



Press release

SHL announces annual results 2020 – a year of accelerating global activities

Tel Aviv / Zurich, 13 April 2021 – SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN) (“SHL” or the “Company”), a leading provider and developer of advanced personal telemedicine solutions, announced today the results for 2020.

2020 was an extraordinary year for all of humanity in dealing with the COVID-19 pandemic. For the telemedicine industry this was a disruptive event that shifted telemedicine to the center of the stage, making it clear that the time for telemedicine is now, and it is turning into standard of care. The company is very experienced in the telemedicine field, with unmatched operational and technological assets. SHL is well positioned, both in the territories in which it is already operating and in the US, and it has an unprecedented opportunity in the coming years to leverage this disruptive event.

Overall, SHL has maintained stability in revenues in 2020 with a positive cash flow¹ and a strong balance sheet at the end of the period. Coping with the pandemic required the company to implement quick measures and solutions to allow the company to continue to operate safely and seamlessly, leading to inefficient changes in the Israeli and German operations that led to increase in operating costs.

Financial highlights 2020:

- **Total revenues for the year² were USD 40.1m, up 1% compared to USD 39.9m in 2019.**
- **Adjusted EBITDA³ was USD 7.1m, compared to USD 7.6m in 2019.**
- **Net profit was USD 0.3m, compared to USD 5.7m in 2019.**
- **Operating free cash flow⁴ was USD 3.5m, compared to USD 8.9m in 2019.**

Developments in core markets

SHL is accelerating its global activities in the territories it is already operating in and in new territories, especially in the US.

In Germany, business experienced some decline in revenues for the year¹ to USD 17.0 million in 2020, resulting mainly from decline in service utilization by one of our institutional payors with whom the engagement ended this year, along with slower recruitment of patients to Chronic Diseases Telehealth Programs due to the pandemic. In contrast, SHL expects a step change in the activity in Germany.

New legislation in Germany, including the Digital Health Act that came into effect July 2020, supports a shift to telemedicine. In December 2020 the Company entered into an agreement for the provision of Doctors' Virtual Visits services to BARMER health insurance company, one of the top leading public health insurance companies in Germany covering about 9 million insured

¹ Operational free cash flow

² Excluding extraordinary income of USD 0.1 million in 2020 and USD 2.0 million in 2019 for prior years

³ EBITDA excluding extraordinary income and expenses and COVID-19 related costs in 2020

⁴ Cash provided from operating activities net of purchase of property and equipment and investments in intangible assets



lives. Also in December 2020, the company acquired Jumedo GmbH, a developer of Digital Health technologies, which will strengthen the position of our German business as a leader in the rapidly growing telemedicine market in Germany.

The Israeli business has performed overall well in 2020 with a slight increase in revenues to USD 22.5 million and continues to provide profitability to the company. The loyal subscriber base serves as a strong pillar to SHL.

In the US, the COVID-19 pandemic accelerated the shift to telemedicine services. There is strong and clear evidence that this shift is irreversible. In October 2020, the Company entered into a collaboration with Mayo Clinic, a US tier 1 medical institution, to provide discharged patients with our SmartHeart™ 12 Lead ECG home telemonitoring technology. The Company's experience and data demonstrate that remote monitoring of patients with SmartHeart™ leads to reduction in readmissions and in costs to healthcare providers, which translates into an attractive business model for the SmartHeart™ technology.

In the reporting period, the Company continued to accelerate the developments of its proven technology platform and the use of Big-Data. In November 2020 the Company announced a collaboration with the Hebrew University and the Hadassah Medical Center to jointly develop an Artificial Intelligence (AI) tool for predicting future life-threatening cardiac events based on full 12 Lead ECG monitoring, including SmartHeart™ technology. Combining such an ECG AI tool with the SmartHeart™ technology will be a strong value creator for the company.

Early in 2021, the Company closed two consecutive capital increases in a total sum of CHF 35.0 million by way of private placement mainly to Israeli based institutional investors. The proceeds of these capital increases will be used to support the growth of our current business operations in Germany, and the build-up of our business in the US, as well as enhancing the company's SmartHeart™ supply chain and R&D activities.

Telemedicine is here to stay

Yariv Alroy, Chairman of SHL said: "The outbreak of COVID-19 illustrates the importance and the many benefits of telemedicine and the need to implement technological solutions comprehensively. There is a significant shift of budgets and capital to telemedicine and the transfer of entire processes that have traditionally been performed physically, to efficient, fast, safe, and lower cost processes through technology. Telemedicine is here to stay, and SHL's platform is already adapted to the future market of telemedicine, including regulatory approvals in Europe and the US, all of which enable significant creation of value for the future."

Erez Nachtomy, CEO of SHL, said: "Regulatory changes accelerate the transition to widespread use of telemedicine. Acceptance of telemedicine has also risen due to the accelerated digitalization during the pandemic. As a leading telemedicine provider in Israel and Germany, a world leader in personal use of hospital grade mobile 12 Lead ECG devices and based on the learnings from our vast experience in remote medical services, we are ready for the accelerated growth in the field of telemedicine. Strategic partnerships will further strengthen our entire value chain."

Key figures (as reported):

in USD million (except per share amounts)	2020	2019	% change
Revenues for the year	40.1	39.9	1%
Revenues (including extraordinary income)	40.2	41.9	(4%)
Revenues			
• Germany	17.1	20.6	(17%)
• Israel	22.5	21.1	7%
• Other	0.6	0.2	200%
EBIT	0.4	5.1	(92%)
EBITDA	5.4	9.4	(43%)
Net profit	0.3	5.7	(95%)
EPS	0.03	0.54	(94%)
Operating free cash flow	3.5	8.9	(61%)

Adjusted⁵ key figures (in Constant Currency⁶):

in USD million	2020	2019	% change
Revenues for the year	40.1	41.0	(2%)
Revenues for the year			
• Germany	17.0	18.9	(10%)
• Israel	22.5	21.9	3%
• Other	0.6	0.2	200%
Adjusted EBIT	2.2	3.8	(42%)
Adjusted EBITDA	7.1	7.8	(9%)

The consolidated financial statements and the Annual Report 2020 are available on:
<http://www.shl-telemedicine.com/about-us/investorrelations/financial-reports-pres-2021/>

⁵ Excluding extraordinary income and expenses and COVID-19 related costs in 2020

⁶ Constant Currency - in order to enable meaningful comparison between 2020 and 2019 results, 2019 results are also presented at 2020 constant currency exchange rates. Management believes that this presentation enables a more meaningful comparison between the periods due to the significant fluctuations in NIS/USD/EUR exchange rates during the period.



Conference Call

Today at 11:00 am CET; the Company will host a conference call for investors, journalists and analysts to discuss the Full Year Results 2020. The conference call is hosted by Yariv Alroy, Chairman, Erez Nachtomy, CEO, and Yossi Vadnagra, CFO and is held in English.

Dial-in numbers:

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Financial calendar

14 September 2021	Half-year 2020 results
20 December 2021	Annual General Meeting, Tel Aviv, Israel

Further information

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About SHL Telemedicine

SHL Telemedicine is engaged in developing and marketing personal telemedicine systems and the provision of medical call center services, with a focus on cardiovascular and related diseases, to end users and to the healthcare community. SHL Telemedicine offers its services and personal telemedicine devices to subscribers utilizing telephonic and Internet communication technology. SHL is listed on the SIX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.: 1128957). For more information, please visit our web site at www.shl-telemedicine.com.

Some of the information contained in this press release contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. SHL Telemedicine undertakes no obligation to publicly update or revise any forward-looking statements.