.<br>• Provide employees with a wealth of benefits to enhance employee happiness and satisfaction.<br>• Create a safe and healthy working environment to protect the occupational health and safety of employees.<br>• Encourage employees to participate in public welfare activities and contribute to building a better society. |
| **Performance Highlights** | ↑ **48%** Total investment in social welfare[1]<br>↑ **33%** Total number of training hours received by employees[1] |

Note：

[1] Data scope: Sisram Medical Ltd and all of its subsidiaries

### 3.1 Employee Rights and Benefits

As a responsible global employer, the Group complies with all laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits and welfare in the countries where we operate. Due to the high priority we place on our employees, we continuously invest in optimizing our recruitment process, total compensation package, employee engagement strategies, and well-being initiatives.

We have established policies to protect employee rights and welfare, including the *Global Employee Code of Conduct, Global Respectful Workplace Policy*, in collaboration with our subsidiaries. We also monitor a comprehensive set of procedures covering recruitment, dismissal, compensation, benefits, working hours, holidays, and promotions to ensure compliance with local laws and regulations.

Additionally, we hold sessions for our HR global team on topics such as: C&B processes, termination processes, role definition, role perception to improve the capability and alignment of our HR global team.

**Employee Rights and Benefits Overview**

**Recruitment and dismissal**
Recruitment and dismissal practices within the Group are conducted according to relevant local laws and articles stipulated in the employment contract, and in mutual agreement between the Group and its employees. We prohibit the employment of child labor or forced labor in all aspects. We require all job applicants to provide proof of age to identify and restrict child workers. If such cases are discovered and confirmed after investigation, we will take appropriate actions, including but not limited to disciplinary measures, legal proceedings, and/or reporting to relevant governmental or regulatory authorities.

**Compensation**
The Group's employee compensation is structured in alignment with local regulations.

**Benefits**
Employee benefits vary by country and comply with relevant national regulations, which typically include retirement plans, social insurance, legal housing insurance, commercial insurance, and allowances (e.g., transportation, lunch, mobile phone, etc.).

**Working time**
Employee working hours and overtime compensation practices vary by country in compliance with local laws and regulations. In line with legal requirements, maximum working hours are defined, and actual working hours are monitored through attendance systems. Overtime is compensated through either overtime payments or compensatory time off, while a fixed global overtime payment mechanism applies in certain locations.

**Holidays**
The Group offers its employees paid vacations in accordance with local laws and regulations, such as parental leave, bereavement leave for immediate family, etc.

**Promotion**
The Group values employees and offers promotion opportunities. Each employee undergoes an annual talent review process where they meet with their managers for a performance review. The Group will make a promotion decision based on organizational needs, personal capabilities and performance review results.

### *Employee Engagement*

As a sustainable enterprise, we value the aspirations of our employees and are committed to creating a work environment with full employee engagement. Therefore, we have established an efficient employee communication mechanism to capture employees' feedback and address workplace concerns.

The Human Resources Department actively engages with employees throughout their employment journey, beginning with structured onboarding, followed by check-ins at three and six months, and including ad hoc discussions during organizational changes or to address individual needs.

Regular global employee engagement surveys are conducted to assess management practices and workforce engagement. In the 2025 survey, employees provided feedback on leadership trust, culture, managerial effectiveness, wellbeing, growth opportunities, teamwork, and overall engagement. The average eNPS showed a positive overall score, indicating strong overall employee sentiment.

The results contribute to an ongoing process of continuous improvement, supporting enhanced engagement across all areas of the organization. We define company-wide priorities and develop local action plans at the manager and team level, led by management with HR support, combining quick improvements and longer-term initiatives. Progress is monitored over time, and updates are communicated to employees to maintain a transparent feedback loop.

### *Supporting Work-Life Balance and Employee Wellbeing*

At Sisram Medical, we recognize that employee wellbeing is fundamental to sustainable performance and long-term organizational success. We are committed to fostering a supportive, healthy, and inclusive work environment that enables our employees to maintain a meaningful work — life balance.

To support this commitment, we invest in comprehensive wellbeing initiatives and employee benefits designed to enhance both professional and personal quality of life. These include, among others:

- Comprehensive health insurance coverage
- Complimentary treatments (subject to eligibility)
- Healthy dining options at company facilities
- Subsidized food ordering services
- HiTechZone membership (consumer benefits club for high-tech employees)
- Sports and yoga classes
- Dedicated breastfeeding room
- Hybrid working arrangements
- Company-sponsored wellness days
- Annual group retreat
- Events for employees and their families
- Office holiday celebrations and happy hours

Through these initiatives, we aim to promote physical health, mental wellbeing, family support, flexibility, and a strong sense of community across our global workforce.

### 3.2 Inclusion and Diversity

At Sisram Medical, we respect the individuality of our employees and take pride in our contributions to inclusion and diversity. Diversity is a priority at all levels, including the Board, which reviews our progress and efforts annually. We have established the *Global D&I Policy* and *Global Respectful Workplace Policy* to ensure that all qualified candidates and employees are treated equitably, without discrimination based on age, gender, race, color, national origin, religious beliefs, marital status, or disability. The Group complies with all laws and regulations relating to equal opportunity, diversity, and anti-discrimination, in the countries where we operate.

The Company operates a structured and transparent recruitment process to ensure fairness and clarity. Job descriptions are provided in the local language of each operating country, enabling candidates to better understand the hiring position and related details. Interviews are conducted by trained interviewers and, where appropriate, involve senior management to ensure a professional, fair, and respectful process and further enhance the candidate experience.

In 2025, the Company established a *global anti-nepotism policy* to reinforce a merit-based and impartial work environment. We are committed to fair hiring and equal employment opportunities, preventing discrimination based on gender, age, religion, nationality, disability, or any other protected characteristic. We are committed to making hiring decisions solely on the basis of skills, experience, and professional fit, in accordance with applicable laws and internal guidelines.

Fair employment and equal pay are further emphasized in our *Employee Code of Conduct*. We apply a globally consistent job leveling framework based on the Radford methodology and conduct compensation benchmarking using third-party market survey data. Pay equity assessments are conducted on a regular basis. The results of these assessments indicate that in 2025, all employees, including management, receive equal pay under this framework.

**Inclusion and Diversity Actions at Sisram Medical**

| Board | Employee |
|---|---|
| • The Board has embraced a board diversity policy, aiming to maintain an appropriate balance of diversity perspectives of the Board<br>• The Nomination Committee reviews the structure, size and composition of the board annually and change accordingly to increase the diversity<br>• The Board has considered setting measurable objectives to ensure the effectiveness of *Board Diversity Policy* | • Sisram Medical has acknowledged and honored multiple religious and cultural practices<br>• Sisram Medical has fostered a culture where every voice is welcomed, heard and valued<br>• Sisram Medical has encouraged multilingual and multigenerational workforce in 11 countries |

In order to continuously strengthen the company's diversity and increase inclusiveness, we have adopted diversified management measures:

**Taken Measures to Ensure Inclusion and Diversity**

**Hiring and Development**

- Foster an environment that attracts and retains the best talents, mitigates biases and encourages the contributions of diverse ideas, backgrounds and perspectives
- Create equal opportunities for training and development to optimize employees' full potentials

**Training**

- Provide employees and leaders on general topics in inclusion,diversity and bias mitigation
- Provide sexual harassment seminars every two years to reinforce Sisram Medical's philosophy regarding workplace safety and gender equality

**Communication**

- Drive active and transparent communications regarding inclusion and diversity to cultivate inclusive culture, encourage role model behaviors
- Emphasize the high relevance of diverse and inclusive teams as a core element of our values and ESG strategy

**Protection**

- Encourage employee to report misconduct regarding harassment and discrimination
- Investigate misconducted when such issue is filed
- Create correction plan according to applicable laws and Employee Code of Conduct

We review gender representation globally to ensure our accountability, monitor our progress, and evaluate the effectiveness of the measures we take. During the reporting period, women represented 41% of the Directors, 33% of the senior management, and 43% of managers.

## 3.3 Development and Training

Sisram Medical is committed to attracting excellent talents and providing every employee with the opportunity to learn new knowledge and improve their professional skills, at the same time building a scientific promotion path, which not only helps employees to create a broad career development path but also helps the company to maintain its competitive advantage.

### *Employee Attraction*

We have developed attraction and retention programs, and this accountability extends to all HR functions across the Group. Our programs help mitigate the risk of losing expertise while also identifying and promoting promising talent for internal mobility and promotions.

We continuously identify talent through CoMeet, LinkedIn, internal referrals and attract talents via different channels, aiming to enrich the candidates' experience background and create a diverse group.

### *Employee Training*

We strive to provide our employees with a wealth of training, coaching, mentoring, and counseling to help them improve their skills and perform at their best.

In 2025, Sisram Medical further strengthened its group-wide training and development framework through Alma's Employee Academy and Knowledge Boost, which serve as integrated platforms supporting professional capability building, regulatory compliance, leadership development, innovation, and a consistent learning culture across global operations.

**Key Focus Areas of Employee Training in 2025**

| | |
|---|---|
| **Professional and Technical Capability Development** | Strengthening core competencies in quality, engineering, operations, and supply chain management through structured professional and certification training. |
| **Business Excellence and Innovation Readiness** | Enhancing organizational performance, cost efficiency, and forward-looking innovation capabilities through strategic business and industry-focused learning. |
| **Leadership, Culture, and Personal Effectiveness** | Building leadership capability, resilience, collaboration, and a cohesive organizational culture through leadership and personal development learning initiatives. |
| **Compliance, Ethics, and Information Security Awareness** | Reinforcing regulatory compliance, ethical conduct, workplace integrity, and cybersecurity awareness through mandatory organization-wide training. |
| **Employer Branding and Modern Marketing Capability** | Strengthening employee professional visibility, digital communication, and modern marketing skills to support brand development and market engagement. |

**Employee Training Conducted in 2025 (Partial)**

| Training Program | Attendees | Training Contents |
|---|---|---|
| **General Training** | Open to all employees globally | **Cyber Training by Cybersafe:** Cyber training and employee awareness<br>**Let's Talk About Harmony:** The story of the development process, unique technologies and innovative sales approach of Alma's most advanced device<br>**Rethinking Aesthetic Innovation Through Regenerative Science:** A lecture on the science of stem cells and exosomes, their clinical impact and their relevance to Alma<br>**Vision, Meet Reality:** Global lecture about what it truly takes to turn an innovative idea into a real solution |
| **Position-related Training** | Operation employees | **Certified Quality Engineer Course:** the course provides knowledge and tools to analyze, plan, and optimize quality systems, preparing them for leadership roles in quality management and process improvement<br>**ESD Training 2025:** Electrostatic Static Discharge training for production & QC employees<br>**Excellence in Inventory Planning and Cost Reduction:** Enhancing service quality and product availability for customers while optimizing inventory costs<br>**S&OP Bootcamp:** S&OP processes, assortment management, demand forecasting, inventory and production planning, and cross-departmental coordination at a strategic level |

| Training Program | Attendees | Training Contents |
|---|---|---|
| | R&D employees | **MDI 2025:** A conference uniting experts, industry leaders, and innovators in medical devices and digital healthcare<br>**Innovation Day for R&D:** Innovative and outside-the-box thinking techniques<br>**Introduction to AI:** General presentation about AI functions and free tools that can be used nowadays<br>**R&D Brainstorming:** 2 sessions focused on product development<br>**"Go Wild":** R&D interface exploration activity to identify optimization opportunities |

### *Employee Development*

Our approach to developing employees starts with creating a standard for high performance, mapping our employees according to that standard and managing employees' career journeys during the year. The approach encourages both managers and employees to take ownership of their goals, performance, and career development. During the reporting period, we achieved an internal promotion rate of 5.2%.

**The Talent Management Cycle**


We conduct an annual organizational Talent Mapping Process followed by an Employee Development Process, further capturing employees' preferred career directions over the next one to three years, while managers identify near-term development opportunities and growth pathways. Based on a comprehensive view of the Group's talent pool, the HR function works with direct managers to define individual development priorities and action plans for the upcoming year. During the reporting period, greater emphasis was placed on employees' future development potential rather than solely on past performance, with dedicated sections incorporated into assessment forms to support structured dialogue between employees and managers on development priorities and career progression.

To ensure key talents are supported and retained, the Company monitors a defined talent pool throughout the year. Managers collaborate on development and retention plans tailored to their top talents. In 2025, we introduce Growthspace, a coaching application linking coaches to talents for the development of specific skills, initially with a sample group of 18 high-potential employees. These initiatives strengthen our ability to nurture, retain, and engage top talent across the organization.

As part of its broader talent and compensation approach, the Company also utilizes recognition, retention, and equity-based mechanisms. Eligibility and scope are determined based on business-driven criteria such as level, demonstrated contribution, performance, role criticality, strategic impact, and retention considerations. These tools are applied to acknowledge exceptional performance, support retention of key roles, and align high-impact employees with the long-term growth of Sisram Medical.

### 3.4 Occupational Health and Safety

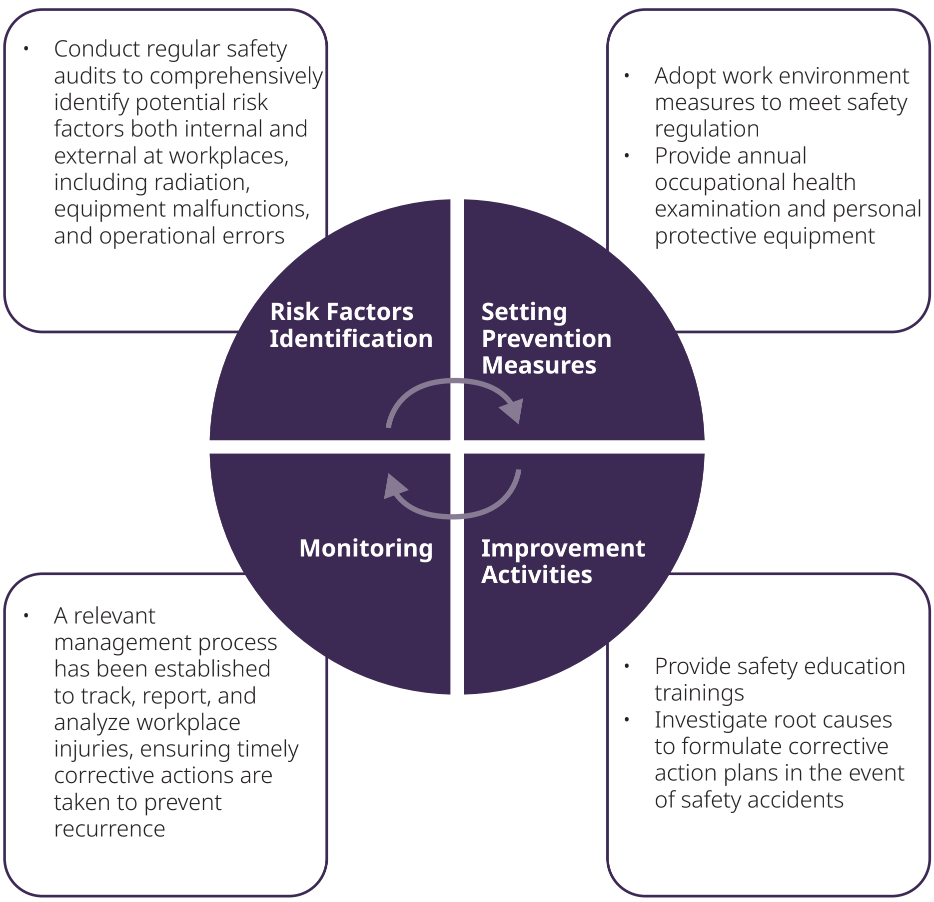
Taking employee health and safety as one of our key considerations, Sisram Medical is committed to promoting and maintaining a safe and healthy workplace. We comply with all applicable laws and regulations in the regions where we operate, and have established the Employee Code of Conduct, Accident Reporting Policy, Workplace Violence Policy, and No-harassment Policy. We build an effective occupational health and safety mechanism, monitor and analyze potential occupational health and safety risks regularly, and implement both legally required and voluntary procedures to safeguard our employees.

Alma Lasers has established a Safety Committee composed of management, employee representatives, and a third-party safety contractor, responsible for effectively formulating, executing, and monitoring health and safety programs. The Safety Committee conducts the safety assessment according to the plan monthly, aiming to evaluate safety related risks in specific working centers. During the reporting period, the Safety Committee held 8 formal meetings and 9 safety assessments were conducted.

Similarly, Sisram Tianjin and Foshion have implemented the Occupational Health Management System to oversee health and safety-related matters and contribute to creating a safe working environment.

In order to better focus on the key points of occupational health and safety related work, we develop an annual safety plan covering safety policy, goals, safety assessment reviews and Safety Committee members assignments, and ensure the execution is in strict compliance with related regulations.

**Our Safety Management System**



### *Inspiring Health and Wellbeing*

**Our Health and Wellbeing Management System**

| | |
|---|---|
| Health Promotion | ☐ Health check-up for all employees<br>☐ Employee Assistance Program (EAP) to provide employees with mental health support<br>☐ Activities for health promotion such as corporate sponsored fitness classes, yoga sessions, etc. |
| Work Environment | ☐ Identify ergonomics risk factors in the work environment, and work to mitigate such risks by installing standing desks, etc.<br>☐ Strive to eliminate or remove odor, dust, and noise from worksites<br>☐ Provide personal protective equipment to those who are exposed to potential health and safety risks<br>☐ Provide proper hygienic toilet facilities |
| Disease Prevention | ☐ Monitoring epidemics: providing information on how to manage and minimize risks during epidemics<br>☐ Operation of in-house health clinic: inoculation (e.g., against influenza, etc.) |

Although Sisram Medical's operations have relatively low exposure to health and safety hazards, we still strive to prevent potential health and safety accidents and raise employees' awareness by organizing targeted training for different employees.

**Safety Training for Employees in 2025**

| Attendees | Trainings | Contents |
|---|---|---|
| **All Employees** | Safety Training | Organize seminars for internal policies and training on fire escape and evacuation, as well as how to properly operate fire extinguishers, etc. |
| **New Employees** | Safety Training | Mandatory training performed by safety supervisors on safety precautions at work |
| **Employers Work with Lasers** | Lasers-Safety and Laser Protection Training | Explanations about the Laser station, safety precautions, tool calibrations and correct use, general explanations about lasers, dangers, and the damage they can cause to the eyes |
| **Maintenance Employees** | Job-specific Safety Training | Providing knowledge on how to minimize hazards from operation with a ladder and equipment etc. |
| **Operation Employees** | Forklift Instruction<br>Work-at-Height Trainings | Providing instructions and guidelines regarding working with forklifts and work at height |

### 3.5 Community Investment

In addition to supporting the industry with pioneering products, Sisram Medical remains actively engaged in the community where we live and work. We closely monitor the dynamics of policies on community engagement in order to gain insight into the needs of the communities in which we operate, ensuring that our activities take into consideration the communities' interests. During the reporting period, we focus on and invest across health and well-being, rehabilitation and social inclusion, community development, environmental responsibility, and support for vulnerable populations.

All employees are given 9 paid volunteering hours per year, encouraging them to participate in volunteer activities and make a meaningful impact, together with the Group to fulfill the responsible commitment, and create a harmonious community and a better future.

**Philanthropic and Community Engagement Initiatives in 2025**

| Activity | Contents |
|---|---|
| **Health-focused philanthropy** | • Offering free scar-treatment services in collaboration with a leading Israeli hospital. |
| **Support for rehabilitation** | • Adopting and continuously engaging with an art-based rehabilitation center, including renovating its community garden, delivering educational lectures, and participating in joint holiday events and workshops. |
| **Community volunteering programs** | • Carrying out community-garden restoration activities by employee volunteers.<br>• Conducting beach clean-up activities as part of Good Deeds Day. |
| **Holiday season support** | • Organizing a food-packaging initiative to provide assistance to families in need. |
| **Blood donation initiatives** | • Hosting two internal blood-donation drives for employees, one at the beginning of the year and one toward its end. |

## 4. COMMITTING TO RESPONSIBLE PRACTICES

At Sisram Medical, we have always placed the health and well-being of customers at the center of our concerns, and strive to provide customers with high-quality, innovative products by continuously improving our innovation capabilities. Our business conduct is guided by the highest standards of responsibility and ethics, which are reinforced through focused practices in product safety, technological innovation, and sales integrity, ensuring we meet the trust and expectations of all stakeholders.

| Committing to Responsible Practices at a Glance | |
|---|---|
| **Why is this important?** | • Providing customers with high quality products and service is the core basis for the Group to create value for customers, helping the Group maintain a leading position in the industry.<br>• Strengthening sustainable supply chain management ensures the quality and ESG performance of suppliers, helping to avoid supply chain risks and promoting sustainable supply chain development.<br>• Compliance operation help the Group maintain a good reputation and build long-term stable relationships with stakeholders, thereby laying a solid foundation for sustainable development. |
| **The Group's Approach** | • Strictly control product quality in the R&D process to ensure that product performance meets the customers' expectation.<br>• Actively communicate with customers, understand customer demands, aiming to maintain a good interactive relationship.<br>• Evaluate suppliers regularly to achieve full control of supplier quality and ESG performance.<br>• Continuously enhance the culture of integrity within the Group, ensuring that the operation complies with all laws and regulations. |
| **Performance Highlights** | **0** Corruption-related enforcement actions<br>**0** Total number of products recalled due to safety and health reasons<br>**123** New intellectual property rights[1] |

Note:

[1] Data scope: Sisram Medical Ltd and all of its subsidiaries

## 4.1 Product Stewardship

### *Product Quality and Safety*

Sisram Medical prioritizes stakeholder concerns regarding product quality and safety by advancing a robust product management mechanism, which integrates Regulatory Affairs (RA), Quality Management, and Labeling controls. Across the entire product lifecycle from design and development to manufacturing and post-market surveillance, we adhere to international standards ISO 13485 and all applicable regulations, such as the *Medical Device Law* and *Technical Requirements on the Preparation of Medical Devices* to ensure product safety and efficacy. We also maintain transparent, professional dialogue with regulatory authorities on policy, submissions, and compliance.

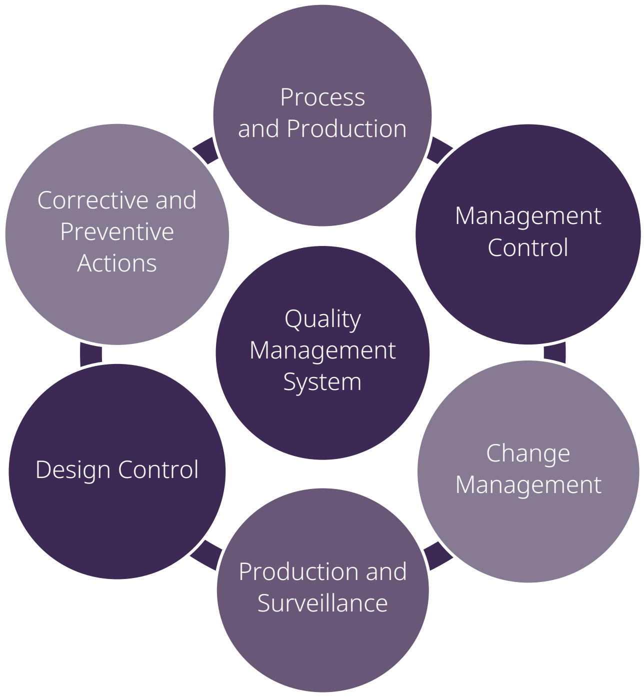
In order to fully ensure product quality and safety, Department of Quality Assurance (QA) and Quality Control (QC) work collectively to contribute to efficient management. Additionally, the Group also designates the Regulatory Affairs (RA) department to closely monitor changes in the global regulatory environment, regularly consult with external experts and regulatory firms, review industry standards and best practices, and ensure our products' legal compliance.

**Regulatory Assurance Management Procedures**


We set up a rigorous *Quality Management System* which encompasses six procedures from product design to market supervision, covering the entire life cycle of the product line. All products brought into commercial distribution are constantly assessed to ensure their safety and effectiveness.

Besides, we regularly conduct internal audits of the established system to evaluate our product quality, involving Quality Control. Audit findings are documented and reported to relevant departments, ensuring that corrective measures and improvement actions are implemented promptly to address non-conformities. Additionally, Sisram Medical applies tools such as complaint handling, post-market surveillance, vigilance reporting, reliability, and trend analysis to manage quality.

**Continual Improvement of Quality Management System**

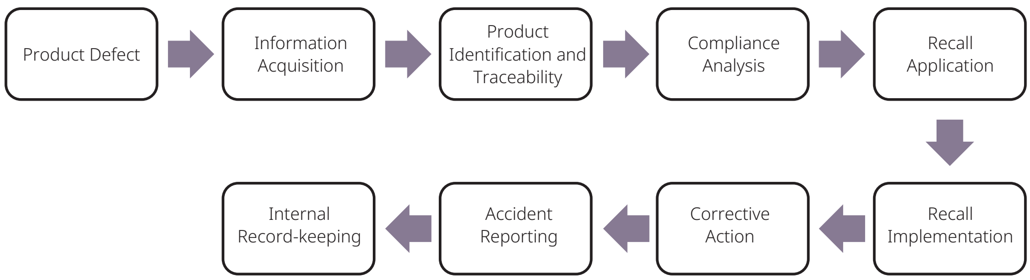



**Stages of the Quality Management System**

| Procedure | Key Functions |
|---|---|
| **Design Control** | • Risk Management<br>• Inputs/Outputs<br>• Verification/Validation |
| **Corrective and Preventive Actions** | • Eliminate Nonconformities<br>• Quality Management System (QMS) Improvement<br>• Verify Effectiveness |
| **Process and Production** | • Customer Requirement<br>• Supplier Quality<br>• Identification/Traceability |
| **Management Control** | • Management Review<br>• Inspection Readiness<br>• Internal Audit |
| **Change Management** | • Design Change Management<br>• Quality Management System (QMS) Change Management<br>• Risk Review |
| **Production and Surveillance** | • Complaint Handling<br>• Risk Monitoring Vigilance |

To mitigate potential product safety risks, Sisram Medical has established robust Recall and Field Safety Corrective Action (FSCA) Procedures. These ensure the thorough identification and resolution of any issues. Upon identification of a defect, the Group promptly gathers information from relevant departments to discuss corrective measures. Based on the severity of the issue, defective products are traced and quarantined to prevent distribution. Our Quality Assurance team then analyzes product compliance and escalates the matter to the CEO, who authorizes and initiates the formal recall process. Corrective actions are implemented to prevent recurrence. Following any incident, the situation is fully reported to the relevant regulatory authorities, and a comprehensive internal record is maintained.

**Recall and Field Safety Corrective Action (FSCA) Procedures**




To better regulate our quality management, Sisram Medical establishes and continuously monitors key performance targets, including production and finished product fault rates. During the reporting period, all set quality targets were successfully met.

**Fault Rate Targets in 2025**

- First Pass Yield (FPY)>**97**%

**Fault rate for production product**

- Systems: Dead on Arrival (DOA)<**2**%
- HP's: Dead on Arrival (DOA)<**2**%

**Fault rate for finished product**

Our operating sites and major subsidiaries are certified according to the ISO 13485:2016 Medical Devices Quality Management Systems and fulfill the requirements for quality management systems in US, Canada and other countries. During the reporting period, third-party audits have been conducted at ISO 13485:2016 certified facilities to maintain the quality of manufacturing, management, and products.

**Product Quality Certifications in 2025**

| Certification | Alma Lasers LTD | Alma Lasers Inc | Alma Lasers GmbH |
|---|---|---|---|
| ISO 13485:2016 | ✓ | ✓ | ✓ |
| Medical Device Single Audit Program (MDSAP) | ✓ | | |
| EC Certificate of Full Quality Assurance System | | | ✓ |
| US/FDA | ✓ | ✓ | |
| Health Canada | ✓ | | |
| Russia | ✓ | | |

In order to ensure product quality and safety, and effectively protect our consumers, Sisram Medical executes a diversified training program covering production and user perspectives:

- **Internal Quality Training:** We have conducted product quality trainings regarding Sisram Medical's Quality Management System. Employees are qualified to perform product quality inspection tasks based on their education, training, and experience.

- **Customer Clinical Training:** We have organized and provided clinical operational training for customers to ensure the safety of operators and end-users.

- **Global Training Initiatives:** We have conducted quality training activities globally, including EU MDR training. Global subsidiaries have also undertaken training in quality control management.

During the reporting period, Sisram Medical's facilities have not been subject to regulatory and lawful enforcement actions regarding product health and safety.

### *Technological Innovation*

Technological innovation is a key component of product design and development, which contributes to the enhancement of Sisram Medical's competitiveness in the industry. All the innovation projects are reviewed thoroughly and approved by the management at the initiation stage, considering market analysis, technological feasibility, regulatory strategy, and business viability, and then scientifically managed in the development process. In addition, the inputs of the R&D department are documented, including but not limited to functionality, performance and safety requirements according to the intended use, regulatory standards and environmental impacts.

**Process Management**

- A structured, multi-stage (gates) design review process guides development.
- Key stages include Preliminary, Critical, and Final Design Reviews.
- Cross-functional teams collaborate to assess progress, identify and address challenges, and ensure compliance with requirements.
- Rigorous documentation and risk management are integral throughout the process.

Sisram Medical actively fosters creativity and innovation through inventive mechanisms within the R&D team. We invest in research and innovation and have implemented compensation plans that reward the generation of new intellectual property. Moreover, a monetary voucher will be awarded to employees who demonstrate outstanding performance.

To cultivate innovation and collaboration, Sisram Medical implements diverse development programs. This is achieved through curated training in advanced fields like Machine Learning and Artificial Intelligence, internal innovation events that blend expert lectures with team showcases, and sponsored forum attendance for leading staff to strengthen industry connections and cross-functional learning.

Sisram Medical actively develops collaborative relationships with universities and research institutions worldwide to drive technological innovation. In 2025, we conducted dedicated R&D projects with two research institutes, focusing on ultrasound-assisted transdermal delivery and real-time skin thermometry, both of which have laid a foundation for further technical development and platform integration.

### *Intellectual Property Protection*

We attach great importance to Intellectual Property (IP) protection, value and respect both our own intellectual property and that of others. Thus, we have established IP Management Procedures, including filing patent and trademark applications in various jurisdictions such as the U.S., Europe, and the PRC for proprietary technology, inventions, and improvements crucial to the growth of our business. To ensure effective policy execution and strategic awareness, the IP Manager coordinates implementation with regional sales teams, while the IP management team concurrently keeps executives informed through bimonthly briefings on key developments and trends in the IP landscape.

To raise the awareness of intellectual property protection and ensure better implementation of our IP strategy, the Group provides regular training for employees. For instance, sales are trained in "takedown" procedures, enabling them to remove content that might cause infringement from third-party platforms like social media and e-commerce sites.

**IP Management Procedure**

| | |
|---|---|
| | **Management responsibility**<br>• The Group employs a manager of intellectual property, who carries out this policy, with assistance from external counsel<br>• Regional sales managers coordinate between international distributors and the manager of intellectual property to protect intellectual property in their territories |
| | **Daily monitoring and management**<br>• Patents, trademarks, and design registrations<br>• Promotion of IP rights awareness among R&D, clinical, regulatory, marketing, and sales personnel<br>• Trademark clearance searches, patent freedom to operate opinions, and patentability assessments<br>• Surveys of new trademark applications and patent applications in the Group's areas of business<br>• Marking of patent numbers on products<br>• Monitoring of patent litigation and patent examination appeals in USA |
| | **Remedial actions in the event of infringement**<br>• Oppositions are filed against applications for trademarks that are identical or very similar to the Group trademarks<br>• Takedowns are requested of the third-party web platforms, such as e-commerce and social media, to remove infringing content<br>• Outside counsel issue warning letters and invitations to mediation<br>• The Group is assessing litigation against manufacturers and sellers who infringe Group patents and trademarks |

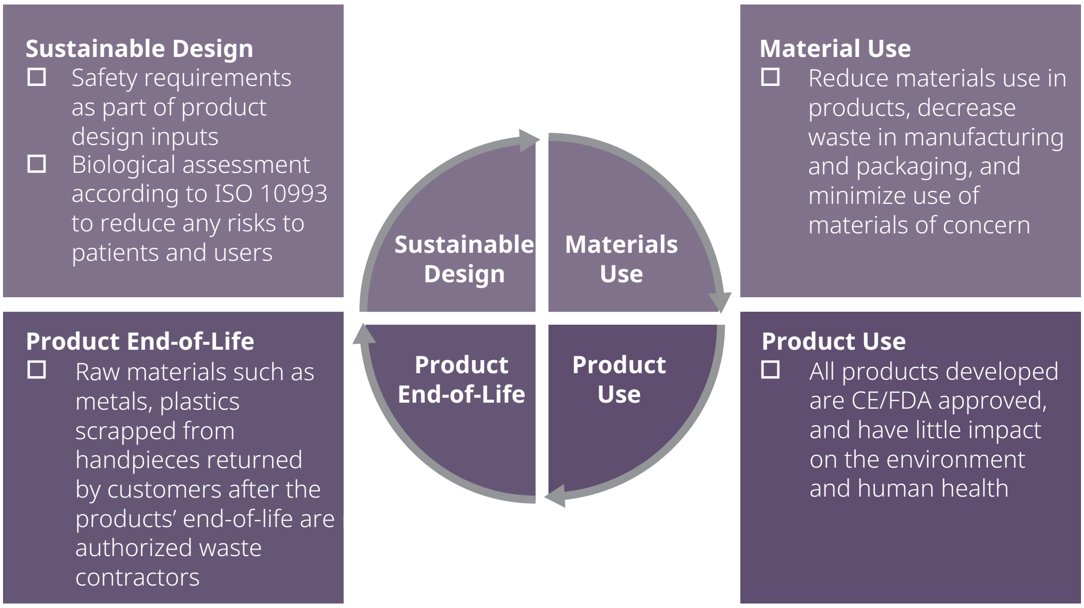
During the reporting period, Sisram Medical has not infringed on others' intellectual property rights and has not been subject to relevant administrative penalties and court decisions.

### *Product Design and Lifecycle Management*

At Sisram Medical, we take innovation and sustainable design as our core drivers to continuously improve the environmental performance of our products and strive to reduce the negative impact on the environment by reducing potential sources of harm, hazardous substances, and waste throughout the life cycle of our products.

Based on IEC 60601–1–9 standards, we conduct a comprehensive assessment of our products from both environmental considerations as well as the whole life cycle of the product. Our goal is to provide customers with more sustainable products that minimize environmental impact. To this end, we have developed a sustainability strategy organized into four key pillars: Sustainable Design, Material Use, Product Use, and Product End of Life.

**Sustainability Spanning the Entire Product Life-cycle**




Sisram Medical has complied with the EU directive on Waste Electrical and Electronic Equipment (WEEE), indicating equipment and product parts would be returned to Sisram Medical or suppliers for recycling or environmentally friendly disposal as applicable. E-waste will be forwarded and disposed of through officially authorized disposal agents.

### *Selling Practices and Product Labelling*

We recognize that ethical sales practices and accurate product labeling are fundamental to maintaining global compliance, safeguarding customer health, and ensuring our long-term success. This compliance-centric culture embedded within our core values, drives our continuous development. Upholding the highest standards in these areas is ensured through comprehensive internal policies, rigorous management procedures, and a systematic training system designed to inspect, track, and monitor selling practices and product labelling.

**Selling Practices and Product Labelling Management System**

| | |
|---|---|
| **Policy** | • *Labelling and Operating Manual Work Instruction:* define the methods and information for marking and labelling finished products<br>• *Marketing Brochures Material Approval:* safeguard the appropriateness of marketing materials and to ensure the compliance with applicable laws and regulations |
| **Managing Departments** | • QA: Act as a gatekeeper to ensure advertising, packaging, and promotional materials provide accurate, balanced, and non-misleading information and comply with laws and regulations<br>• Marketing: Act as an executor for information distribution |
| **Management Procedures** | • Enact product labelling to inform users of the use and the purpose of product<br>• Provide operating manual regarding operation instructions, warning and precautions<br>• Enact product serialization, track and trace technology, including barcoding as mandated by existing local regulations in various regions and countries across the globe<br>• Conduct internal audits yearly to monitor and identify possible issues and improve our standards with correction plans<br>• Organize internal trainings for employees to improve their practices in selling practices and product labelling |

In 2025, labeling-related training was delivered to QA, RA, QC, and Engineering personnel as part of the annual training program. Furthermore, a dedicated session on “Labeling Management in Production” was held for production staff. To further ensure the compliance, we conducted the review of labeling process during the internal audit of production and packaging.

During the reporting period, Sisram Medical has not infringed on selling practices and has not been subject to relevant administrative penalties and court decisions.

## 4.2 Cultivating Good Customer Relationship

### *Satisfaction and Communication*

Sisram Medical’s business is primarily built upon business-to-business (clinics) and an increasing fraction of business-to-consumer (end users of dental care products and home devices), so we regard customers as the core of our business and endeavor to build a good relationship with them.

Sisram Medical has established a Global Service unit under the Department of Operations to provide timely customer support, proactively manage the customer experience, and try to achieve a 360-degree view of our customers by implementing the customer relationship management system (CRM). Additionally, we organize a post-sales team in global subsidiaries for post-sales customer interaction, clinical and marketing service improvement.

As Sisram Medical highly values extensive customer feedback, we have established diversified engagement channels to address the specific needs of different groups, and conduct customer satisfaction surveys on a regular basis to gain a deeper understanding of consumer needs and further enhance the quality of customer relationship management. In 2025, we conducted Net Promoter Score (NPS) surveys to gather direct feedback from our customers. The participation increased by 66% and the overall NPS improved by 25 points compared with 2024, reflecting stronger customer engagement and satisfaction. We also created a mobile application and portal for end-users to provide product and service information and improve customer engagement on a global basis.

**Engagement Channels of Customers and Consumers**

**Sale Representatives** | **Customer Satisfaction Surveys** | **APP** | **Conferences** | **Emails**

In order to better monitor and handle customer complaints about our products and services, we continue to improve our Customer Complaints Management Procedure which runs on the enterprise resource planning software SAP, which is capable of reviewing the status of each service call in real time and monitoring and managing each case hierarchically from low to high according to the severity of the customer complaint. All customer complaints are monitored and reviewed, first from the subsidiary level, and then reported to the headquarter level, so that we can have a full visibility of the global trends by product and region, helping us constantly improve our products and services.

**Customer Complaints Management Procedure**

| | |
|---|---|
|  | **Receiving complaints**<br>• A Customer Support Representative available to handle complaints via emails or customer calls<br>• Initial response issued no later than 2 working days from the day of complaint/service call reception |
|  | **Preliminary assessment**<br>• Customer Support Team handles and assesses each complaint on a case-by-case basis<br>• For complaints that do not require further investigation, the Group's Customer Support Team Manager will close the complaint |
|  | **Technical analysis and Corrective Actions**<br>• Complaints in need of technical analysis are forwarded to designated personnel<br>• Corrective Action and Preventive Action (CAPA) initiated to determine and eliminate the root cause of product nonconformities<br>• Customer Support Team Manager reviews the complaints and service call records to ensure no recurring problems are detected |

We offer a wide range of marketing professional training to help our employees address customer concerns and build a trustful relationship. Through Alma Academy, we organize e-learning seminars, roadshows, and face-to-face training sessions to help healthcare professionals understand our products and offer better service.

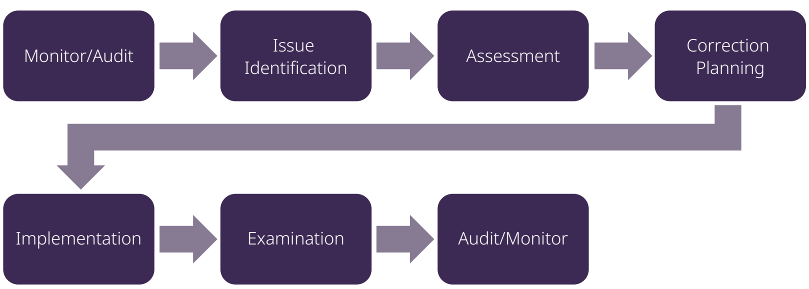
### *Information Security and Privacy Protection*

Sisram Medical is committed to protecting the confidentiality and integrity of data and information of employees, customers, and business partners through the implementation of appropriate technical measures. The Group complies with applicable data protection laws and regulations and has established relevant policies, including the *Employee Code of Conduct*, *Remote Employee Internet Policy*, *Security Inspections Policy, Confidentiality and Nondisclosure Policy*, and *Personal Computer Use Guideline*. These policies govern the collection and processing of all personal data within Sisram Medical.

To safeguard information security and privacy, our defense is spearheaded by the close collaboration of the Chief Information Security Officer (CISO), IT Manager, and Cybersecurity Manager with key IT/IS suppliers. Through regular reviews and audits, this team works to identify potential data leakage, mitigate risks, and enforce compliance policies. Our governance framework is further augmented by an outsourced Data Protection Officer (DPO). Once relevant issues are identified, corrective plans for continuous improvement will be developed immediately.

We have also adopted The Oracle NetSuite and an ISO 27001-certified system to optimize our data management performance against data being misused by third parties for fraud, such as identity theft. To proactively safeguard our data and systems, we employ a multi-layered security monitoring approach, which includes 24/7 SIEM/SOC services managed by an external team for continuous monitoring of critical systems to identify potential breaches. We complement this with monthly audits of data breaches and firewall security, conducted using external tools and the expertise of our IT/IS suppliers, to identify risks and verify the implementation of remediation plans. Furthermore, to periodically assess our defenses, we conduct targeted initiatives such as the penetration test performed in 2025 to evaluate and enhance our overall data security posture.

**Information Security and Privacy Protection Management Procedures**




We maintain an ongoing commitment to information security and privacy protection, reinforced by annual training, communication activities and interactive exercises. Through a dedicated platform, we conduct “Data Security” training twice a year, which contributes to ensuring sustained awareness and compliance.

During the reporting period, there were no violations related to information security and customer privacy, and no litigation cases arising from the above matters occurred.

### 4.3 Supply Chain Management

Sisram Medical practices responsibility at all levels of our business operations, safeguarding the quality of our suppliers and promoting the sustainability of our supply chain by strengthening sustainable supply chain management.

The Group has established Supplier Management Policy and supplier evaluation systems to continuously improve procurement practices. To better manage our suppliers, we updated the classification of suppliers into five categories (A-E, A-Critical, E-Non-critical) based on the service supplied or materials critically affecting the quality of its finished products. We have established prescriptive requirements for each category, including accepted and approved criteria as well as auditing procedures.

**Products and Services Purchased**

| Type | Definition |
|---|---|
| Category A | • Turn-key subcontractors<br>• Sterile process services provider<br>• Clean products manufacturer<br>• OEM manufacturer |
| Category B | • Suppliers of components or sub assembly according to company's specifications<br>• Calibration, translation and lab services<br>• Consultants and outsourcing quality and design services |
| Category C | • Manufacturers of components to own specs |
| Category D | • Branded cosmetic or non-medical product |
| Category E | • All the others |

**Management Approach**

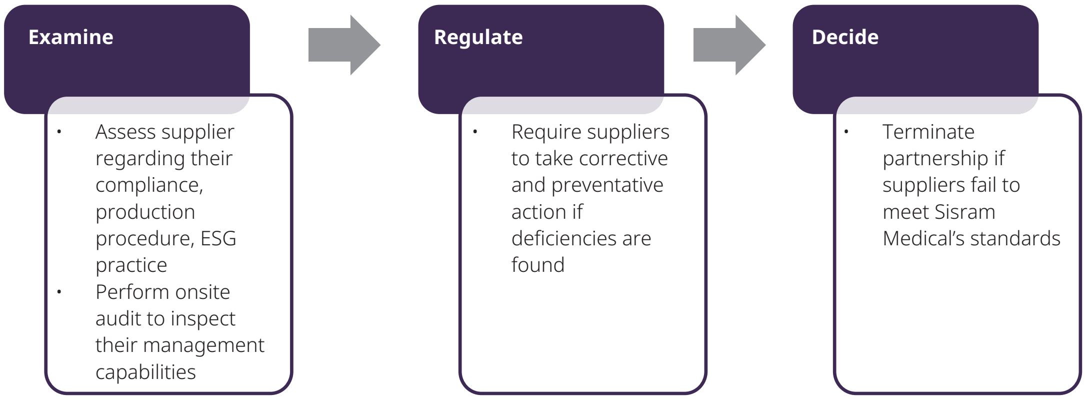
| Establish Policies |
|---|
| • Purchasing Procedures<br>• Terms and Conditions of Supply<br>• Supplier Quality Standards<br>• Quality Agreement Signings |
| **Assess Risks** |
| • Supplier evaluation on quality capabilities<br>• Require suppliers to fill in a quality evaluation questionnaire |
| **Monitor and Manage Performance** |
| • Incoming inspection<br>• Functional test in production<br>• Conduct supplier on-site audits<br>• Develop and confirm progress on corrective action plan |

We actively participate in the supply chain management to enhance the quality of our suppliers. As part of the supplier admission process, we require suppliers to provide relevant documentation, such as business licenses, quality management system certifications (e.g., ISO 9001, ISO 13485), product compliance certificates, environmental and social responsibility commitments, material safety data sheets (MSDS), and past performance records. These documents help us ensure supplier compliance with regulatory and quality standards before approval.

Supplier performance is assessed through two main mechanisms. First, an annual supplier performance review evaluates key metrics such as on-time delivery (OTD) and yield. Second, a Quality Bias Review (QBR) is conducted with the supplier, covering business performance and quality aspects. These assessments help us continuously monitor and improve supplier performance.

During the cooperation, we assess all suppliers regarding their compliance, product quality and production procedures. We set a baseline for supplier evaluation and actively communicate the evaluation results with them, placing suppliers whose evaluation is below 2 points (out of 5 points) on probation and requiring them to implement a rectification plan until they complete the rectification and pass the additional evaluation.

**Supplier Assessment**




Sisram Medical attaches great importance to the sustainability performance of our suppliers, and firmly resists ESG risks in the supply chain to prevent the adverse impacts on our stakeholders. To this end, the Group conducts *Supplier/Subcontractor Quality Questionnaires* and onsite audits to review their ESG performance. All suppliers are required to specify in the questionnaire that their products are in compliance with ESG-related standards and principles, and are asked to update their compliance status on a regular basis. During the reporting period, we conducted ESG performance evaluation on 72 suppliers. 68 suppliers are qualified, 4 suppliers are not qualified. For those unqualified suppliers, we highly recommend them to take corrective actions and improve their ESG performance.

**Examples of Supplier Environmental and Social Requirements**

| | |
|---|---|
| **Environmental Aspect** | • Compliance with environmental laws and regulations<br>• Environmental policies, practices, and expectations are communicated to all employees and suppliers in local appropriate language<br>• Annual environmental performance review<br>• Monitor and track energy consumption<br>• Test air emissions regularly<br>• Program and/or procedure on pollution and waste reduction |
| **Social Aspect** | • Young workers (above the legal minimum age, but under 18 requires protection restrictions) employed in accordance with law<br>• Workers are free to resign from employment at any time (without penalty and with reasonable notice)<br>• A written corporate responsibility policy or statement of commitment to define its approach to labor, health, and safety standards<br>• A management representative assigned that is responsible for assuring compliance with labor, health and safety laws, regulations and codes |

On the basis of ensuring supply chain quality and ESG performance, we seek to enhance the stability and resilience of our supply chain. By optimizing delivery methods, signing forward contracts and other measures, we can effectively reduce the uncertainty of price fluctuations and delivery time, so as to avoid the risk of supply interruption.

## 4.4 Ethical Business Conduct

### *Anti-Corruption*

Sisram Medical maintains strict compliance with all applicable anti-corruption laws and regulations across every operating region. We have formulated *Employee Code of Conduct* and *Anti-corruption and Bribery Policy*, which establish core ethical guidelines and expressly prohibit bribery or any improper solicitation of benefits, mandating that all employees acknowledge and commit to these standards upon commencement of employment.

We recognize that effective compliance requires ongoing policy refinement. Therefore, we conduct regular reviews of our internal policies and implement necessary updates based on operational developments, ensuring continuous alignment with evolving legal and regulatory requirements.

We have established a reporting mechanism and no retaliation policy within our *Employee Code of Conduct*, encouraging employees to report any apparent or potential violations of laws, regulations and company policies in the Group's business operations. Employees may submit reports anonymously through designated channels, with their personal information kept strictly confidential. Any retaliation against employees who report concerns or cooperate in investigations is strictly prohibited. All retaliatory allegations are taken seriously and will be investigated, and confirmed retaliation will result in disciplinary action.

**Complaints and Whistle-blowing Management Procedure**


1. Confirm the receipt of reports or complaints from employees regarding unlawful conduct.
2. Human Resources and the Legal department step in and initiate a thorough investigation in the event such complaints are brought to the attention of members of management.
3. The report of inappropriate conduct is confirmed through investigation, and feedback is made to the Group's management.
4. The Group management formulate and implement remedial actions to put a halt to any such conduct, as well as to prevent its recurrence.

We seek to enhance the anti-corruption awareness of all employees through continuous education and training. To this end, all new hires are required to complete business ethics training upon onboarding, ensuring an immediate understanding of our values and Code of Conduct. For existing employees, mandatory periodic training on the *Employee Code of Conduct* is conducted to reinforce ethical standards and vigilance against potential violations.

During the reporting period, Sisram Medical is not aware of any non-compliance or legal cases raised by violation of relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

### *Compliance*

Our commitment to compliance is deeply embedded in the Group's culture and operations, and we are strictly complying with the laws, regulations and related requirements. We have established clear policies and standards, providing practical guidance and resource support to all employees, including the Board and senior management, aiming to create a positive and healthy compliance environment. We also have a top-down compliance management structure, with the Board of Directors as an important role in overseeing compliance related work and responsible for promoting the construction of a compliance culture at the highest level, ensuring that the concept of compliance is deeply rooted in the Group.

To proactively manage risk, we maintain a comprehensive internal audit procedure that identifies potential issues and triggers timely remediation. Furthermore, we encourage all employees to actively report concerns through our whistleblower communication channel, reinforcing a culture of integrity and contributing to a sustainable operating environment.

During the reporting period, no fines or monetary sanctions for non-compliance were levied against Sisram Medical.

## ESG DATABOOK

### Compliance

| Aspect | Main laws and regulations identified by jurisdictions |
|---|---|
| **Environmental Protection** | **Israel:** *Packaging Law (Packaging Management Law) 2011.*<br>**PRC:** *Environmental Protection Law of the PRC, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes, Energy Conservation Law of the PRC, Directory of National Hazardous Wastes 2021, Regulation on the Safety Management of Hazardous Chemicals, Provisions on the Supervision and Administration of Occupational Health at Work Sites.*<br>**U.S.:** *Environmental Protection Act, etc.*<br>**India:** *Environment Protection Act 1986, Wildlife (Protection) Act 1972, Forests (Conservation) Act 1980, Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act 1981, The Indian Forest Act, 1927, E-Waste (Management) Rules, 2022.*<br>**EU:** *German Environmental Protection Act (Bundes-Immissionsschutzgesetz), Austrian Environmental Protection Act, Umweltschutzgesetz (Environmental Protection Act), etc.*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |
| **Employment** | **Israel:** *The Israeli Severance Pay Law, The Employment of Women Law, The Sick Pay Law, The Annual Leave Law, Minimum Wage Law, Law for the Protection of employees in time of War (Amendment No. 5- "Haravot Barzel" War),2023, Law on increasing credit points for parents in income tax and increasing work grant,2023, etc.*<br>**PRC:** *Labor Contract Law of the PRC, Labor Law of the PRC, Regulation of Shanghai Municipality on Labor Contract, Regulations on Paid Annual Leave for Employees, Notice of the General Office of the State Council on the Arrangement of Public Holidays in 2025, etc.*<br>**U.S.:** *Title VII of the Civil Rights Act of 1964, Age Discrimination in Employment Act, Fair Labor Standards Act, etc.*<br>**India:** *Employees Compensation Act 1923, The Payment of Wages Act 1926, The Maternity Benefit Act 1970, Employees Provident Funds and Miscellaneous provision Act 1952, The Payment of Gratuity Act, 1972, Employee State Insurance Act (ESIC).*<br>**EU:** *Buergerliches Gesetzbuch (German Civil Code), Bundesurlaubsgesetz (National Vacation Law), Obligationenrecht (OR, Code of Obligations), Arbeitsgesetz (Labor law), etc.*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |
| **Child Labor and Forced Labor** | **Israel:** *Youth Labor Law 1953 and its Amendment No.21,2023.*<br>**U.S.:** *Fair Labor Standards Act, various relevant state laws.*<br>**India:** *Child and Adolescent Labor (Prohibition and Regulation) Act 1986, Juvenile Justice (Care and Protection) of Children Act 2000.*<br>**EU:** *Charter of Fundamental Rights of the European Union, Art. 32: Prohibition of Child Labor and Protection of Young People in the Workplace, Jugendarbeitsschutzgesetz (Youth Employment Protection Act).*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |

| Aspect | Main laws and regulations identified by jurisdictions |
|---|---|
| Occupational Health and Safety | **Israel:** *The Israeli Work Safety Ordinance (New Version) 1970, The Labor Inspection (Organization) Law 1954, The Safety at Work Regulations (Safety Glasses) 1947, Regulations of the Labor Supervision Organization (Provision of Information and Employee Training) 1999, Safety at Work (Occupational Hygiene and Safety Dealing with Laser Radiation) Regulations 2005, etc.*<br>**PRC:** *Labor Law of the PRC, Law of the PRC on the Prevention and Control of Occupational Diseases, etc.*<br>**U.S.:** *Occupational Safety and Health Act.*<br>**India:** *The Factories Act, 1948, The Contract Labor (Regulation & Abolition), Mines Act 1952, Dock Workers Act 1986, Contract Labor Act 1970, Inter-State Migrant Workers Act 1979, etc.*<br>**EU:** *Arbeitsschutzgesetz (Labor Protection Law), Unfallverhuetungsvorschift (Accident Prevention Regulation), Arbeitsgesetz (Labor law), etc.*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |
| Product Quality Assurance | **Israel:** *Medical Device Law 2012, The Medical Device (Medical Device Registration and Renewal) Regulations 2013, The Israeli Public Health Regulations (Clinical Trials in Human Subjects), Safety at Work (Occupational Hygiene and Safety Dealing with Laser Radiation) Regulations 2005, etc.*<br>**PRC:** *Regulations on Supervision and Administration of Medical Devices, Measures for the Supervision and Administration of Medical Devices, Measures for the Administration of Medical Device Adverse Event Monitoring and Re-evaluation, etc.*<br>**U.S.:** *510 (K) clearance, Radiation Control Provisions, etc.*<br>**India:** *Grading and Marking Act 1937, ISI (Certification Mark) Act 1952, The Food Safety and Standards Act (FSS) 2006, Export (Quality Control and Inspection) Act 1963, etc.*<br>**EU:** *CE Marking, the Medical Device Regulation (MDR) and Medizinprodukterecht-Durchführungsgesetz (MPDG), Medical Devices Implementation Act, Austrian Trade Law (Gewerberecht), Medizinprodukteverordnung (MepV,Medical Devices Ordinance), etc.*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |
| Intellectual Property | **Israel:** *The Patents Law 1967, The Trade Marks Ordinance 1972, The Copyright Law 2007, The Patents and Designs Ordinance 1924, etc.*<br>**PRC:** *Patent Law of the PRC, The Trademark Law of the PRC, etc.*<br>**U.S.:** *Copyright Act, Patent Act, etc.*<br>**India:** *The Copyright Act 1957, The Patents Act 1970, The Designs Act 2000, etc.*<br>**EU:** *German Copyright Law (Urheberrechtsesetz), European Patent Convention, European Union Trade Mark Regulation, Urheberrechtsgesetz (URG, Copyright Act).*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |
| Product Labelling | **PRC:** *Provisions on the Administration of Instructions and Labels of Medical Devices.*<br>**U.S.:** *Federal Trade Commission Act, etc.*<br>**India:** *Food Safety and Standards Act 2006, The Legal Metrology Act 2009, Legal Metrology (Packaged Commodities) Rules 2011.*<br>**EU:** *EU MDD 93/42/EEC, Medical Device Regulation (MDR), Medizinprodukteverordnung (MepV,Medical Devices Ordinance), etc.*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |

| Aspect | Main laws and regulations identified by jurisdictions |
|---|---|
| **Product Advertising** | **Israel:** *Consumer Protection Law 1981 and its amendment No.65,2023 and Amendment No.66,2023.*<br>**PRC:** *Advertising Law of the People's Republic of China.*<br>**U.S.:** *Federal Trade Commission Act.*<br>**India:** *Code for Self-Regulation in Advertising, Drugs and Magic Remedies (Objectionable Advertisements) Act 1954.*<br>**EU:** *Gesetz gegen unlauteren Wettbewerb (Act against Unfair advertising Practices, Bundesgesetz gegen den unlauteren Wettbewerb (UWG, Federal law against unfair competition).*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |
| **Customer Data Protection and Privacy** | **Israel:** *Consumer Protection Law 1981 and its Amendment No.65, 2023 and Amendment No.66, 2023.*<br>**PRC:** *The Law of the PRC on the Protection of Rights and Interests of Consumers.*<br>**U.S.:** *Fair Credit Reporting Act, etc.*<br>**India:** *Information Technology Act 2000, Indian Penal Code 1860.*<br>**EU:** *Bundes-Datenschutzgesetz (German Data Protection Act), European Data Protection Convention, Bundesgesetz über den Datenschutz (revDSG, Swiss Federal Act on Data Protection), etc.*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |
| **Anti-Corruption** | **U.S.:** *Foreign Corrupt Practices Act.*<br>**India:** *Prevention of Corruption Act 1988, The Benami Transactions (Prohibition) Act 1988, Indian Penal Code 1860, The Prevention of Money Laundering Act 2002.*<br>**EU:** *Bundes Anti Korruptionsgesetz (German Anti-Corruption Law), Anti Korruptions Verordnung (Anti-Corruption Act), United Nations Convention against Corruption.*<br>**International conventions:** *UN Convention against Corruption (UNCAC), OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.*<br>**Other jurisdictions:** *the Group adheres to relevant local laws in regulations.* |

During the reporting period, there were no reported major violations of the laws and regulations mentioned above with respect to environmental protection (including those relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste); employment; child labor and forced labor; occupational health and safety; product responsibility (health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress); and bribery, extortion, fraud, money laundering and other corruption-related aspects.

## Environment[1]

| | Indicator | Unit | 2023 | | 2024 | | 2025 | |
|---|---|---|---|---|---|---|---|---|
| | | | Alma Lasers | Sisram Medical | Alma Lasers | Sisram Medical | Alma Lasers | Sisram Medical[2] |
| Energy | Total diesel fuel consumed by the Group's motor vehicles | Liters | 82,563.00 | 59.75 | 80,258.64 | 40.00 | 88,141.75 | 20.00 |
| | Total gasoline consumed by the Group's motor vehicles | Liters | 137,029.00 | 650.05 | 132,509.99 | 347.64 | 146,281.62 | 209.81 |
| | Total purchased electricity consumption | MWh | 1,639.59 | 323.73 | 1,651.73 | 319.23 | 1,807.95 | 172.36 |
| | Electricity consumption intensity | kWh/ US$1,000 of sales | 4.73 | 24.93 | 4.83 | 43.36 | 5.10 | 16.09 |
| Water | Total water consumption | Tons | 3,670.70 | 938.05 | 4,607.40 | 1,308.00 | 5,395.24 | 659.00 |
| | Water consumption intensity | kg/ US$1,000 of sales | 10.60 | 72.25 | 13.48 | 177.64 | 15.21 | 61.51 |
| Packaging Materials | Total packaging material used | Tons | 259.53 | 10.72 | 198.01 | 9.92 | 187.90 | 10.03 |
| | Packaging material consumption intensity | kg/ US$1,000 of sales | 0.75 | 0.83 | 0.58 | 1.35 | 0.53 | 0.94 |
| | Total amount of packaging materials recycled | Tons | 29.12 | 0.00 | 38.65 | 0.00 | 29.18 | 0.00 |
| Air Emissions[3] | NOx emissions | g | 190,150.85 | 787.43 | 154,363.71 | 495.06 | 162,106.72 | 274.34 |
| | SOx emissions | g | 3,343.59 | 10.52 | 3,240.06 | 5.75 | 3,569.42 | 3.41 |
| | PM emissions | g | 14,000.40 | 57.98 | 11,365.47 | 36.45 | 11,935.57 | 20.20 |
| GHG Emissions | GHG emissions (Scope 1)[4] | $tCO_2$-eq | 532.32 | 1.56 | 515.89 | 0.86 | 568.28 | 0.54 |
| | GHG emissions (Scope 2)[5] | $tCO_2$-eq | 1,242.54 | 184.62 | 1,250.01 | 171.30 | 1,346.40 | 91.45 |
| | Total GHG emissions (Scope 1 & Scope 2) | $tCO_2$-eq | 1,774.87 | 186.19 | 1,765.90 | 172.16 | 1,914.68 | 91.99 |
| | GHG emissions intensity | $kgCO_2$-eq/ US$1,000 of sales | 5.13 | 14.34 | 5.17 | 23.38 | 5.40 | 8.59 |
| Hazardous Waste | Total discharge of hazardous waste | Tons | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Hazardous waste intensity | g/US$1,000 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Hazardous Waste | Total discharge of non-hazardous waste | Tons | 22.69 | 0.60 | 27.97 | 0.66 | 21.60 | 0.58 |
| | Non-hazardous waste intensity | g/US$1,000 | 65.53 | 46.21 | 81.85 | 89.64 | 60.89 | 53.77 |
| | Total office paper recycled | Tons | 0.33 | 0.00 | 0.97 | 0.00 | 0.96 | 0.00 |

1. The reporting scope of Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK, Alma Thailand and Sisram Medical Ltd. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. The decrease in Sisram Medical's reported environmental data in 2025 is due to the transfer of all operational activities from Sisram Medical Ltd to Alma Lasers.

3. The calculation is based on factors stated in the How to Prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs published by HKEx in December 2024.

4. The calculations of GHG emissions (Scope 1) for Alma Lasers and Sisram Medical are based on factors stated in the GHG Emissions from Transport or Mobile Sources published by WRI (5/2015), while emission factors for Mainland China are derived with reference to the Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework issued by HKEx in April 2024.

5. The calculations of GHG emissions (Scope 2) for Alma Lasers and Sisram Medical are based on factors stated in the GHG Emissions from Stationary Combustion published by WRI (5/2015). 0.5703 $tCO_2$/MWh released by the Ministry of Ecology and Environment of China in February 2023 was selected as the emission factor for purchased electricity in Mainland China in 2023. With reference to the Announcement of the Ministry of Ecology and Environment of China and the National Bureau of Statistics on the Release of $CO_2$ Emission Factors for Electricity in 2022 (12/2024), 0.5366 $tCO_2$/MWh was selected as the emission factor for purchased electricity in Mainland China in 2024. With reference to the Announcement of the Ministry of Ecology and Environment of China and the National Bureau of Statistics on the Release of $CO_2$ Emission Factors for Electricity in 2023 (12/2025), 0.5306 $tCO_2$/MWh was selected as the emission factor for purchased electricity in Mainland China in 2025.

## Employee Rights and Benefits[1]

| Indicator | | Unit | 2023 Alma Lasers | 2023 Sisram Medical | 2024 Alma Lasers | 2024 Sisram Medical | 2025 Alma Lasers | 2025 Sisram Medical |
|---|---|---|---|---|---|---|---|---|
| Total number of employees | | No. of ppl | 969 | 111 | 936 | 79 | 958 | 89 |
| Gender | Male | No. of ppl | 586 | 64 | 569 | 42 | 580 | 43 |
| | Female | No. of ppl | 383 | 47 | 367 | 37 | 378 | 46 |
| Age Group | <30y | No. of ppl | 157 | 20 | 171 | 6 | 118 | 4 |
| | 30–50y | No. of ppl | 678 | 84 | 617 | 68 | 671 | 78 |
| | >50y | No. of ppl | 134 | 7 | 148 | 5 | 169 | 7 |
| Employment type | Full-time | No. of ppl | 953 | 110 | 921 | 79 | 944 | 88 |
| | Part-time | No. of ppl | 16 | 1 | 15 | 0 | 14 | 1 |
| Geographical region | Israel | No. of ppl | 387 | 8 | 377 | 0 | 392 | 1 |
| | U.S. | No. of ppl | 227 | 0 | 213 | 0 | 207 | 0 |
| | Germany, Austria & Switzerland | No. of ppl | 48 | 0 | 46 | 0 | 39 | 0 |
| | India | No. of ppl | 51 | 0 | 49 | 0 | 46 | 0 |
| | Australia | No. of ppl | 20 | 0 | 20 | 0 | 23 | 0 |
| | South Korea | No. of ppl | 9 | 0 | 8 | 0 | 7 | 0 |
| | China Mainland | No. of ppl | 182 | 103 | 164 | 79 | 170 | 88 |
| | Hong Kong | No. of ppl | 7 | 0 | 7 | 0 | 6 | 0 |
| | Thailand | No. of ppl | 0 | 0 | 6 | 0 | 12 | 0 |
| | Japan | No. of ppl | 10 | 0 | 17 | 0 | 19 | 0 |
| | UK | No. of ppl | 17 | 0 | 19 | 0 | 25 | 0 |
| | UAE | No. of ppl | 11 | 0 | 10 | 0 | 12 | 0 |
| Total employee turnover rate[2] | | % | 14.86 | 53.15 | 23.08 | 44.30 | 21.61 | 23.60 |
| Gender | Male | % | 14.16 | 51.56 | 23.55 | 50.00 | 20.86 | 23.26 |
| | Female | % | 15.93 | 55.32 | 22.34 | 37.84 | 22.75 | 23.91 |
| Age Group | <30y | % | 22.93 | 75.00 | 35.67 | 116.67 | 30.51 | 125.00 |
| | 30–50y | % | 14.16 | 47.62 | 21.07 | 35.29 | 20.57 | 20.51 |
| | >50y | % | 8.96 | 57.14 | 16.89 | 80.00 | 19.53 | 0.00 |
| Geographical region | Israel | % | 13.18 | 12.50 | 16.71 | 0.00 | 14.29 | 0.00 |
| | U.S. | % | 28.19 | 0.00 | 29.11 | 0.00 | 43.00 | 0.00 |
| | Germany, Austria & Switzerland | % | 27.08 | 0.00 | 28.26 | 0.00 | 20.51 | 0.00 |
| | India | % | 11.76 | 0.00 | 22.45 | 0.00 | 21.74 | 0.00 |
| | Australia | % | 45.00 | 0.00 | 55.00 | 0.00 | 47.83 | 0.00 |
| | South Korea | % | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 0.00 |
| | China Mainland | % | 0.00 | 56.31 | 23.17 | 44.30 | 9.41 | 23.86 |
| | Hong Kong | % | 0.00 | 0.00 | 14.29 | 0.00 | 33.33 | 0.00 |
| | Thailand | % | 0.00 | 0.00 | 0.00 | 0.00 | 8.33 | 0.00 |
| | Japan | % | 0.00 | 0.00 | 52.94 | 0.00 | 31.58 | 0.00 |
| | UK | % | 5.88 | 0.00 | 31.58 | 0.00 | 20.00 | 0.00 |
| | UAE | % | 0.00 | 0.00 | 20.00 | 0.00 | 16.67 | 0.00 |

1. The reporting scope of Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK, Alma Thailand and Sisram Medical Ltd. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. Total employee turnover rate = Total employee turnover/Number of employees.

## Occupational Health and Safety[1]

| Indicator | Unit | 2023 Alma Lasers | 2023 Sisram Medical | 2024 Alma Lasers | 2024 Sisram Medical | 2025 Alma Lasers | 2025 Sisram Medical |
|---|---|---|---|---|---|---|---|
| Number of work-related fatalities in past three years | No. of ppl | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost days due to work-related injury[2] | No. of days | 62 | 280 | 50 | 360 | 180 | 13 |

1. The reporting scope of Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK, Alma Thailand and Sisram Medical Ltd. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. The elevated number of absence days in 2025 was attributable to a work-related injury. An employee experienced a workplace incident that required an extended recovery period, resulting in a prolonged absence from work during the year.

## Development and Training[1]

| Indicator | | Unit | 2023 Alma Lasers | 2023 Sisram Medical | 2024 Alma Lasers | 2024 Sisram Medical | 2025 Alma Lasers | 2025 Sisram Medical |
|---|---|---|---|---|---|---|---|---|
| Percentage of employees who received training | | % | 66.67 | 98.20 | 53.21 | 100.00 | 75.99 | 100.00 |
| Gender | Male | % | 63.65 | 98.44 | 50.79 | 100.00 | 71.72 | 100.00 |
| | Female | % | 71.28 | 97.87 | 56.95 | 100.00 | 82.54 | 100.00 |
| Employee category | Senior | % | 70.00 | 66.67 | 80.26 | 100.00 | 90.80 | 100.00 |
| | Middle-level | % | 40.00 | 100.00 | 54.84 | 100.00 | 92.47 | 100.00 |
| | Supervisory-level | % | 82.86 | 100.00 | 50.00 | 100.00 | 81.58 | 100.00 |
| | General | % | 69.28 | 98.78 | 50.35 | 100.00 | 71.89 | 100.00 |
| Average training hours completed per employee by gender and employee category[2] | | Hour | 5.36 | 10.50 | 3.04 | 6.53 | 3.19 | 16.01 |
| Gender | Male | Hour | 5.26 | 11.68 | 2.80 | 7.33 | 2.35 | 19.23 |
| | Female | Hour | 5.51 | 8.89 | 3.41 | 5.62 | 4.47 | 13.00 |
| Employee category | Senior | Hour | 10.32 | 7.17 | 6.72 | 5.00 | 4.83 | 14.40 |
| | Middle-level | Hour | 1.34 | 8.16 | 2.33 | 4.64 | 3.62 | 17.21 |
| | Supervisory-level | Hour | 11.31 | 4.50 | 3.89 | 4.50 | 10.53 | 7.14 |
| | General | Hour | 5.04 | 11.41 | 2.68 | 7.25 | 2.56 | 16.86 |

1. The reporting scope of Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK, Alma Thailand and Sisram Medical Ltd. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. Average training hours completed per employee = Total number of training hours received by employees/Number of employees.

## Supply Chain[1]

| Indicator | | Unit | 2023 Alma Lasers | 2023 Sisram Medical | 2024 Alma Lasers | 2024 Sisram Medical | 2025 Alma Lasers | 2025 Sisram Medical |
|---|---|---|---|---|---|---|---|---|
| Total number of suppliers | | No. | 431 | 50 | 618 | 98 | 654 | 99 |
| Geographical region | MENA (Middle East & North Africa) | No. | 253 | 2 | 435 | 4 | 461 | 3 |
| | Europe | No. | 83 | 1 | 89 | 6 | 88 | 7 |
| | North America | No. | 50 | 0 | 50 | 1 | 53 | 2 |
| | China | No. | 35 | 44 | 35 | 84 | 41 | 83 |
| | Asia Pacific (except China) | No. | 10 | 3 | 9 | 3 | 11 | 4 |
| Number of suppliers received assessment on environment, labor and social compliance | | No. | 15 | 43 | 13 | 54 | 16 | 56 |
| Number of suppliers passed assessment on environment, labor and social compliance | | No. | 13 | 43 | 10 | 54 | 12 | 56 |

1. The reporting scope of Alma Lasers included Alma Israel, and the reporting scope of Sisram Medical included Sisram Medical Ltd, Foshion and Xingyuanda.

## Product Liability[1]

| Indicator | Unit | 2023 Alma Lasers | 2023 Sisram Medical | 2024 Alma Lasers | 2024 Sisram Medical | 2025 Alma Lasers | 2025 Sisram Medical |
|---|---|---|---|---|---|---|---|
| Percentage of total products recalled due to safety and health reasons | % | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of products and service-related complaints received[2] | No. | 11,591 | 522 | 17,968 | 575 | 26,476 | 396 |
| Percentage of products & services related complaints handled by the company | % | 100 | 100 | 100 | 100 | 100 | 100 |

1. The reporting scope of Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK and Alma Thailand. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. The increase in complaints during 2025 was primarily driven by the growth of the overall installed base, the inclusion of additional subsidiaries (Alma Australia and Alma Hong Kong) in the reporting system, and strong sales growth of the Alma Harmony platform in the US.

### Anti-corruption[1]

| Indicator | Unit | 2023 Alma Lasers | 2023 Sisram Medical | 2024 Alma Lasers | 2024 Sisram Medical | 2025 Alma Lasers | 2025 Sisram Medical |
|---|---|---|---|---|---|---|---|
| Percentage of the Board of Directors trained in anti-corruption[2] | % | | 0.00 | | 0.00 | | 33.33 |
| Average training hours about anti-corruption received by the Board of Directors[3] | Hour | | 0.00 | | 0.00 | | 1.00 |
| Percentage of employees trained in anti-corruption[2] | % | 0.00 | 43.24 | 0.00 | 49.37 | 0.00 | 62.92 |
| Average training hours about anti-corruption received by all employees[3] | Hour | 0.00 | 2.26 | 0.00 | 1.35 | 0.00 | 1.06 |
| Number of concluded legal cases regarding corrupt practices brought against the Group or its employees | No. | 0 | 0 | 0 | 0 | 0 | 0 |

1. The reporting scope of Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK and Alma Thailand. The reporting scope of Sisram Medical included Xingyuanda, Sisram Tianjin, and Foshion.

2. Percentage of the Board of Directors trained in anti-corruption = Number of Board of Directors trained in anti-corruption/Number of directors; Percentage of the employees trained in anti-corruption = Number of employees trained in anti-corruption/Number of employees.

3. Average training hours about anti-corruption received by the Board of Directors = Total training hours about anti-corruption received by the Board of Directors/Number of directors; Average training hours about anti-corruption received by employees = Total training hours about anti-corruption received by employees/Number of employees.

### Community Investment[1]

| Indicator | | Unit | 2023 Alma Lasers | 2023 Sisram Medical | 2024 Alma Lasers | 2024 Sisram Medical | 2025 Alma Lasers | 2025 Sisram Medical |
|---|---|---|---|---|---|---|---|---|
| Total investment on community engagement work | | USD | 3,719 | 0 | 7,167 | 0 | 8,500 | 0 |
| Corporate Charitable Donations Made | | USD | 2,089 | 0 | 4,854 | 0 | 2,815 | 0 |
| Focus Area | Education | USD | 0 | 0 | 0 | 0 | 0 | 0 |
| | Environmental Concerns | USD | 0 | 0 | 0 | 0 | 0 | 0 |
| | Social Welfare | USD | 2,394 | 0 | 7,167 | 0 | 7,106 | 0 |
| | Health | USD | 0 | 0 | 0 | 0 | 0 | 0 |
| | Culture & Sport | USD | 0 | 0 | 0 | 0 | 0 | 0 |
| | Other | USD | 1,325 | 0 | 0 | 0 | 1,394 | 0 |
| Average hours contributed to community engagement work by employees[2] | | Hour | 3.87 | 0.00 | 5.58 | 0.00 | 5.47 | 0.00 |

1. The reporting scope of Alma Lasers included Alma Israel, Alma GmbH, Alma US, Alma India, Alma HK and Alma Thailand. The reporting scope of Sisram Medical included Sisram Tianjin, Xingyuanda and Foshion.

2. Average hours contributed to community engagement work by employee s= Total hours contributed to community engagement work by employees/Total number of employees contributed to community engagement work.

## ESG REPORTING GUIDE CONTENT INDEX

| PART B: Mandatory Disclosure Requirements | |
|---|---|
| **Mandatory disclosure** | **Relevant chapters in Report** |
| Governance Structure | 1.2 ESG Governance Structure |
| Reporting Principle | About This Report |
| Reporting Scope | About This Report |

**PART C: "Comply or explain" Provisions**

| Subject Areas, Aspects, General Disclosures and KPIs | Relevant chapters in Report |
|---|---|
| **A. Environment** | |
| **A1. Emissions** | 2.1 Emissions and Waste Management ESG Databook |
| A1.1 | ESG Databook |
| A1.2 | Repealed 1 January 2025 |
| A1.3<br>A1.4 | ESG Databook |
| A1.5<br>A1.6 | 2.3 Climate Change |
| **A2. Use of Resources** | 2.2 Use of resources ESG Databook |
| A2.1<br>A2.2 | ESG Databook |
| A2.3<br>A2.4<br>A2.5 | 2.2 Use of resources ESG Databook |
| **A3. The Environment and Natural Resources**<br>A3.1 | 2.2 Use of Resources |
| **A4. Climate Change**<br>A4.1 | Repealed 1 January 2025 |
| **B. Social** | |
| **Employment and Labor Practices** | |
| **B1. Employment** | 3.1 Employee Right and Benefit<br>3.2 Inclusion and Diversity |
| B1.1<br>B1.2 | ESG Databook |
| **B2. Health and Safety** | 3.4 Occupational Health and Safety |
| B2.1<br>B2.2 | ESG Databook |
| B2.3 | 3.4 Occupational Health and Safety |
| **B3. Development and Training** | 3.3 Development & Training |
| B3.1<br>B3.2 | ESG Databook |
| **B4. Labor Standards**<br>B4.1<br>B4.2 | 3.1 Employee Right and Benefit |
| **Operation practices** | |
| **B5. Supply Chain Management** | 4.3 Supply Chain Management |
| B5.1<br>B5.2 | ESG Databook |
| B5.3<br>B5.4 | 4.3 Supply Chain Management |
| **B6. Product Responsibility** | 4.1 Product Stewardship<br>4.2 Cultivating Good Customer Relationship ESG Databook |
| B6.1<br>B6.2 | 4.1 Product Stewardship ESG Databook |
| B6.3<br>B6.4 | 4.1 Product Stewardship |
| B6.5 | 4.2 Cultivating Good Customer Relationship |
| **B7. Anti-corruption**<br>B7.1<br>B7.2<br>B7.3 | 4.4 Ethical Business Conduct ESG Databook |
| **Community** | |
| **B8. Community Investment**<br>B8.1<br>B8.2 | 3.5 Community Investment ESG Databook |

| PART D: Climate-related Disclosures | | |
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| **Risk Management** | | |
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| Greenhouse gas emissions | 28 | ESG Databook |
| | 29 | ESG Databook |
| Climate-related transition risks | 30 | 2.3 Climate Change |
| Climate-related physical risks | 31 | 2.3 Climate Change |
| Climate-related opportunities | 32 | Reasonable Information Relief |
| Capital deployment | 33 | 2.3 Climate Change |
| Internal carbon prices | 34 | 2.3 Climate Change |
| Remuneration | 35 | 2.3 Climate Change |
| Industry-based metrics | 36 | Not applicable |
| Climate-related targets | 37 | 2.3 Climate Change |
| | 38 | 2.3 Climate Change |
| | 39 | 2.3 Climate Change |
| | 40 | 2.3 Climate Change |
| Applicability of cross-industry metrics and industry-based metrics | 41 | Not applicable |

## DIRECTORS

### Executive Directors

Mr. Lior Moshe DAYAN *(Chairman, appointed as a Chairman on January 1, 2026)*
Mr. Jiahong LI (李家宏) *(Co-Chief Executive Officer, Chief Financial Officer, appointed as an executive Director on March 19, 2025)*
Mr. Yi LIU (劉毅) *(ceased to be an executive Director on January 1, 2026)*

### Non-executive Directors

Mr. Yi LIU (劉毅) *(redesignated as a non-executive Director on January 1, 2026)*
Ms. Rongli FENG (馮蓉麗)
Ms. Caroline Xiaokui JIN *(appointed as a non-executive Director on January 1, 2026)*
Mr. Yifang WU (吳以芳) *(ceased to be a non-executive Director on January 1, 2026)*

### 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)*
Ms. Jenny CHEN (陳怡芳)
Mr. Kai Yu Kenneth LIU (廖啟宇) *(appointed on June 24, 2025)*
Mr. Chi Fung Leo CHAN (陳志峰) *(ceased to be a member on June 24, 2025)*

## NOMINATION COMMITTEE

Mr. Lior Moshe DAYAN *(Chairman, appointed on January 1, 2026)*
Mr. Yi LIU (劉毅) *(ceased to be the chairman and appointed as a member on January 1, 2026)*
Mr. Heung Sang Addy FONG (方香生)
Mr. Chi Fung Leo CHAN (陳志峰) *(ceased to be a member on June 24, 2025 and appointed as a member on January 1, 2026)*
Ms. Jenny CHEN (陳怡芳) *(appointed as a member on June 24, 2025)*

## REMUNERATION COMMITTEE

Mr. Chi Fung Leo CHAN (陳志峰) *(Chairman)*
Ms. Rongli FENG (馮蓉麗) *(appointed on January 1, 2026)*
Mr. Kai Yu Kenneth LIU (廖啟宇) *(appointed on June 24, 2025)*
Mr. Yi LIU (劉毅) *(ceased to be a member on January 1, 2026)*
Mr. Heung Sang Addy FONG (方香生) *(ceased to be a member on June 24, 2025)*

## COMPANY SECRETARY

Ms. Qianli Fang (方前厲)

## AUTHORIZED REPRESENTATIVES

Mr. Lior Moshe DAYAN
Ms. Qianli Fang (方前厲)

## HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN ISRAEL

Ofek Building 15
HaHarash Street 18
Industrial Park
Caesarea 3079895
Israel

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1917, 19/F
Lee Garden One
33 Hysan Avenue, Causeway Bay
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*
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

## HONG KONG LEGAL ADVISER

Freshfields
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 annual report, the following expressions have the meanings set out below unless the context requires otherwise.

| | |
|---|---|
| **"2021 RSU Scheme"** | the restricted share units scheme of the Company adopted by the Directors on September 9, 2021 and approved by the Shareholders on November 30, 2021 |
| **"AGM" or "Annual General Meeting"** | the annual general meeting of the Company |
| **"Alma" or "Alma Lasers"** | Alma Lasers Ltd., a company incorporated in Israel with limited liability, a wholly-owned subsidiary of the Company |
| **"Amendment to Sublicense Agreement"** | the amendment to sublicense agreement entered into between Sisram Tianjin and Fosun Industrial on December 15, 2022 to amend certain terms of the Sublicense Agreement |
| **"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 |
| **"Articles of Association"** | the articles of association of the Company currently in force |
| **"AUD"** | Australian Dollars, the lawful currency of Australia |
| **"BLA"** | Biologics License Application |
| **"Board" or "Board of Directors"** | the board of Directors of the Company |
| **"CG Code"** | the Corporate Governance Code |
| **"CML"** | Chindex Medical Limited (美中互利醫療有限公司), a wholly-owned subsidiary of Ample Up |
| **"CML Beijing"** | Chindex (Beijing) International Trade Co. Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of Fosun Pharma |
| **"Commercial Distribution Co-operation Agreement"** | the commercial distribution co-operation agreement entered into between Sisram Tianjin and Fosun Wanbang (Jiangsu) dated September 22, 2025 |
| **"Commercial Distribution Co-Operation Territory"** | Mainland China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of the Commercial Distribution Co-operation Agreement) |
| **"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 |

| | |
|---|---|
| **"Controlling Shareholder"** | has the meaning ascribed thereto under the Listing Rules |
| **"CPD"** | continuous professional development |
| **"Director(s)"** | the director(s) of the Company |
| **"EBD"** | energy based devices |
| **"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 |
| **"Fosun High Tech"** | Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a wholly-owned subsidiary of Fosun International |
| **"Fosun Industrial"** | Fosun Industrial Co., Limited (復星實業(香港)有限公司), a wholly-owned subsidiary of Fosun Pharma |
| **"Fosun International"** | Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange |
| **"Fosun Pharma"** | Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively |
| **"Fosun Pharma Group"** | Fosun Pharma and its subsidiaries (excluding the Group) |
| **"Fosun Pharma Industrial"** | Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.* (上海復星醫藥產業發展有限公司), a company established in the PRC with limited liability and a subsidiary of Fosun Pharma and the sub-licensor of the Sublicense Agreement |
| **"Fosun Wanbang (Jiangsu)"** | Fosun Wanbang (Jiangsu) Health Development Co., Ltd* (復星萬邦(江蘇)健康發展有限公司), a company established in the PRC with limited liability and a subsidiary of Fosun Pharma |
| **"Group", "we", "us" or "our"** | the Company and its subsidiaries |
| **"Head Licensor"** | Revance Therapeutics, Inc., a company listed on NASDAQ (ticker symbol: RVNC) |

| | |
|---|---|
| **"HK$"** | Hong Kong dollars, the lawful currency of Hong Kong |
| **"HKICPA"** | the Hong Kong Institute of Certified Public Accountants |
| **"HKSAs"** | Hong Kong Standards on Auditing |
| **"Hong Kong"** | Hong Kong Special Administration Region of the PRC |
| **"IASB"** | the International Accounting Standards Board |
| **"IFRSs"** | International Financial Reporting Standards |
| **"INR"** | Indian Rupees, the lawful currency of India |
| **"IP"** | Intellectual property |
| **"Latest Practicable Date"** | 16 April 2026, being the latest practicable date for ascertaining the contents set out in this report prior to issue |
| **"Listing", "Global Offering" or "IPO"** | the initial public offering of the Company's shares |
| **"Listing Date"** | September 19, 2017 |
| **"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 |
| **"Non-Compete Deed"** | a non-compete deed dated August 30, 2017 that the Company entered into with Fosun Pharma to ensure a clear delineation between the respective businesses of the Group and the remaining Fosun Pharma Group with effect from the Listing Date |
| **"Participants"** | individuals who participate in the 2021 RSU Scheme, as defined in the rules of the 2021 RSU Scheme |
| **"PRC"** | the People's Republic of China, which for purpose of this annual report only, excludes Hong Kong, Macau Special Administrative Region and Taiwan |

| | |
|---|---|
| **"Product"** | Botulinu toxin type A for injection (DaxibotulinumtoxinA-lanm, with the trademark of 达希斐® in Mainland China and the English trademark of DAXXIFY®, project code RT002) |
| **"R&D"** | research and development |
| **"Regulatory Milestone Payments"** | the regulatory milestone payments payable by Sisram Tianjin directly to the Head Licensor under the Sublicense Agreement |
| **"Related Entity"** | a holding company or fellow subsidiary or associated company of the Company |
| **"Reporting Period"** | the year ended December 31, 2025 |
| **"RF"** | radio frequency |
| **"Royalty Payments"** | the royalty payments payable by Sisram Tianjin to Fosun Pharma Industrial and/or the Head Licensor (as the case may be) as set out in the Sublicense Agreement |
| **"RSU"** | a restricted share unit, being a contingent right to receive Shares which is awarded under the 2021 RSU Scheme |
| **"Sales Milestone Payments"** | the sales milestone payments payable by Sisram Tianjin directly to the Head Licensor under the Sublicense Agreement |
| **"Service Providers"** | an individual consultant, individual independent contractor, or individual self-employed contractor who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group and may include those in R&D, operations, sales and marketing and G&A (but excluding any professional service providers who provide assurance or are required to perform their services with impartiality and objectivity) |
| **"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 HK"** | Sisram Medical HK Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company |

| | |
|---|---|
| **"Sisram Tianjin"** | Sisram Medical (Tianjin) Limited* (復銳醫療科技(天津)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| **"Stock Exchange"** | the Stock Exchange of Hong Kong Limited |
| **"Sublicense"** | the sublicense of rights by Fosun Pharma Industrial to Sisram Tianjin in consideration for the Upfront Payment, the Regulatory Milestone Payments, the Sales Milestone Payments and the Royalty Payments pursuant to the Sublicense Agreement |
| **"Sublicense Agreement"** | the sublicense agreement between Fosun Pharma Industrial and Sisram Tianjin dated October 26, 2022 with respect to the Sublicense |
| **"Supply Framework Agreement"** | the supply framework agreement between Sisram HK and Fosun Wanbang (Jiangsu) dated June 10, 2025 with respect to the supply and purchase of the Product |
| **"Territory"** | China mainland, Hong Kong, and Macao Special Administrative Region |
| **"Upfront Payment"** | the upfront payment payable by Sisram Tianjin to Fosun Pharma Industrial under the Sublicense Agreement |
| **"US$"** | United States Dollars, the lawful currency of the United States |
| **"YOY"** | year over year |

* *For identification purpose only*