



Press release

Ad hoc announcement pursuant to Art. 53 LR

SHL announces half-year results 2021 – Significant developments in achieving goals in all territories

Tel Aviv / Zurich, 30 September 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 half-year 2021.

The first half of 2021 was marked by accomplishing significant developments in implementing the Company’s growth strategy in all markets. The COVID-19 pandemic serves as a catalyst to the adaption of telemedicine while still impacting the Company’s operations. The Company continues to build strategic channels leading to a valuable pipeline of customers. Potential agreements are already starting to materialize.

Financial highlights

- Total revenues of USD 21.0m in 1HY2021 were similar to the first half of 2020 in constant currency¹. The Mediton Group, for which SHL has acquired a majority stake, will be consolidated from 1 September, 2021. To indicate the resulting effects when including the Mediton Group, SHL is providing proforma results for 1HY2021. These show revenues of USD 32.0m, representing a growth of 50%².
- In Israel, revenues were USD 11.7m, similar to the first half of 2020, in constant currency. The Israeli operation continued to contribute profitability to the Company.
- In Germany, revenues were USD 9.2m, up 4.5% compared to the first half 2020 in constant currency.
- Adjusted EBITDA³ for the period was USD 2.8m, compared to USD 4.1m in the first half of 2020 in constant currency, growing to 1HY2021 proforma adjusted EBITDA of USD 6.4m when including the Mediton Group acquisition.
- IFRS accounts for the share options issued to investors in the capital increases as a financial liability at fair value through the P&L, as the exercise price of these options is denominated in CHF which is not the functional currency (NIS) of the Company. Changes in the fair value

¹ Constant currency – to enable meaningful comparison between 1HY2021 and 1HY2020 results, 1HY2020 results are also presented at 1HY2021 constant currency exchange rates. The 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.

² Proforma only – in 1HY2021 the Mediton Group results are not consolidated and will be consolidated as from 1 September 2021.

³ EBITDA excluding non-cash and extraordinary expenses

of these share options, mainly due to the increase in the share price of the company since the capital increases, resulted in extraordinary non-cash financial expenses and a net loss for the period of USD 10.3m, compared to a net profit of USD 0.1m in the first half of 2020. The term of the investors' share options is until the beginning of 2023 and changes in fair value of these share options will continue through the P&L in 2022. The non-cash financial liability and the proceeds from the exercise price of the investors' options, will fully convert into equity, upon exercise of the options.

- Increase in inventories and investments in supply chain to address anticipated demand for the Company's products, resulted in a negative operating free cash flow⁴ of USD 1.3m, compared to a positive operating free cash flow of USD 1.4m in the first half 2020.
- The Company completed two capital increases in early 2021 in a total of USD 40.0m. Cash reserves as of 30 June 2021 were USD 41.5m (including short term investments of USD 17.9m and prior to the Mediton Group acquisition).

Developments in our active markets

SHL is accelerating its global activities in all territories.

In Germany, the Company started to provide Doctors' Virtual Visits services to BARMER health insurance company at the beginning of the year. BARMER is one of the top leading public health insurance companies in Germany covering about 9 million insured lives. In mid-2021 BARMER announced the availability of the Doctors' Virtual Visit Service to all of its insureds' in Germany.

In mid-2021, the Company was awarded a multi-year large Chronic Disease Telehealth contract following a tender to continue and provide the service to congestive heart failure (CHF) patients of AOK Bayern. This award followed a loss at the beginning of 2021 of a Chronic Disease Telehealth contract with a different health insurance customer.

Also in January 2021, the company closed on the acquisition of Jumedi GmbH, a developer of Digital Health technologies, which will strengthen the position of SHL as a leader in the rapidly growing telemedicine market in Germany.

In Israel, the Company completed the accretive acquisition of majority stake in Mediton Group, a leading B2B healthcare services provider in Israel. The acquisition contributes to all of SHL's financial parameters from day one, and it will double SHL's annual revenues in Israel to a level of USD 43 to 46m and EBITDA of USD 14 to 15.5m. The Company expects that the synergy from the acquisition will increase its annual revenues in Israel to USD 57 to 62m within 3 years.

In the US, the Company commenced manning key positions for its US operations, as part of its strategy to significantly expand the use of SmartHeart™ technology in the market. These steps are already bearing fruits. In June 2021, the Company entered a collaboration with VNA Care according to which VNA Care will offer home telemonitoring using the Company's SmartHeart™

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



12-lead ECG technology. Later in the year, SHL entered into an agreement with Mayo Clinic, one of the US and Global top leading Hospital and healthcare services provider. Mayo Clinic will implement the Company's SmartHeart™ for use in its clinical and patient care protocols.

Early in 2021, the Company has filed a pre-submission with the US Food and Drug Administration (FDA) for Over the Counter (OTC) use of its SmartHeart™ full 12-lead ECG, with the goal to receive clearance to market SmartHeart™ directly to consumers to provide peace of mind and address the unmet need for remote cardiac care, representing an exceptional growth opportunity for SHL in the US market.

Erez Nachtomly, CEO of SHL, said: “We are very pleased with the progress made in all of our territories. The proceeds of our capital increases are being used to support the growth of our business operations in Germany and Israel, and the build-up of our business in the US, as well as enhancing the company's SmartHeart™ supply chain and R&D activities. All of these will enable us to form strategic partnerships in the field of telemedicine that will strengthen our entire value chain and enable significant creation of value for the future.”

Proforma Consolidation of the Mediton Group 1HY2021 figures⁵:

in USD million	1HY2021	1HY2020 ⁶	% change
Revenues for the year	32.0	21.1	52%
EBIT	3.1	0.4	675%
Adjusted ⁷ EBITDA	6.4	4.1	56%
Adjusted net profit (loss)	1.3⁸	1.1	18%

⁵ Proforma only – in 1HY2021 the Mediton Group results are not consolidated and will be consolidated as from 1 September 2021.

⁶ In constant currency

⁷ EBITDA excluding non-cash and extraordinary expenses

⁸ Mediton Group net profit is consolidated at 70% and does not include related acquisition costs and PPA implications (amortization of intangible assets).

Key figures (as reported):

in USD million (except per share amounts)	1HY2021	1HY2020	% change
Revenues for the year	21.0	19.5	7.7%
Revenues			
Revenues			
• Germany	9.2	8.1	14%
• Israel	11.7	11.0	6.4%
• Other	0.1	0.4	(75%)
EBIT / (LBIT)	(0.1)	0.4	n.a.
EBITDA	2.1	2.8	(25%)
Net profit (loss)	(10.3)	0.1	n.a.
EPS	(0.75)	0.01	n.a.
Operating free cash flow	(1.3)	1.4	n.a.

Adjusted⁹ key figures (in constant currency¹⁰):

in USD million	1HY2021	1HY2020	% change
Revenues for the year	21.0	21.1	-
Revenues for the year			
• Germany	9.2	8.8	4.5%
• Israel	11.7	11.8	-
• Other	0.1	0.5	(80%)
Adjusted EBIT	0.6	1.6	(63%)
Adjusted EBITDA	2.8	4.1	(32%)

The Half Year Report 2021 is available on: www.shl-telemedicine.com/reports

⁹ EBITDA excluding non-cash and extraordinary expenses

¹⁰ Constant currency – to enable meaningful comparison between 1HY2021 and 1HY2020 results, 1HY2020 results are also presented at 1HY2021 constant currency exchange rates. The 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 at 10:00 am CET

The Company will host a conference call for investors, journalists and analysts to discuss the half-year results 2021 today at 10:00 am CET. The conference call is hosted by Yariv Alroy, Chairman, Erez Nachomy, CEO, and Yossi Vadnagra, CFO and is held in English.

Time: 10:00 am CET, 11:00 am IDT

Dial-in numbers:

From Europe: +41 (0)58 310 50 00

From UK: +44 (0) 207 107 06 13

From USA: +1 (1) 631 570 56 13

From Israel: Toll free: 1 80 921 44 27 / Local: +972 3763 1173

The conference call is scheduled to last approximately 45 minutes. The presentation is available on: www.shl-telemedicine.com/reports

Financial calendar

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.