

Letter to Shareholders

Dear Shareholders

The first half of 2022 was marked by good momentum as we continue laying the infrastructure for a significant step up of our activity, mainly in the USA and Germany.

We are witnessing global changes in employability, shortage in the workforce and in the economy, with rising rates of inflation and interest. These challenges also apply to the healthcare industry and represent a catalyst for the growing need and demand to telemedicine technology and services, that can be used and operated remotely also by staff with lesser skills and experience or by the patients themselves. Overcoming operational and other challenges and lowering costs for all healthcare stakeholders.

During the period, the Company strengthened its leadership, nominating Mr. Ehud Barak (former Prime Minister of Israel) as Co-Chairman and leading partner of the Company for global growth. Overall, the company grew its Revenues in the first half year of 2022, with Revenues for the period of USD 30.9 million, an increase of about 53% compared to USD 20.2 in the first half of 2021 in constant currency¹, mostly from consolidation of Mediton results for the period. Adjusted EBITDA² for the period was USD 3.5 million, an increase of about 30% compared to

USD 2.7 million in the first half of 2021 in constant currency¹, mainly related to consolidation of Mediton results for the period.

Operating cash flow for the period contributed USD 2.0 million while we invested in the US operation ramp up, in inventories and in R&D, compared to negative operating cash flow of USD 0.7 million in the first half of 2021. Net profit for the period was USD 0.1 million³, compared to a net loss of USD 10.2 million³ in the first half of 2021 in constant currency¹.

Germany

Revenues were USD 7.1 million, a decrease of about 14% compared to the first half 2021 in constant currency¹. The Company is successfully dealing with the entry of large international competitors into the market, and our short term strategy to maintain our leading position, including by increasing R&D expenses, led to a loss in the German operation during the period, but we are already seeing the fruits from this strategy.

The Company won a pan-European tender by BARMER, that was issued in May 2022, for a large seven-year contract for Doctors' Virtual Visit and Telehealth services. The Company will continue and provide Doctors' Virtual Visits and Telehealth

¹ Constant currency – to enable meaningful comparison between 1HY2022 and 1HY2021 results, 1HY2021 results are also presented at 1HY2022 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 EBITDA: operating profit excluding stock base compensation expenses and extraordinary expenses.

³ Mainly due to extraordinary non-cash financial income of USD 1.7 million, and financial expenses of USD 8.6 million in the first half of 2021 mainly related to changes in the fair value of the options issued to investors in the capital increases in the first half of 2021.

services to all BARMER insureds Germany-wide, with a clear path of growth of this activity that was delayed in 2022 due to the tender process.

Earlier in the period, the Company entered into agreement with the German Society of Cardiologists in Private Practice - BNK (Bundesverband Niedergelassener Kardiologen e.V.), according to which all Cardiologists' members of BNK will have access to SHL's monitoring platform and services for their chronic heart failure patients.

The Company expects additional new collaborations and contracts in the fields of Doctors' Virtual Visits and TeleHealth services, potentially still during 2022.

Israel

Revenues were USD 23.0 million, up about 97% compared to USD 11.7 million in the first half 2021 in constant currency¹, mostly from consolidation of Mediton results.

The strong foundations of SHL's activities in Israel, the B2C private-pay subscription activity and the B2B activity with government institutions, health funds and business entities, are growing in a consistent and moderate manner. We expect the growth will increase with the launch of new technologies, such as the AI technology, and the cross selling between these activities.

USA

In the US the Company started to see a ramping up of customers' pipeline and revenues, with revenues for the period almost doubling the full year 2021.

The company appointed Mr. Jason Bottiglieri, a highly experienced healthcare executive, as General Manager of SHL Telemedicine USA, and continues to bolster its US Advisory Board as the growth of its SmartHeart solution accelerates.

During the period the Company expanded and increased activity in existing as well as new channels. Entering into additional agreements for use of the SmartHeart® Platform in the skilled nursing and post-acute facilities field, expanding the use of SmartHeart® to clinical trials with CVS Health - Clinical Trial Services, and launching the marketing and distribution of SmartHeart® with Henry Schein to its US healthcare customers. All of which expand and increase the use cases for the SmartHeart® Platform. In parallel, the company continues to drive the implementation of SmartHeart® with existing strategic partners, developing additional use cases and increase use of SmartHeart®, that will lead to generating of recurring revenues.

On behalf of the Board of Directors and the management team, we thank all employees for their hard work and our business partners and shareholders for the trust they have placed in SHL.

Sincerely,



Ehud Barak	Yariv Alroy	Erez Nachtomy
Co-Chairman of the Board	Co-Chairman of the Board	CEO

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The Shareholders and Board of Directors SHL Telemedicine Ltd.

Auditors' review report to the shareholders and board of directors of SHL Telemedicine Ltd.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of SHL Telemedicine Ltd. ("the Company") and its subsidiaries as of June 30, 2022, which comprise the interim consolidated balance sheet as of June 30, 2022, and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible

for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Tel-Aviv, Israel

September 21, 2022

Kost Forer Gabbay and Kasierer

KOST FORER GABBAY & KASIERER

A Member of Ernst & Young Global

CONSOLIDATED BALANCE SHEETS U.S. dollars in thousands

	June 30,		December 31,
	2022	2021	2021
	Unaudited		Audited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	16,416	23,593	14,845
Short-term investments	8,718	17,932	17,217
Trade receivables	7,293	4,791	8,130
Inventory	4,954	2,226	4,202
Other accounts receivable	1,213	1,771	1,468
	38,594	50,313	45,862
NON-CURRENT ASSETS:			
Prepaid expenses	3,299	3,664	3,784
Call option to non-controlling interests, net	379	-	-
Long-term deposits	408	427	445
Right-of-use assets	10,947	10,774	13,013
Deferred taxes	3,659	3,809	4,168
Other financial assets	250	-	-
	18,942	18,674	21,410
PROPERTY AND EQUIPMENT, NET	4,120	3,133	4,025
GOODWILL	33,433	18,619	37,508
INTANGIBLE ASSETS, NET	19,235	4,918	20,787
Total assets	114,324	95,657	129,592

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

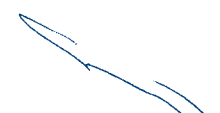
CONSOLIDATED BALANCE SHEETS U.S. dollars in thousands

	June 30,		December 31,
	2022	2021	2021
	Unaudited		Audited
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and others	2,152	-	1,798
Current maturities of lease liabilities	2,189	1,622	2,341
Deferred revenues	309	1,475	559
Income taxes payable	195	532	861
Trade payables	4,036	1,303	2,885
Other payables	7,287	5,558	8,920
	16,168	10,490	17,364
NON-CURRENT LIABILITIES:			
Liability for share options	13,940	15,729	17,220
Put option to non-controlling interests, net	-	-	67
Loans from banks	14,176	-	17,173
Deferred taxes	2,873	365	3,434
Lease liabilities	9,322	9,581	11,189
Employee benefit liabilities	2,168	1,617	2,382
	42,479	27,292	51,465
Total liabilities	58,647	37,782	68,829
EQUITY:			
Attributable to equity holders of the Company:			
Issued capital	42	42	42
Additional paid-in capital	126,753	125,561	125,484
Treasury shares	(56)	(229)	(86)
Foreign currency translation reserve	(3,226)	1,509	2,966
Capital reserve for options	1,002	-	1,002
Capital reserve for remeasurement gains on defined benefit plans	442	162	442
Accumulated deficit	(72,973)	(69,170)	(72,998)
	51,984	57,875	56,852
Non-controlling interests	3,693	-	3,911
Total equity	55,677	57,875	60,763
Total liabilities and equity	114,324	95,657	129,592

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

September 21, 2022
Date of approval of the
financial statements


Yariv Alroy
Co-Chairman
of the Board


Erez Nachtomy
CEO

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands (except per share data)

	Note	Six months ended June 30,		Year ended
		2022	2021	December 31,
		Unaudited		Audited
Revenues		30,900	21,032	49,582
Cost of revenues		16,011	10,136	24,989
Gross profit		14,889	10,896	24,593
Research and development costs		1,715	1,699	2,985
Selling and marketing expenses		5,183	4,388	9,454
General and administrative expenses		8,917	4,790	12,103
Other expenses		91	146	548
Operating loss		(1,017)	(127)	(497)
Financial income		2,485	385	381
Financial expenses		(1,149)	(9,974)	(13,353)
Profit (loss) before taxes on income		319	(9,716)	(13,469)
Taxes on income		252	566	455
Net profit (loss)		67	(10,282)	(13,924)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands (except per share data)

	Note	Six months ended June 30,		Year ended
		2022	2021	December 31,
		Unaudited		Audited
Other comprehensive income:				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gain on defined benefit plans		-	-	280
		-	-	280
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation reserve		(6,527)	(598)	859
		(6,527)	(598)	859
Total other comprehensive income (loss)		(6,527)	(598)	1,139
Total comprehensive loss		(6,460)	(10,880)	(12,785)
Net profit (loss) attributable to:				
Equity holders of the Company		25	(10,282)	(14,110)
Non-controlling interests		42	-	186
		67	(10,282)	(13,924)
Total comprehensive income (loss) attributable to:				
Equity holders of the Company		(6,167)	(10,880)	(12,971)
Non-controlling interests		(293)	-	186
		(6,460)	(10,880)	(12,785)
Earnings per share attributable to equity holders of the Company:				
Basic earnings (loss)		0.00	(0.75)	(1.00)
Diluted loss		(0.06)	(0.75)	(1.00)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Issued capital	Additional paid-in capital	Treasury shares	Foreign currency translation reserve	Capital reserve for options	Capital reserve for remeasurement gains on defined benefit plans	Accumulated deficit	Total	Non-controlling interests	Total equity
Balance as of January 1, 2022										
(audited)	42	125,484	(86)	2,966	1,002	442	(72,998)	56,852	3,911	60,763
Exercise of share options	***-	402	-	-	-	-	-	402	-	402
Share-based payments	-	720	-	-	-	-	-	720	252	972
Exercise of Employee options	-	(30)	30	-	-	-	-	-	-	-
Equity component of transaction with non-controlling interest	-	177	-	-	-	-	-	177	(177)	-
Net profit	-	-	-	-	-	-	25	25	42	67
Total other comprehensive loss	-	-	-	(6,192)	-	-	-	(6,192)	(335)	(6,527)

Balance as of June 30, 2022										
(unaudited)	42	126,753	(56)	(3,226)	1,002	442	(72,973)	51,984	3,693	55,677

	Issued capital	Additional paid-in capital	Treasury shares	Foreign currency translation reserve	Capital reserve for options	Capital reserve for remeasurement gains on defined benefit plans	Accumulated deficit	Total	Non-controlling interests	Total equity
Balance as of January 1, 2021										
(audited)	31	96,742	(2,276)	2,107	-	162	(58,888)	37,878	-	37,878
Issue of share capital (net of issue costs of \$1,747)	11	*27,189	1,881	-	*1,002	-	-	30,083	-	30,083
Proceeds from exercise of share options**	-	298	-	-	-	-	-	298	-	298
Share-based payments	-	496	-	-	-	-	-	496	-	496
Exercise of Employee options	-	(166)	166	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	(10,282)	(10,282)	-	(10,282)
Total other comprehensive income	-	-	-	(598)	-	-	-	(598)	-	(598)

Balance as of June 30, 2021										
(unaudited)	42	124,559	(229)	1,509	1,002	162	(69,170)	57,875	-	57,875

* Reclassified

** The shares were issued on July 2, 2021.

***Represents an amount lower than \$ 1.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Issued capital	Additional paid-in capital	Treasury shares	Foreign currency translation reserve	Capital reserve for options	Capital reserve for remeasurement gains on defined benefit plans	Accumulated deficit	Total	Non- controlling interests	Total equity
Balance as of January 1, 2021 (audited)	31	96,742	(2,276)	2,107	-	162	(58,888)	37,878	-	37,878
Issue of share capital (net of issue costs of \$2,907)	11	27,030	1,881	-	1,002	-	-	29,924	-	29,924
Exercise of share options	*-	782	-	-	-	-	-	782	-	782
Exercise of Employee options	-	(309)	309	-	-	-	-	-	-	-
Share-based payments	-	1,116	-	-	-	-	-	1,116	175	1,291
Equity component of transaction with non-controlling interest	-	123	-	-	-	-	-	123	(123)	-
Non-controlling interests arising on acquisition of subsidiary	-	-	-	-	-	-	-	-	3,673	3,673
Net profit (loss)	-	-	-	-	-	-	(14,110)	(14,110)	186	(13,924)
Total other comprehensive income	-	-	-	859	-	280	-	1,139	-	1,139
Balance as of December 31, 2021 (audited)	42	125,484	(86)	2,966	1,002	442	(72,998)	56,852	3,911	60,763

* Represents an amount lower than \$1.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended
	2022	2021	December 31,
	Unaudited		Audited
Cash flows from operating activities:			
Net profit (loss)	67	(10,282)	(13,924)
Adjustments required to reconcile net profit (loss) to net cash provided by (used in) operating activities:			
Income and expenses not involving operating cash flows:			
Depreciation and amortization	3,412	2,246	5,382
Capital loss from sale of property and equipment	50	25	63
Impairment of property and equipment	-	-	118
Change in employee benefit liabilities, net	56	62	21
Financial expenses (income), net	(1,925)	9,445	12,857
Valuation loss of short-term investments	589	-	114
Cost of share-based payments	972	496	1,291
Taxes on income	252	566	455
	3,406	12,840	20,301
Changes in operating assets and liabilities:			
Decrease (increase) in trade receivables, net	(73)	151	611
Decrease (increase) in deferred taxes	(142)	-	259
Increase in inventory	(1,503)	(1,032)	(3,097)
Decrease prepaid expenses	68	146	202
Increase (decrease) in other accounts receivable	98	(554)	289
Increase (decrease) in trade payables	1,575	(350)	494
Increase (decrease) in deferred revenues	(201)	4	(970)
Increase (decrease) in other accounts payable	(225)	(949)	(2,718)
	(403)	(2,584)	(4,930)
Cash paid and received:			
Interest received	153	172	318
Interest paid	(394)	(188)	(440)
Income tax received	23	-	7
Income taxes paid	(864)	(637)	(1,147)
	(1,082)	(653)	(1,262)
Net cash provided by (used in) operating activities	1,988	(679)	185

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended
	2022	2021	December 31,
	Unaudited		Audited
Cash flows from investing activities:			
Grant of long-term convertible loan	(267)	-	-
Purchase of property and equipment	(1,030)	(156)	(625)
Acquisition of subsidiaries ^(a)	-	(1,157)	(27,323)
Investment in intangible assets	(2,157)	(610)	(2,633)
Investment in long-term deposits	-	-	(4,860)
Proceeds from short-term deposits	-	-	4,733
Purchase of short-term investments	(4,056)	(12,111)	(13,622)
Proceeds from sale of short-term investments	10,449	731	3,356
Net cash provided by (used in) investing activities	2,939	(13,303)	(40,974)
Cash flows from financing activities:			
Proceeds from issue of share options liability	-	6,789	6,859
Payment of lease liabilities	(1,250)	(799)	(1,933)
Proceeds from issue of share capital, net	-	30,083	30,140
Exercise of share options	239	298	463
Proceeds from (payment of) long-term loans	(566)	-	18,265
Proceeds from (payment of) short-term credit	-	(2,298)	(2,716)
Net cash provided by (used in) financing activities	(1,577)	34,073	51,078
Effect of exchange rate changes on cash and cash equivalents	(1,779)	(640)	414
Increase in cash and cash equivalents	1,571	19,451	10,703
Cash and cash equivalents at the beginning of the period	14,845	4,142	4,142
Cash and cash equivalents at the end of the period	16,416	23,593	14,845
Non-cash transactions:			
Right-of-use asset recognized with corresponding lease liability	368	77	131
Liability derecognized and recorded in equity upon exercise of share options	163	-	319

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended
	2022	2021	December 31,
	Unaudited		2021
			Audited
(a) Acquisition of subsidiaries:			
The subsidiaries' assets and liabilities at date of acquisition (excluding cash and cash equivalents):			
Working capital (excluding cash and cash equivalents)	-	(90)	-
Trade receivables	-	-	3,424
Other receivables	-	-	685
Property and equipment	-	2	807
Deferred taxes	-	(233)	(3,356)
Right-of-use-assets	-	-	3,509
Intangible assets	-	708	15,037
Trade payables	-	-	(668)
Other payables	-	-	(2,492)
Put option, net	-	-	(185)
Loans from banks	-	-	(390)
Employee benefit liabilities	-	-	(985)
Lease liabilities	-	-	(3,510)
Non-controlling interests	-	-	(3,673)
Goodwill	-	770	19,120
	-	1,157	27,323

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1 | GENERAL

a. These consolidated financial statements have been prepared in a condensed format as of June 30, 2022, and for the six months then ended. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes of SHL Telemedicine Ltd. (“the Company”) as of December 31, 2021 and for the year then ended (“the annual financial statements”).

The effects of the Russia-Ukraine war:

In February 2022, a war broke out between Russia and Ukraine which is ongoing and continues to cause numerous casualties, damages to infrastructure and disruption of the Ukraine economy. In response, several countries (including the U.S., the UK and the EU) imposed economic sanctions against certain Russian and Russian related entities and individuals around the world and various sanctions have also been imposed on Belarus. These sanctions are likely to directly impact those entities and individuals and indirectly affect third parties which have business affiliations with those entities and individuals as well as certain industries in Russia and Belarus.

Potential fluctuations in commodity prices and foreign exchange rates, import and export restrictions, availability of local materials and services and access to local resources are all liable to affect entities that have significant operations or exposures in or with Russia, Belarus or Ukraine.

The Company believes the war has no material impact on the Company’s interim financial statements.

b. Following are data regarding the Israeli CPI and the exchange rates of the Euro, U.S. dollar and the Swiss Franc in relation to the new Israeli Shekel (NIS):

	Israeli CPI	Exchange rate		
		€ 1	U.S. \$ 1	CHF 1
For the period ended	Points	NIS		
June 30, 2022	236.8	3.64	3.5	3.65
June 30, 2021	226.7	3.87	3.26	3.53
December 31, 2021	229.4	3.52	3.11	3.40
Change during the period	%	%	%	%
June 2022 (6 months)	3.2	3.4	12.5	7.3
June 2021 (6 months)	1.6	(1.8)	1.6	(3.3)
December 31, 2021	2.8	(10.7)	(3.1)	(6.8)

* The index on an average basis of 1993 = 100.

NOTE 2 | SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim condensed consolidated financial statements:

The interim condensed consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, “Interim Financial Reporting.”

The significant accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements.

b. Initial adoption of amendments to International Financial Reporting Standards

1. Amendment to IAS 16, “Property, Plant and Equipment”:

In May 2020, the IASB issued an amendment to IAS 16, “Property, Plant and Equipment” (“the Amendment”). The Amendment prohibits a company from deducting from the cost of property, plant and equipment (“PP&E”) consideration received from the sales of items

produced while the company is preparing the asset for its intended use. Instead, the company should recognize such consideration and related costs in profit or loss.

The Amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Amendment is to be applied retrospectively, but only to items of PP&E made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the Amendment.

The cumulative effect of initially applying the Amendment is recognized as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented.

The application of the Amendment did not have a material impact on the Company's interim financial statements.

2. Amendment to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets":

In May 2020, the IASB issued an amendment to IAS 37, regarding which costs a company should include when assessing whether a contract is onerous ("the Amendment").

According to the Amendment, costs of fulfilling a contract include both the incremental costs (for example, raw materials and direct labor) and an allocation of other costs that relate directly to fulfilling a contract (for example, depreciation of an item of property, plant and equipment used in fulfilling the contract).

The Amendment is effective for annual periods beginning on or after January 1, 2022 and applies to contracts for which all obligations in respect thereof have not yet been fulfilled as of January 1, 2022. The application of the Amendment does not require the restatement of comparative data. Instead the opening balance of retained earnings on the date of initial application date is adjusted for the cumulative effect of the Amendment.

The application of the Amendment did not have a material impact on the Company's interim financial statements.

3. Annual improvements to IFRSs 2018-2020:

In May 2020, the IASB issued certain amendments in the context of the Annual Improvements to IFRSs 2018-2020 Cycle. The main amendment is to IFRS 9, "Financial Instruments" ("the Amendment"). The Amendment clarifies which fees a company should include in the "10% test" described in paragraph B3.3.6 of IFRS 9 when assessing whether the terms of a debt instrument that has been modified or exchanged are substantially different from the terms of the original debt instrument.

According to the Amendment, fees paid net of any fees received that are included in the cash flows are only those fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The Amendment is effective for annual periods beginning on or after January 1, 2022. The Amendment is applied to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the Amendment, that is from January 1, 2022.

NOTE 3 | REVENUES

	Six months ended		Year ended
	June 30,		December 31,
	2022	2021	2021
	Unaudited		Audited
Revenues for services performed during the period	30,234	20,492	48,343
Revenues from sale of devices	666	540	1,239
	30,900	21,032	49,582

NOTE 4 | MATERIAL EVENTS DURING THE

REPORTING PERIOD

a. In June, 2022 the Company's Board of Directors approved the appointment of Jason Bottiglieri as General Manager of SHL Telemedicine USA, Inc., its wholly owned US subsidiary.

b. During the period, the Company's Board of Directors approved the grant of 210,000 options to Senior managers, under the 2021 Executive and Key Employee Israeli Share Incentive Plan. The options shall vest over a period of 3 years (25% after 1 year, and 9375% each quarter thereafter). The weighted average fair value of options granted is CHF 5.387-5.893 (\$ 5.822-6.451). The weighted average fair value was estimated based on the binomial model using the following data and assumptions: share price - CHF 17.40-19.10; exercise price - CHF 17.39-19.33; expected volatility - 41.75%-42.61%; risk free interest rate - 0%-1.15%; expected dividend - 0%; and expected average life of options - 3.60-3.71 years.

NOTE 5 | SEGMENT INFORMATION

As presented in the annual financial statements, the Group operates in three geographic segments: Israel, Europe (principally Germany) and Rest of the world.

Management monitors the operating results of its geographical units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment profit. SG&A Group expenses and some research and development expenses are mostly allocated to the separate geographic units. Some corporate expenses, some research and development expenses, finance costs and finance income and income taxes are managed on a group basis and are not allocated to the geographic segments.

Revenues are allocated based on the location of the end customer. The Group presents

disaggregated revenue information based on types of customers: Individual customers and communities, Institutions and payers (income from service agreements with institutions, insurance companies and HMOs), and others.

a. Segment revenues:

	Individuals and communities	Institutions and payers	Others	Total
Six months ended June 30, 2022 (unaudited):				
Europe	-	7,127	-	7,127
Israel	11,202	11,750	82	23,034
Others	-	-	739	739
Total revenues	11,202	18,877	821	30,900

Six months ended June 30, 2021 (unaudited):

Europe	-	9,188	-	9,188
Israel	10,906	802	-	11,708
Others	-	-	136	136
Total revenues	10,906	9,990	136	21,032

Year ended December 31, 2021 (audited):

Europe	-	17,942	-	17,942
Israel	22,331	8,832	27	31,190
Others	-	-	450	450
Total revenues	22,331	26,774	477	49,582

b. Segment profit (loss):

	Six months ended		Year ended
	June 30,	June 30,	December 31,
	2021	2020	2020
	Unaudited	Unaudited	Audited
Europe	(1,169)	(425)	(477)
Israel	4,404	3,665	8,226
Others	(549)	(552)	(1,132)
	2,686	2,688	6,617

Unallocated income and expenses:

Corporate and R&D expenses	(3,703)	(2,815)	(6,798)
Other expenses	-	-	(316)
Operating loss	(1,017)	(127)	(497)
Financial income (expenses), net	1,336	(9,589)	(12,972)

Profit (loss) before taxes

on income	319	(9,716)	(13,469)
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NOTE 6 | IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS

In the first half of 2022, there have been disruptions in worldwide commercial activities, which among other factors, have led to increases in rates of inflation and corresponding increases in market interest rates. As an increase in interest rates is an indicator of potential impairment, pursuant to IAS 36, the Company has performed an evaluation of its goodwill and other intangible assets for possible impairment.

In respect of goodwill allocated to the Israel Telemedicine and the International cash generating units ("CGUs"), previous sensitivity analyses of recoverable amounts based on value-in-use showed that the increase in market interest rates as of June 30, 2022, would not result in the carrying amount of the CGUs exceeding the recoverable amounts.

For goodwill and intangible assets with carrying amounts of \$16,305 and \$9,618 respectively, relating to the Israel Mediton CGU, the Company has calculated the recoverable amount as of June 30, 2022, using the following assumptions: pre-tax discount rate of 19.1% and long-term growth rate of 3% (December 31, 2021 - 17.7% and 3%, respectively). Based on the value-in-use calculation, the recoverable amount of the CGU exceeds the carrying amount of the CGU, and therefore no impairment loss was identified.

NOTE 7 | FINANCIAL INSTRUMENTS

Fair value:

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy in financial instruments:

	Financial instruments			Total
	Liability for share options	Liability to underwriters	Call (put) option to non-controlling interests, net	
Balance as of				
January 1, 2022	(17,220)	(1,021)	(67)	(18,308)
Remeasurement recognized in:				
Profit (loss)	1,294	(104)	469	1,659
Other comprehensive income (loss)	1,823	118	(23)	1,918
Exercise of share options into shares	163	-	-	163
As of June 30, 2022	(13,940)	(1,007)	379	(14,568)
Presented in balance sheet:				
Call option for non-controlling interests, net	-	-	379	379
Other payables (short term)	-	(1,007)	-	(1,007)
Liability for share options	(13,940)	-	-	(13,940)

The Company used the Monte Carlo option pricing model when estimating the fair value of the Put and Call Options granted in the acquisition of Mediton Group.

The fair value was estimated using the following data and assumptions: underlying asset value - 36,343; Expected volatility of the share price - 41.2%-44.5%; Discount rate - 15.3%; Risk-free interest rate - 2.36%; Term of option - 4.17 years.

The following table demonstrates the effect on fair value of a reasonably possible change in the underlying asset value with all other variables held constant:

	Increase/decrease in underlying asset value	Effect on Fair value, net
	+5%	510
	-5%	(504)

NOTE 8 | SUBSEQUENT EVENTS

On August, 2022, following the approval of the Board of Directors of the Company, the Company's Special General Meeting approved the appointment of the former Israeli Prime Minister, Mr. Ehud Barak, as director and as the Co-Chairman of the Board of Directors. Mr. Barak will be entitled to a monthly management fee of approximately \$14 as well as bonuses related commercial agreement and strategic transaction.

Information For Investors

Capital structure

As of June 30, 2022, the issued share capital was divided into 14,515,918 shares with a par value of NIS 0.01 each (excluding 10,087 ordinary shares of NIS 0.01 par value each held by SHL)

Significant shareholders

As of June 30, 2022, SHL was aware of the following shareholders with more than 3% of all voting rights in the company.

	Number of Ordinary Shares Held	% Including Treasury shares	% Excluding Treasury shares
Mrs. Cai Mengke and Kun Shen*	5,969,413	41.09%	41.12%
Alroy Group**	2,507,608	17.26%	17.27%
More Provident Funds	1,365,359	9.40%	9.41%
Value Base Group	837,865	5.77%	5.77%
Sphera Funds			
Management Ltd	596,000	4.10%	4.11%
Danbar Finance Ltd.	540,000	3.72%	3.72%
SHL Treasury shares	10,087	0.07%	-

* It should be noted that the voting rights attached to these shares are suspended pursuant to the TOB decision (for further information, please refer to Section 1.2 "Significant Shareholders" in the 2021 Annual Report).

** In August 2022 the Alroy Group has decided to terminate its shareholders' agreement.

The above table of Significant Shareholders reflects both actual holdings as of June 30, 2022, after deducting from the total number of shares outstanding 10,087 Ordinary Shares held by SHL, and actual holding as of June 30, 2022 calculated including ordinary shares held by SHL, all as indicated above, but does not reflect holding on a fully diluted basis. All in accordance with notifications received by the Company from shareholders and the SAG registrar as of June 30, 2022.

Statistics on SHL Telemedicine as at June 30, 2022

Registered shares with a par value of NIS 0.01 each

Securities number	1128957
Number of shares*	14,515,918
Market price high/low (CHF)	13.80/19.30
Market capitalization high/low (CHF million)	200.3/280.2
Market capitalization 30/06/22 (CHF million)	259.8
Share capital – nominal value (NIS)	145,159

* Excluding 10,087 ordinary shares held by SHL.

Share price development



Listing

All SHL shares are listed on SIX Swiss Exchange

Ticker symbol:	SHLTN
Currency:	CHF
Listing date:	November 15, 2000

Investor relations

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