



SHL TeleMedicine Ltd

Annual Report

2025

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Letter to the Shareholders

Dear Shareholders

SHL Telemedicine is releasing today its financial results for the year 2025.

Approximately, a year and a half ago, we embarked on a comprehensive business turnaround process. This process, which began in 2024 with a significant change in the composition of the Board of Directors followed by the appointment of a new senior management team, continued throughout 2025. During the past year, this momentum has been reflected in the establishment of new professional teams at the middle-management level across our various business units. We firmly believe that building an experienced, cohesive, and committed team is one of the fundamental keys to the success of this turnaround.

To focus our efforts and further refine our objectives, management has defined three primary strategic goals:

Balancing the losses in the company's German operations and subsequently generating operational profitability.

Regenerating revenue growth in the Israeli activity as a lever for improved profitability.

Building a marketing strategy for a successful entry into the US market.

As previously stated, achieving these business objectives requires significant effort, financial resources, and time. This is a multi-year process. Consequently, and based on full confidence in the company's business potential, the Board of Directors decided last September to initiate a capital raise which was successfully completed in December 2025. Through a non-tradable rights offering to the company's shareholders, a total of approximately \$15 million was raised, significantly strengthening the company's financial robustness and supporting its funding requirements to complete the turnaround process.

The Board of Directors and management wish to thank the shareholders who participated in the rights offering for their trust. We recognize our commitment to work tirelessly to realize the goals of this capital raise and transition the company toward growth and profitability.

2025 Business Activity Review by Markets highlights:

Israel

The Israeli economy in general, and SHL's operations in Israel in particular, continued to demonstrate resilience and stability in 2025, even considering the challenges posed by the current security situation. Activity in the private sector remained stable, while the B2B operations of our subsidiary, Mediton, recorded improved results. Management is currently focused on growing the number of BTC (Direct-to-Consumer) subscribers and diversifying activities and clients within the B2B sector. Both activities benefit from economies of scale; therefore, revenue growth is expected to result in improved profit margins and overall profitability.

Germany

Operations in Germany experienced a decline in revenue this year, primarily due to the expiration of certain tenders. This decline resulted in a deeper loss. As previously announced, management has identified a primary source of operational inefficiency that has affected the company's competitiveness: the historical fragmentation of its operational IT systems. These legacy systems served the four companies previously acquired which now constitute SHL's German activity—following their merger into a single legal entity in early 2025.

During the second half of 2025, and after evaluating several technological alternatives and negotiating with various vendors, the company signed an agreement with a selected software provider. Under this agreement, all company activities will transition to an external information system. Moving away from in-house software development, the company will now utilize modern Software as a Service (SaaS) platform. Implementation is currently underway and is expected to be completed during 2026. This transition will allow for significant streamlining, primarily by replacing high labor costs with advanced operational IT technology. We believe that a successful implementation will enable the company to return to profitability and achieve revenue growth.

United States

For the US market, the company has developed, in past years, an advanced technological infrastructure that enables ECG testing anytime and anywhere, based on our SmartHeart® ECG technology. Currently, our primary focus is on marketing with the aim of building an efficient distribution channel. After evaluating opportunities in the private sector for several months during 2025, we are now focused on the business market. This includes targeting large corporate and/or public entities, as well as private physicians and small clinics, where the SmartHeart device serves as a primary professional tool. During 2025, marketing efforts were refined and streamlined, leading to a significant reduction in marketing costs. Consequently, the loss in the US market (which is driven mainly by the sales and marketing costs) decreased significantly compared to 2024, although it has not yet reached a break-even point yet.

Financial Results

Regarding the consolidated financial results, several key points are worth noting (a more detailed analysis can be found further in the report):

While the 2025 results do not yet show a transition to net profitability, our primary goal, a slight upward trend, can be identified in 2025 results. Consolidated Adjusted EBITDA grew from approximately \$1 million USD in 2024 to approximately \$3 million USD in 2025, with approximately \$1 million USD generated in the first half and \$2 million USD in the second half.

Both the Operational Loss and the Net Loss of 2025 were heavily and negatively impacted by one-time expenses, which represent mainly a write-off of intangible assets (which is not involved with a cash expense). However, excluding or including these one-time costs, both the Operating loss and Net loss narrowed compared to the previous year.

On behalf of the Board of Directors and the management team, we express our gratitude to all our employees for their diligent service, and to our business partners and shareholders for the confidence they have shown in SHL.

Sincerely,



Dr. Itamar Offer
Chairman of the Board



David Arnon
CEO

Information for Investors

Capital structure

As of December 31, 2025 the issue share capital is divided into 100,000,000 registered shares with a par value of NIS 0.01 each (excluding 1,372 ordinary shares of NIS 0.01 par value each held by SHL)

Significant shareholders'

As of December 31, 2025 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. Mengke Cai and Kun Shen	5,632,725	15.2	15.2
Value Base Group	5,624,944	15.18	15.18
Danbar Group	3,165,620	8.54	8.54
More Provident Funds	1,962,525	5.3	5.3
Menachem Weinberg	1,919,144	5.18	5.18
Mr. Danny Rimoni	1,764,308	4.76	4.76
Mr. David Wertheim	1,475,420	3.98	3.98
Mr. Baruch Ehrlich	1,431,592	3.86	3.86
Sphera Funds	1,160,392	3.13	3.13
SHL Treasury shares	1,372	0.01%	

Listing

All SHL shares are listed on SIX Swiss Exchange

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

The above table of significant Shareholders reflects both actual holdings as of December 31, 2025, after deduction from the total number of share outstanding 1,372 Ordinary Shares held by SHL, and actual holding as of December 31, 2025 calculate including ordinary shares held by SHL, all as

indicator above, but does not reflect holding on a fully diluted basis. All in according with notification received by the Company from shareholders and the SAG registrar as of December 31, 2025.

Statistics on SHL Telemedicine as of December 31, 2025

Registered share with a par value of 0.01 NIS each

Securities number	1128957
Number of shares*	37,058,574
Market price high/low (CHF)	2.74/0.67
Market capitalization high/low (CHF million)	44.92/10.98
Market capitalization 21/12/25 (CHF million)	43.73
Share capital – nominal value (NIS)	370,599

*Excluding 1,372 ordinary shares held by SHL

Investor Relations

SHL Telemedicine Ltd.

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Corporate Governance 2025

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SHL TeleMedicine Ltd. Corporate Governance Report

Introduction

The corporate governance framework of SHL Telemedicine Ltd. (“**SHL**” or the “**Company**”) reflects a system of checks and balances among the powers of the shareholders, the Board of Directors (the “**Board**” or the “**Board of Directors**”) and the management with the goal to safeguard the interests of SHL and its shareholders while creating sustainable value. SHL is committed to creating transparent, progressive and sustainable corporate management and strives to continuously improve these checks and balances. **Documents related to SHL’s corporate governance can be accessed at the Corporate Governance Section of the SHL website (<https://www.shl-telemedicine.com/corporate-governance/>).**

Changes in the Financial Year 2025

In Israel, where we maintain two well established operations, SHL IL that is focused on B2C and Mediton, our B2B medical service provider, our focus is to generate growth leveraging our brand, customer base and our long-term relationships with our customers.

In SHL Germany, basically a BTB operation, which offers, on behalf of German sick funds, medical services to individual patients, we started a turnaround process aiming to "right-size" the organizational structure, reduce costs to balance the operation profitability first and then regenerate growth and capture economy of scale.

In the US we drive our marketing initiatives mainly in the B2B sector.

On March 25, 2025, the company announced the acquisition of the remaining 30% stake of Mediton Medical Centers Chain Ltd. ("**Mediton**") and Medishur Ltd. ("**Medishur**" and together with Mediton - the "**Mediton Group**"). As announced by SHL in September 2024, Perluk – Medical Holdings Ltd., Haim Perluk and Orna Perluk, the main holders of the remaining ordinary shares of the Mediton Group ("**Sellers**") provided a Put Option Notice to SHL that they were exercising their right under the Share Purchase Agreement, dated August 25, 2021, among the Company, Mediton and Medishur, to require the Company to purchase all of the Sellers remaining holdings in Mediton Group. The purchase price is NIS 31.1 million (approximately USD 10 million) for the 30% stake. As of the report's publication date, the transaction was not closed due to proceedings with respect to the right of the company to offset certain amounts from the transaction consideration. These proceedings do not affect the purchase of the first 70% in Mediton and have no significant impact on SHL.

On December 3, 2025, the company successfully completed a capital raise of CHF 12.4 million (USD 15 Million) on the SIX Swiss exchange, by means of non-tradable right issuance to its shareholders. 20,667,192 new shares were issued against payment of the offer price of CHF 0.60 generating gross proceeds of around CHF 12.4 million. The capital increase has led to a new total number of 37,059,946 issued registered shares of the Company with a nominal value of NIS 0.01 each. The successful capital increase was intended to support SHL’s business turn-around process, with the primary objective of restoring sustainable profitability, i.e. by upgrading the operational information systems of SHL Telemedizin GmbH (the German subsidiary of SHL), and by significantly increasing the sales and marketing budget in the U.S. to penetrate this market.

A large customer of Mediton, material subsidiary, issued during 2025 a tender for a service currently supplied exclusively by the company. The outcome of the tender process, if held, may have a material impact on the profitability of the Mediton and the group. A failure to win the tender, or a win under significantly less favorable commercial terms compared to the current agreement, may result in lower profitability.

Material events after the fiscal year

On March 11, 2025 the Company announced its intention to voluntarily delist its American Depositary Receipts (“**ADRs**”) from the Nasdaq Capital Market (“**Nasdaq**”), terminate its ADR program and deregister from, and terminate its reporting obligations under, the Securities Exchange Act of 1934, as amended (the “**Securities Exchange Act**”). The reason for the delisting was cost reduction. The delisting and termination of its ADR program and Securities Exchange Act registration and reporting will not affect the Company’s listing on the SIX Swiss Exchange, where its ordinary shares will continue to trade. The delisting date was April 2, 2025.

Upon filing the Form 15F on February 2, 2026, SHL's reporting obligations under the Exchange Act suspended. Unless the SEC objects, the reporting obligation is fully terminated 90 days after the filing date.

Board of Directors

In 2025 SHL's members of the Board were the following: (a) Dr. Itamar Offer (chairman); (b) Mr. Yehoshua Abramovich (Independent (external) Director); (c) Mr. Ido Neuberger (d) Mr. Nir Rotenberg (e) Ms. Orna Carmi (Independent (external) Director); (f) Prof. Amir Lerman.

On February 24, 2026, prof. Amir Lerman passed away and as of that date the board of directors consists of 5 directors. SHL's members of the audit committee and the compensation committee of SHL ("**Audit Committee**" and "**Compensation Committee**", respectively) in 2025 were Mr. Yehoshua Abramovich, Ms. Orna Carmi and Prof. Amir Lerman (until February 24, 2026) (said composition is in accordance with the requirements of the Israeli Companies Law 5759-1999 (the "**Israeli Companies Law**" or the "**Companies Law**") and the regulations promulgated thereunder). For further information, please refer to Section 3.3 below.

Resumes of the current Board members can be viewed on the Company's website https://www.shl-telemedicine.com/team_category/leadership_team/ as well as in Section 3.

Senior Management

As of March 1, 2025 Mr. Lior Haalman replaced Mr. Amir Hai as CFO of SHL.

Laws and regulations

The principles and rules of SHL on corporate governance are laid down in the Articles of Association of SHL, the Israeli Companies Law and the regulations promulgated thereunder, as well as other Israeli legislation applicable to SHL. As SHL's securities are traded on the SIX Swiss Exchange. SHL is subject to certain reporting requirements of the listing rules of the SIX Swiss Exchange.

The information presented here is updated as of December 31, 2025, unless otherwise noted, and was prepared in accordance with the Corporate Governance Directive of the SIX Swiss Exchange.

1. Group Structure and Shareholders

1.1. Group Structure

1.1.1. Operational Group Structure

SHL is a company incorporated in Israel whose Ordinary Shares are publicly traded on the SIX Swiss Exchange under the symbol SHLTN. and until April 2, 2025, ADRs were publicly traded on the Nasdaq® Capital Market under the symbol SHLT (see Section 6.6 for additional information on the Company).

During 2025 the Company and its subsidiaries in Israel, Germany, and the U.S. operated in one business segment - telemedicine services.

SHL and its subsidiaries develop and market advanced personal telemedicine solutions. Personal telemedicine is the transmission of medical data by an individual, from a remote location to a medical call center or to an expert, via telecommunication networks. SHL's personal telemedicine systems are designed to improve quality of care and life for people suffering from various health conditions ranging from the high-risk and chronically ill to ordinary users of healthcare products and services who wish to take a more active role in managing their own health.

Telemedicine services are the provision of telemedicine services and devices to subscribers utilizing telephonic and internet communication technology. The Smartheart technology developed by SHL offers customers a compact personal ECG monitor, with 12 lead capabilities, that enables them to perform, remotely, a "hospital grade" ECG. It may indicate a need for emergency hospitalization or, in many cases, to avoid unnecessary hospitalization.

SHL's platforms offer solutions to subscribing patients, health insurance companies, hospitals, clinics, physicians and other health care providers.

SHL Telemedizin GmbH, an indirectly wholly owned subsidiary of the Company ("**SHL Germany**"), operate in the German market and serves on behalf of leading German sick funds, private patients, in various chronic disease and medical services. . SHL Germany is run as a stand- alone business and enjoys a high degree of autonomy, with

its own management, whereby corporate headquarters at SHL provides certain central functions (such as business development and accounting), as well as oversight and control on an ongoing basis (see below).

SHL and its Israeli subsidiaries Shahal Haifa- Medical Services Ltd. Shahal Rashlatz-Rehovot Medical Services Ltd. (and its subsidiaries - Mediton, Mediton Adam Ltd. and Medishur) (together "**SHL Israel**"), provides B2B healthcare services in Israel in the field of diagnostics, preventive medicine, and medical opinions to institutional customers.

SHL Israel is running as a stand-alone business under the Company's management, with corporate headquarters providing certain central functions (such as business development and accounting), as well as oversight and control on an ongoing basis. SHL Telemedicine USA, Inc., a second-tier subsidiary (granddaughter company) of SHL, operates in the US market ("**SHL USA**") and sells telemedicine devices and services to healthcare professionals. SHL USA is active mainly in business development and sales and marketing activities together with corporate management. Research and development activities are conducted by SHL Telemedicine International Ltd. ("**SHL INT**"). Production of devices is outsourced by SHL INT to third party manufacturers with telemedicine devices being sold by SHL INT to SHL Germany, SHL Israel and SHL USA. In addition, SHL INT provides software development and maintenance services to all group entities. Corporate management is located at SHL and SHL INT and is active in performing its corporate duties, i.e. group management, business development, finance and oversight and control on an ongoing basis of its different territories and business units (SHL Germany, SHL Israel, SHL USA, and SHL INT).

11.2 Description of the material group companies belonging to the SHL group:

The listed Company

As of December 31, 2025, SHL's authorized share capital is 1,000,000 New Israeli Shekel ("**NIS**") divided into 100,000,000 ordinary shares of NIS 0.01 par value each, of which 37,059,946 shares were issued (1,372 shares held in treasury). The shares of SHL are traded on the main board of the SIX Swiss Exchange, security no. 1128957, ISIN IL0010855885. As of December 31, 2025, SHL's market capitalization was 43.7 CHF million.

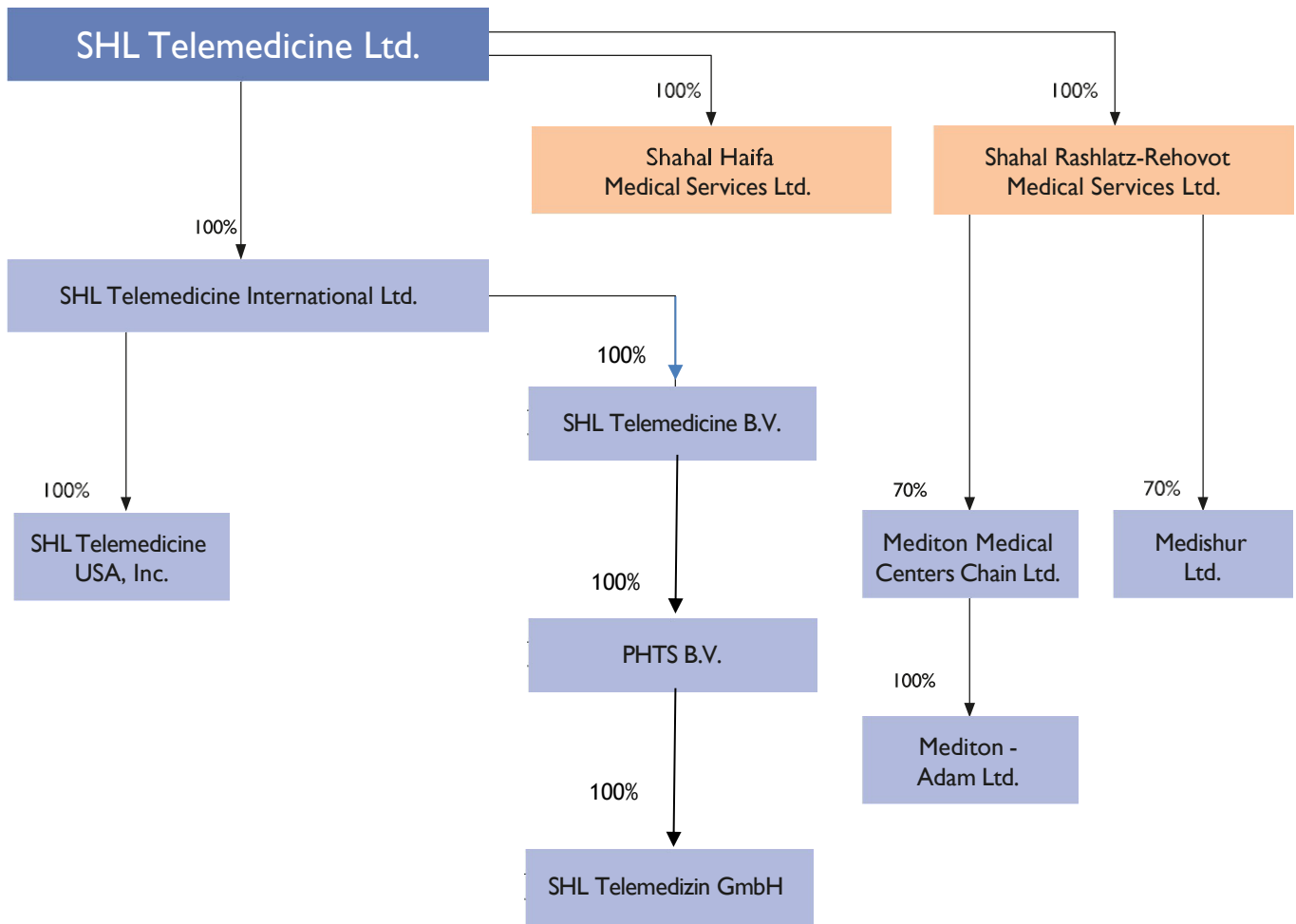
Non-Listed Companies Belonging to the SHL Group:

Name	Domicile	Share Capital and % of holding (directly or indirectly through wholly owned subsidiaries)
Shahal Haifa - Medical Services Ltd	Tel-Aviv, Israel	<i>Authorized Share Capital:</i> NIS 13,000, divided into 13,000 ordinary shares par value NIS 1.00 each <i>Issued Share Capital:</i> 200 ordinary shares 100% (held by SHL)
Shahal Rashlatz-Rehovot Medical Services Ltd.	Tel-Aviv, Israel	<i>Authorized Share Capital:</i> NIS 16,600 divided into 16,600 ordinary shares par value NIS 1.00 each <i>Issued Share Capital:</i> 100 ordinary shares 100% (held by SHL)
SHL Telemedicine International Ltd.	Tel-Aviv, Israel	<i>Authorized Share Capital:</i> NIS 101,000 divided into 101,000 ordinary shares par value NIS 1.00 each <i>Issued Share Capital:</i> 10,000 ordinary shares 100% (held by SHL)
Mediton Medical Centers Chain Ltd.	Tel-Aviv, Israel	<i>Authorized Share Capital:</i> NIS 22,900 divided into 22,900 ordinary shares par value NIS 1.00 each <i>Issued Share Capital:</i> 100 ordinary shares 70% (held by Shahal Rashlatz-Rehovot Medical Services Ltd.)*
Medishur Ltd.	Tel-Aviv, Israel	<i>Authorized Share Capital:</i> NIS 2,640 divided into 2,600 ordinary shares par value NIS 1.00 each and 40 Management shares par value NIS 1.00 each <i>Issued Share Capital:</i> 100 ordinary shares 70% (held by Shahal Rashlatz-Rehovot Medical Services Ltd.)*
Mediton - Adam Ltd.	Israel	<i>Authorized Share Capital:</i> NIS 200 divided into 100 management shares par value NIS 2.00 each, and NIS 22,800 divided into 22,800 ordinary shares par value NIS 1.00 each <i>Issued Share Capital:</i> 100 ordinary shares, 4 management shares 70% (100% held by Mediton Medical Centers Chain Ltd.)
SHL Telemedicine B.V. ("SHL BV")	Amsterdam, Netherlands	<i>Authorized Share Capital:</i> EUR 75,000 divided into 300,000 ordinary shares par value EUR 0.25 each <i>Issued Share Capital:</i> 74,043 ordinary shares. 100% (held by SHL INT)
Personal Healthcare Telemedicine Services Europe B.V. ("PHTS")	Amsterdam, Netherlands	<i>Authorized Share Capital:</i> EUR 4,000,000 divided into 400,000 ordinary shares par value EUR 10.00 each <i>Issued Share Capital:</i> 811,500 ordinary shares 100% (held by SHL BV)
SHL Telemedizin GmbH	Munich, Germany	<i>Authorized Share Capital:</i> EUR 300,000 divided into 2 ordinary shares par value EUR 25,000 and EUR 275,000 <i>Issued Share Capital:</i> 2 ordinary shares 100% (held by PHTS)
SHL Telemedicine USA inc.	Delaware, USA	<i>Authorized Share Capital:</i> USD 1.00 divided into 100 ordinary shares par value USD 0.01 each <i>Issued Share Capital:</i> 100 ordinary shares 100% (held by SHL INT)
SHL Telemedicine Global Ltd.	Tel-Aviv, Israel	<i>Authorized Share Capital:</i> NIS 100,000 divided into 100,000 ordinary shares par value NIS 0.01 each <i>Issued Share Capital:</i> 10,000,000 ordinary shares 100% (held by SHL) (Currently inactive)

*see "Changes in the Financial Year 2025" for additional details with respect to a transaction entered by the company for the purchase of the remaining 30% interest in Mediton and Medishur.

There are no companies belonging to the consolidated entities of SHL whose equity securities are listed on a stock exchange.

Graphic Overview of Group Companies:



12 Significant Shareholders

As of December 31, 2025, as reported to the Company and to its best knowledge, SHL was aware of the following shareholders with more than 3% of all voting rights in the Company¹:

	2025 Number of Ordinary shares held	2025 % excluding treasury shares	2024 % excluding treasury shares
Mrs. Mengke Cai and Kun Shen (2)	5,632,725	15.2	36.42
Value Base Group (3)	5,624,944	15.18	8.58
Danbar Group (4)	3,165,620	8.54	4.83
More Provident Funds and Pension Ltd (5)	1,962,525	5.3	12.9
Menachem Weinberg, Bney-Braq, Israel (6)	1,919,144	5.18	-
Mr. Danny Rimoni, Savion, Israel	1,764,308	4.76	-
Mr. David Wertheim, Ramat Hasharon, Israel (7)	1,476,420	3.98	-
Mr. Baruch Ehrlich, London, Great Britain	1,431,592	3.86	-
Sphera Funds Management Ltd., Tel Aviv, Israel	1,160,392	3.13	3.86
SHL Treasury shares	1,372		

1. Calculated on the basis of the then issued and outstanding 37,059,946 shares as of December 31, 2025. The information in these tables is essentially based on the notifications made by the shareholders to the Disclosure Office pursuant to art. 120 of the Swiss Financial Market Infrastructure Act of 19 June 2015, which are published on the website of SIX Swiss Exchange at: <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TAI8300022>.
2. The respective shares are directly held by GF Fund Management Co. Ltd., 32/F South Tower Poly International Plaza No. 1, East Pazhou, Guangzhou, China the ultimate beneficial owner of which are Cai Mengke, Zhuhai, China and Kun Shen, Hong Kong, China who form an acquisition group. 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 the paragraph titled "Swiss Takeover Board Proceeding" above).
3. Shareholder group consisting of the following beneficial owners (in the sense of the FMIA): Ido Neuberger, Tel Aviv, Israel and Victor Shamrich, Tel Aviv, Israel. The shares of the group are directly held by Value Base Ltd., Tel Aviv, Israel and Harmony Base LP, Tel Aviv, Israel.
4. Shareholder group consisting of the following beneficial owners (in the sense of FMIA): Nir Rotenberg, Tel Aviv, Israel, and Miri Wulkan, Givatayim, Israel. The shares of the group are directly held by Danbar Finance Ltd., Tel Aviv, Israel.
5. More Provident Funds and Pension Ltd, Ramat Gan, Israel, is held by the following group of shareholders: Eli Levy, Tel Aviv, Israel; Yosef Levy, Bat Yam, Israel; Benjamin Meirov, Herzeliya, Israel; Yosef Meirov, Herzeliya, Israel; Michael Meirov, Herzeliya, Israel; Dotan Meirov, Herzeliya, Israel.
6. Directly held by Matag Investments Ltd, Tel Aviv, Israel.
7. Directly held by M. Wertheim (Holdings) Ltd., Ramat Gan, IL and Wertheim Skycorp Ltd., Bnei Brak, Israel.

The above table does not reflect holdings on a fully diluted basis.

The total sale position of the Company as of December 31, 2025, consisted of 1,402,963 options at an average exercise price of CHF 10.81. According to the net exercise method the options did not correspond to any number of shares as the share price was below the market price.

All shareholdings that have been reported to SHL and the Disclosure Office of the SIX Swiss Exchange as per Art. 120 of the Swiss Financial Market Infrastructure Act of 19 June 2015 (FMIA) and published on SIX Swiss Exchange AG's electronic publication platform can be viewed at <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>. SHL is not aware of any other agreements or arrangements among its shareholders.

13 Cross-Shareholdings

To the Company's best knowledge, there are no cross-shareholdings exceeding 5% of the share capital and voting rights by any of the significant shareholders detailed in Section 1.2 above and SHL.

2. Capital Structure

2.1. Capital on the Disclosure Deadline

Authorized share capital as of December 31, 2025

<u>Number of Ordinary Shares</u>	100,000,000
<u>Par value</u>	NIS 0.01 each
<u>Share capital</u>	NIS 1,000,000

Issued and outstanding share capital as of December 31, 2025

<u>Number of Ordinary Shares *</u>	37,058,574
<u>Par value</u>	NIS 0.01 each Share
<u>capital</u>	NIS 370,599.46

* Excluding 1,372 Ordinary Shares held by SHL. For additional information regarding the implications of the purchase by a company of its own shares, see Section 2.4.1 “The ADSs and the Ordinary Shares in General”.

2.2 Authorized Capital, Issued Capital and Options

General

Under Israeli law, a company’s authorized share capital represents the maximum number of shares which is authorized for issuance by the company.

On December 3, 2025 SHL increased the Company's authorized share capital from NIS 250,000, divided into 25,000,000 ordinary shares with a nominal value of NIS 0.01 each (“**Ordinary Shares**”), to NIS 1,000,000, divided into 100,000,000 Ordinary Shares, and the corresponding amendment to the Articles of Association, in order to raise capital by way of a rights offering.

As of the date hereof, SHL’s authorized share capital is comprised of NIS 1,000,000 divided into 100,000,000 Ordinary Shares. The issued and outstanding share capital of SHL, as of December 31, 2025, was NIS 37,059,946, divided into 37,059,946 fully paid issued Ordinary Shares (excluding 1,372 Ordinary Shares held by SHL).

Furthermore, the company successfully completed a capital raise of CHF 12.4 million (USD 15 Million) on the SIX Swiss exchange, by means of non-tradable right issuance to its shareholders. 20,667,192 new shares were issued against payment of the offer price of CHF 0.60 generating gross proceeds of around CHF 12.4 million. The capital increase has led to a new total number of 37,059,946 Ordinary Shares..

Any increase in the authorized share capital is valid as of the date of the approval thereof by the shareholders (with respect to special majority requirements, please refer to Section 6.2 below). Authorized share capital, or any increase thereof is not limited in time. However, the shareholders may, at the General Meeting, cancel authorized but not yet issued share capital, provided that the Company did not undertake to issue shares out of such authorized but unissued share capital. Pursuant to SHL’s Articles of Association, the unissued shares are under the sole control of the Board of Directors of SHL which has the authority to allot or otherwise dispose of them on such terms and conditions as it may see fit. Generally, any such issuance of shares is valid as of the date of the approval thereof by the Board of Directors.

Under the 2021 Share Incentive Plan (as such term is hereinafter defined) the maximum number of options in SHL’s pool is up to 4,077,346 Ordinary Shares (subject to adjustments as set forth in the 2021 Share Incentive Plan) reserved for issuance upon exercise of options that may be granted. As of the date hereof, the pool is 4,077,346, out of which 1,687,619 options are available for grant. For additional information with respect to the share incentive plan adopted by SHL and the grant of options to purchase Ordinary Shares, see the following Section “2021 Share Incentive Plan”. The same provisions apply to RSUs (as defined below) granted by SHL under the 2021 Share Incentive Plan, mutatis mutandis.

2021 Share Incentive Plan

Key employees have been granted share options under the SHL's 2021 Executive and Key Employee Israeli Share Incentive Plan (the "**2021 Share Incentive Plan**"). The plan is in effect until terminated by the Board. Pursuant to the 2021 Share Incentive Plan, equity compensation, such as options or restricted share units (rights to receive shares of the Company under certain terms and conditions, for a consideration of no more than the underlying shares' nominal value) ("RSUs"), may be granted to executives, directors (whether executive or non-executive) and key employees of the Company or its subsidiaries, whereby the Board of Directors has full discretion to determine the specific grantees from time to time. The maximum number of Ordinary Shares which may be issued under the 2021 Share Incentive Plan and under any other existing or future share incentive plans of the Company is 4,077,346, subject to adjustments as provided in the 2021 Share Incentive Plan.

On December 31, 2025, the number of options actually available for issuing under the 2021 Share Incentive Plan was 1,687,619 (as of the date hereof the number of options actually available for issuing is 1,750,119). No RSUs have been granted so far. Pursuant to the 2021 Share Incentive Plan, the exercise price of options shall be the closing price for an Ordinary Share on the last trading day prior to the grant, unless determined otherwise by the Company's Board of Directors in its discretion. However, with respect to all option grants since May 2010, the Board of Directors determined in each case that the exercise price for such option grants shall be the average share price in the thirty (30) trading days preceding the date of grant. The foregoing has also been stipulated as the exercise price applicable to any grants of share-based compensation to the Company's officers pursuant to the 2024 Company's Officer Compensation Policy which brought to the shareholders' approval on the SGM held on May 9, 2024 (the "**2024 Compensation Policy**" or the "**Compensation Policy**", see Section 5.1 "Content and Method of Determining the Compensation and of the Shareholding Programs – Compensation Policy").

On February 13, 2025 the Company's Board of Directors approved the grant of 320,000 options to a Senior Manager, under the 2021 Executive and Key Employee Israeli Share Incentive Plan.

On July 24, 2025, the Company's Board of Directors approved the grant of 170,000 options to Senior Managers, under the 2021 Executive and Key Employee Israeli Share Incentive Plan.

On September 16, 2025 the Company's Board of Directors approved the grant of 100,000 options to the Chairman of the board, under the 2021 Executive and Key Employee Israeli Share Incentive Plan.

On July 24, 2025, the Company's Board of Directors approved the repricing of 800,000 options by reducing the exercise price from CHF 5.04-7.12 to CHF 2.75-3.25. The updated weighted average fair value of options granted is CHF 0.576-0.649 (\$0.724-\$0.817). The updated weighted average fair value of options granted is CHF 0.576-0.649 (\$0.724-\$0.817). The updated weighted average fair value was estimated based on the binomial model using the following data and assumptions: share price - CHF 1.84; exercise price – CHF 2.75-3.25; expected volatility – 63.34%- 63.8; risk free interest rate – 0.15%-0.17%; expected dividend – 0%; and expected average life of options – 3.14-3.7 years.

All options are exercisable, upon vesting, for a period of 6 years from grant date.

For the options granted in 2025, see table in section 5.3 "**Compensation for Acting Members of Governing Bodies**".

All options issued under the 2021 Share Incentive Plan are exercised by way of the net exercise method. Options granted under the 2021 Share Incentive Plan shall vest, unless determined otherwise by the Board, one-third (1/3) on each of the first, second and third anniversary of the date of grant, so that all options shall be fully vested and exercisable on the first business day following the lapse of thirty six (36) months from the date of grant, contingent upon the achievement of certain market and performance conditions which, unless determined otherwise by the Board, shall be based on the rate of the increase in the market price of the shares and of the Company's earnings per share. The Board may, in its discretion, reduce the relevant performance targets to zero. The options shall expire six (6) years from the date of grant (unless expired earlier under the terms of the 2021 Share Incentive Plan or the relevant award agreement). With respect to option grants to Company's officers, the Company's 2024 Compensation Policy provides a certain minimum vesting period, as follows: (i) first cliff after one (1) year from the date of grant; and (ii), full vesting shall occur no earlier than 36 months from the

date of such grant. For further information on share options in the context of director and management compensation see Section 5.2 below.

Information with respect to the issued and outstanding SHL share options under the 2021 Incentive Plan is as follows:

	Weighted average exercise price		Weighted average exercise price	
	2025	in CHF**	2024	in CHF
As of January 1,	1,402,963	10.81	1,220,241	12.27
Granted during the year	590,000	3	500,000	6.29
Forfeited during the year	(575,544)	12.88	(317,278)	9.26
Exercised during the year	-	-		
Outstanding at the				
end of the year	1,417,419	5.65	1,402,963	10.81
Fair value* at end of year	3,023,286		4,528,790	
Vested on December 31	473,689	10.59	738,664	13.46

* The fair value was estimated by an external expert, based on a binomial model.

**On July 24, 2025, the Company's Board of Directors approved the repricing of 800,000 options by reducing the exercise price from CHF 5.04-7.12 to CHF 2.75-3.25.

23. Changes in Capital Structure within the Last Three Financial Years

On November 20, 2025, the shareholders of the Company approved an increase of the authorized capital from NIS 250,000, divided into 25,000,000 Ordinary Shares, to NIS 1,000,000, divided into 100,000,000 Ordinary Shares, always with a nominal value of NIS 0.01 each.

On December 3, 2025, the Company issued 20,667,192 new Ordinary Shares as a result of a rights offering to existing shareholders based on a prospectus (the **“Rights Offering”** and **“Capital Increase”**). The new Ordinary Shares were delivered against payment of the offer price of CHF 0.60 generating gross proceeds of around CHF 12.4 million. The issuance of the new shares led to an increase in the total number of registered shares issued with a nominal value of NIS 0.01 each from 16,392,754 to 37,059,946. The increased share capital of SHL amounts to NIS 370,599,46.

As of December 31, 2023 2024 and 2025, SHL's issued share capital (excluding the ordinary shares held by SHL) was comprised of 16,391,382, 16,391,382 and 37,059,946 Ordinary Shares, respectively. The foregoing changes in the Company's share capital result from the exercise of share options and issuance of Ordinary Shares in the framework of the Private Placement (as defined below).

24. The Company's Securities

24.1. The ADRs and the Ordinary Shares in General

On March 11, 2025 the Company announced its intention to voluntarily delist its ADRs from Nasdaq, terminate its ADR program and deregister from, and terminate its reporting obligations under the Securities Exchange Act of 1934, as amended. The reason for the delisting was cost reduction. The delisting and termination of its ADR program and Securities Exchange Act registration and reporting will not affect the Company's listing on the SIX Swiss Exchange, where its ordinary shares will continue to trade. The delisting date was April 2, 2025.

Upon filing the Form 15F on February 2, 2026, SHL's reporting obligations under the Exchange Act suspended. Unless the SEC objects, the reporting obligation is fully terminated 90 days after the filing date.

In connection with the delisting and deregistration, the Company also has terminated its ADR program.

The Board of Directors of the Company decided to delist the ADRs from Nasdaq and terminate the Company's Exchange Act registration and reporting obligations with the SEC given the current global economic climate and the business imperative for SHL to reduce its cost base. The Company believes that the SIX Swiss Exchange provides sufficient liquidity for SHL's investors, which is further supported by the Rights Offering completed

in December 2025. The Company will continue to publish its annual report, interim results and communications on its website at www.shl-telemedicine.com.

Liquidation and Dividend Rights

In the event of SHL's liquidation, after satisfaction of liabilities to creditors, SHL's liquidation proceeds will be distributed to the holders of the Securities in proportion to the nominal value of their respective holdings. This liquidation right may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future. Under the Israeli Companies Law, dividends may be paid out of profits and other surpluses, as defined in the Israeli Companies Law, or as accrued over a period of two years, whichever is higher, each based on the most recent financial statements of the Company (provided that the date with respect to which such financial statements were prepared does not pre-date the distribution by more than six (6) months); provided, however, that there is no reasonable concern that the payment of such dividend will prevent the Company from satisfying its existing and foreseeable obligations as they become due. Any dividends will be subject to Israeli withholding tax. SHL's Articles of Association provide that the Board of Directors may from time to time declare and cause SHL to pay such dividend as may appear to the Board of Directors to be justified by the profits of SHL. The shareholders entitled to receive dividends are the shareholders on the date upon which it was resolved to distribute the dividends or at such later date as shall be provided in the resolution in question.

25. Voting Rights

Holders of Securities have one vote for each Ordinary Share held on all matters submitted to a vote of shareholders. For additional information regarding voting rights of the holders of our Securities, see Section 6.1 "Voting Rights Restrictions and Representations" below.

In its decision 0672/01, the Swiss Takeover Board ("TOB") dated January 26, 2018 to declare Mengke Cai, Xiang Xu, Himalaya (Cayman Islands) TMT Fund, Himalaya Asset Management Ltd., and Kun Shen as acting in concert and being obliged to publish a tender offer for all SHL shares. In its further decision 0672/04 dated September 1, 2018, the TOB resolved not to grant an extension of the deadline for such tender offer and to suspend said parties' voting rights as well to prohibit any purchase of additional shares by same the parties until such tender offer would be performed. On May 29, 2019, the TOB, on its own initiative, reduced the minimum price of the mandatory tender offer to CHF 7.70 following a dividend distribution of USD 1.00 by SHL in April 2019. The respective parties remain in breach of their tender offer obligation to this day. of their obligation to publish a tender offer for all shares of SHL (for further information on the events in 2019 please refer to our Corporate Governance Report regarding the year 2019). It should be noted that as of the date hereof, the voting rights attached to the aforesaid shares are still suspended

In case a company purchases its own shares, under the Israeli Companies Law, such shares become dormant and do not confer voting or any other rights so long as such shares are held by the company. As of December 31, 2025, the Company held 1,372 of its own Ordinary Shares. There is no preferential voting rights attached to any of the Securities of SHL.

25.1 Duties of Shareholders

Under the Israeli Companies Law, each shareholder has a duty to act in good faith and customary way toward the Company and other shareholders and to refrain from abusing his or her powers in the Company, such as in shareholder votes, and from discriminating other shareholders. Furthermore, specified shareholders have a duty of fairness towards the Company. These shareholders include any controlling shareholders, any shareholder who knows that he or she possesses the power to determine the outcome of a shareholder's vote and any shareholder who, pursuant to the provisions of the articles of association, has the power to appoint an office holder or any other power with respect to the company. However, the Israeli Companies Law does not define the substance of this duty of fairness.

The aforesaid duties of shareholders also apply to persons registered with the share register of the Company to the extent such persons exercise the rights attached to the Ordinary Shares.

In addition, under the Israeli Companies Law, the disclosure requirements that apply to an office holder in a public company with respect to a personal interest such office holder may have with respect to an existing or proposed transaction of the company also apply to a controlling shareholder of a public company. For such purpose, a controlling shareholder is a shareholder who has the ability to direct the activities of a company, including a shareholder that owns twenty-five percent (25%) or more of the voting rights if no other shareholder owns more than fifty percent (50%) of the voting rights, and whereby a person holding more than half of the means of control of a company (including the right to appoint a majority of the directors or the right to appoint a company's general manager) is presumed to control such company. Further, any shareholder participating in a vote on an extraordinary transaction (including a private placement which is an extraordinary transaction) with a controlling shareholder or an extraordinary transaction with another person in which a controlling shareholder has a personal interest, or the engagement of a controlling shareholder or its relative as an office holder or employee (including the terms and conditions of the directors and office holders insurance and indemnification), must notify the Company prior to the relevant vote whether or not it has a personal interest in the relevant transaction – if no such notification is made, such shareholder is not entitled to vote and any vote of such shareholder is not counted (for approval requirements in connection with controlling shareholder transactions, please refer to Section 6.2 on “Statutory Quorums” below). The same notification requirement applies to (a) shareholders that have a personal interest in the appointment of an Independent (External) Director (for election of Independent (External) Directors, please see Section 3.1 below); (b) shareholders that have a personal interest in a full or a special purchase offer (for further information, please see Section 8.1 below), and (c) any shareholder that has a personal interest in the approval of the Compensation Policy of the Company (for further details regarding the Compensation Policy, please see Section 5.1 below). Further, an “interested party” in a private placement (i.e. a holder of more than five (5) percent of the shares of a company or one who may become such holder as a result of the private placement) must promptly disclose any personal interest that he or she may have and any material information known to him or her in connection with such private placement. Pursuant to the Swiss Financial Market Infrastructure Act of 19 June 2015 (“**FMIA**”), any shareholder of the Company or group of shareholders acting in concert is required to disclose his/her/its holding if it reaches, exceeds or falls below certain thresholds, subject to limited exceptions.

The relevant thresholds triggering notification are (for FMIA purposes) 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% of the voting rights of the Company. Persons acting in concert must disclose their shareholdings on a consolidated basis and the holdings of all such a group's members are aggregated in order to calculate compliance with relevant thresholds. The direct holder as well as any indirect holder (“beneficial owner”, person being able to determine the exercise of the voting rights, whether exercisable or not) must be reported. Additionally, any third party who is not owning the shares but has been mandated to vote the shares in its sole discretion must be disclosed. The relevant shareholdings must be in the case of the FMIA, to the Company and Disclosure Office of the Six Swiss Exchange within four (4) trading days from agreeing on the relevant transaction. In respect of notifications to the FMIA the Company shall then publish the information received within two (2) trading days from receipt of the notification. With respect to disclosure duties of shareholders submitting shareholder statements to the Company, please refer to Section 6.3 below.

The Special General Meeting which was convened on February 21, 2019, approved an amendment to the articles of association of the Company, pursuant to which each shareholder holding 5% or more of the Company's shares or voting rights and each member of the Board of the Company is obliged to provide the Company with an address in Israel for the receiving of documents (including judicial documents) (the “Address”). As long as such Address has not been provided, the Company's registered office will be considered as such shareholder's and/or director's Address for the receiving of documents (including judicial documents).

26. Dividend-right Certificates

No dividend-right certificates were issued by SHL as of the disclosure deadline.

27. Limitations on Transferability

Fully paid Securities may be transferred freely. Currently, there are no statutory restrictions limiting the transferability of the Securities. The ownership or voting of Securities by non- residents of Israel, except with respect to citizens of countries which are in a state of war with Israel, is not restricted in any way by the Articles of Association of SHL or the laws of the State of Israel.

Voting rights and the purchase of new shares may be suspended under Swiss law as a sanction for breaches of disclosure obligations and the obligation to publish a tender offer for all shares (see Section “Swiss Takeover Board Proceeding” above).

28. Convertible Bonds and Options

No Convertible Bonds have been issued by SHL. Information on Options may be found in the Section 2.2 “Authorized Capital, Issued Capital and Options”.

3. Board of Directors

The primary duties of the Board are defined in the Israeli Companies Law and in the Articles of Association of SHL. For a description of powers and duties of the Board of Directors, please refer to Section 3.3 of this report.

3.1. Members of the Board of Directors

The Articles of Association provide for a Board consisting of up to nine (9) members and not less than three (3) members until otherwise determined by simple resolution of the shareholders of SHL. As of December 31, 2025, and hereof, the Board consists of six (6) members, two (2) of whom are Independent (external) Directors (Mr. Abramovich and Ms. Carni). For further information on Independent Directors, please refer to the following Section of this report.

Independent (External) Directors

Israeli companies that have offered securities to the public in or outside of Israel are required to appoint two (2) Independent (external) Directors under the provisions of the Israeli Companies Law. Each committee of a company's board of directors authorized to exercise the powers of the board of directors is required to include at least one Independent Director, and pursuant to the Israeli Companies Law, the board of directors of a public company is required to appoint an audit committee and a compensation committee which must be comprised of at least three (3) directors, including all of the Independent (external) Directors. For the tasks of the audit committee and the compensation committee, respectively, and further requirements regarding the composition of the audit committee and the compensation committee, please refer to Section 3.3 below. As a general rule, Independent (external) Directors shall be Israeli residents, however, in a company whose shares are traded abroad (such as SHL), Independent (external) Directors may also be foreign residents. In the year under review, there were no Independent Directors who are foreign residents.

Pursuant to the Israeli Companies Law, to qualify for an appointment as an Independent (external) Director, the relevant candidate must possess either accounting and financial expertise or professional qualifications (as such terms are defined in rules promulgated under said law), provided that at least one (1) of the Independent Directors appointed possesses accounting and financial expertise. Further, all of the following persons are prevented from serving as Independent Directors: (a) any individual that is a relative of a controlling shareholder (as such terms are defined under the Israeli Companies Law); (b) any individual who has (or any of whose relatives, partners, employer, entities controlled by him, or someone that such individual is directly or indirectly subordinated to has) at the time of appointment or at any time during the two (2) years prior to such individual's appointment as an Independent Director, any "connection" (including, in general, employment, business and/or professional relationships, control and/or service as an office holder) with (i) the Company, (ii) its controlling shareholder(s) at the time of appointment, (iii) a relative of a controlling shareholder at the time of appointment, (iv) any entity whose controlling shareholder(s), at the time of appointment or during the two (2) years prior to the relevant Independent Director appointment is the Company or its controlling shareholder, or (v) the Chairman of the board, the general manager, a holder of 5% or more of the issued and outstanding share capital or voting rights in the company or the most senior financial executive in the company, at the time of appointment, and only if there is no controlling shareholder in the relevant company or a holder of at least twenty five percent (25%) of the voting rights in the company; (c) any individual whose position or other activities create or may create a conflict of interest with his or her role as an Independent Director or may adversely affect such role, or which may compromise such individual's ability to serve as an Independent Director; (d) an employee of the Israeli securities authority or an Israeli stock exchange; (e) a director of another company, if a director of such other company serves as an Independent Director in the first company; (f) without derogating from the restrictions set forth under (b) above, any individual who has (or whose relative, partner, employer or person to whom he/she is directly or indirectly subordinated, or

a company in which he/she is a controlling shareholder has) business or professional relationships with any person with respect to which an affiliation is prohibited under (b) above, even if such relationship is not an ongoing, constant relationship, and excluding relationships that are negligible; or (g) any person which in his/ her service as an Independent Director received any compensation for his/her service beyond that authorized in accordance with applicable regulations promulgated under the Israeli Companies Law.

In addition, for a period of two (2) years following termination of the service of an Independent Director, the company in which such Independent Director served, as well as its controlling shareholder and/or any entity under such controlling shareholder's control may not directly or indirectly provide any benefit to such Independent Director (as well as his/ her spouse and children), including, without limitation, appointment as an officer holder, engagement as an employee or provider of professional services against consideration, whether directly or indirectly and whether individually or through an entity controlled by such Independent Director, all with respect to the company and any entity under control of the controlling shareholder of the company. The foregoing limitations also apply to relatives (as defined under the Israeli Companies Law) of the Independent Director who are not his/ her spouse or child, but then for a period of one (1) year from termination of service.

The Independent (External) Directors generally must be elected by a majority vote of the shareholders, provided that (a) such majority includes a majority of shares held by shareholders who are not controlling shareholders or who do not have a personal interest in the appointment (except a personal interest which is not the result of a relationship with the controlling shareholder) and who are voting thereon, whereby abstaining votes will not be taken into account, or (b) the percentage of the voting rights held by shareholders as described under and which object to the appointment is not more than two percent (2%) of the voting rights of the company (the Minister of Justice may determine a different percentage; no such determination has been made to date).

The term of an Independent Director is three (3) years and may be extended by two (2) additional terms of three (3) years each.

Independent Directors may be re-elected to any of the two additional terms beyond their initial three (3) year term as aforesaid only subject to fulfillment of either of the following conditions:

(a) one or more shareholders holding one percent (1%) or more of the voting rights of the company proposed such additional service period, and the appointment is approved by the general meeting with a majority of votes subject to the following: (i) the votes of controlling shareholders or anyone who has a personal interest in the appointment (excluding a personal interest which is not the result of a relationship with the controlling shareholder) and abstaining votes are not counted; (ii) the number of votes supporting the appointment (from among those shareholders which are not controlling shareholders or have a personal interest as aforesaid) amounts to more than two percent (2%) of the overall voting rights in the company (the Minister of Justice may determine a different percentage; no such determination has been made to date); and (iii) such Independent (external) Director may not be (A) at the time of appointment a Related or Competing Shareholder (as defined hereafter) or a relative thereof; or (B) a person with "connections" (as defined above) to a Related or Competing Shareholder at the time of appointment and the two (2) years prior thereto. "Related or Competing Shareholder" is defined under the Israeli Companies Law as (x) the shareholder proposing such appointment; or (y) a holder of shares or voting rights in the company of at least five percent (5%); and with respect to either of the foregoing, to the extent that at the time of appointment of the Independent Director such shareholder, a controlling shareholder thereof or a company under the control of the foregoing has business connections with the company, or that it, a controlling shareholder thereof or a company under the control of the foregoing is a competitor of the company; or the Board proposed the additional service term of such Independent Director and such appointment is approved in the same way as the appointment for the initial term is approved (see

above); or the Independent (external) Director himself/ herself proposed his/her re-election, and the appointment is approved in accordance with the conditions described under (a) above.

Independent (“Non-Dependent”) Directors

Pursuant to the Israeli Companies Law, a public company may also designate certain directors as independent (non-dependent) directors. Pursuant to the relevant provisions of the law, independent (non-dependent) directors are either (i) Independent (external) Directors as set forth above, or (ii) such persons who fulfill all of the requirements applicable to Independent (external) Directors, as confirmed by the Audit Committee, except special financial or professional qualifications, and who have not served as a director of the Company for more than nine (9) continuous years (whereby any interruption of less than two (2) years does not suffice to constitute a disruption of such continuance). Unlike Independent (external) Directors, independent (non-dependent) directors are not elected for three-year terms but may be re-elected each year. No special majority requirements apply with respect to their election.

As set forth below, a majority of the members of the Company’s Audit Committee are required to be independent (non-dependent) directors (i.e. including the Independent (external) Directors). The Company has currently no directors (other than the Independent (external) Directors as such) that have been designated by the Audit Committee as independent (non-dependent) directors.

Executive and Non-Executive Members of the Board

As of December 31, 2025 there was no executive director on the Board of the Company (defined as a Board member who acts as a member of the Executive Management).

Board Members as of December 31, 2025

The following table sets forth the name, principal position, time of the first election, and the remaining term of office of each member of the Board of Directors as of December 31, 2025.

Name	Nationality	Position	First Election	Remaining Term*
Dr. Itamar Offer	Israeli	Chairman of the Board /Non-executive member	2024	2026
Ido Neuberger	Israeli	Non-executive member	2024	2026
Nir Rotenberg	Israeli	Non-executive member	2024	2026
Yehoshua Abramovich	Israeli	Non-executive member/Independent (external) Director	2017	2026
Prof. Amir Lerman	Israeli and US	Non-executive member	2016	February 24 2026
Orna Carni	Israeli	Non-executive member/Independent (external) Director	2024	2027

* With respect to members of the Board who are not Independent (external) Directors, where the remaining term is indicated as 2026, this means until the 2025 Annual General Meeting. Mr. Abramovich’s third term in office ends on June 27, 2026. For additional information regarding the election and term of office of SHL’s directors please refer to Section 3.2 “Election of Directors and Term of Office”.

Below are the resumes of the current members of the Board:

Dr. Itamar Offer



Dr. Offer joined the Board of Directors of SHL as Chairman of the board non-executive Director in 2024. Dr. Itamar Offer is a Healthcare management professional (Medical doctor) with 25 years of experience in senior positions at hospitals and community healthcare. 8 years of which in the Israeli Public Healthcare, 4 years in India's private healthcare and 5 years as CEO at Herzliya Medical Center. During that period, he also led the Knowledge Management first steps at Clalit Health Services. Since 2018 was CEO and between 2021 & 2024 served as Chairman of the board of Sabar Health Home Hospital, the largest Hospital at Home service in Israel. Dr. Offer had founded and is a Co-Chair of WHAHC -World Hospital at Home Congress .Dr. Offer has a Doctor of Medicine (MD) degree from Tel-Aviv University, and Master's degree in Public Administration (MPA) from Harvard Kennedy School. He is a specialist in Pediatrics and in Healthcare Management. Nationality: Israeli.

Yehoshua Abramovich



Mr. Abramovich joined the Board of Directors of SHL as non-executive Director/ Independent (external) Director in June 2017. Mr. Abramovich has held key positions in the Israeli capital market for over 25 years. He serves as the chairman of the board of IMed Infinity Medical, chairman of Atrade, a member of the board of directors of each of the public companies: Brimag Digital, Gaon Group and GoTo, and as a director in other high- tech, real estate, and Fintech companies. Mr. Abramovich was the CEO of Clal Finance. Prior to that, he served in various positions in Clal group, including Vice President of Clal Insurance Enterprises Holdings. He served on the board of directors of the Tel- Aviv Stock Exchange until September 2008. He has a B.A. in Economics & business management and an M.B.A from Tel Aviv University. Nationality: Israeli.

Ido Neuberger



Mr. Ido Neuberger joined the Board of Directors of SHL in February 2024. Mr. Neuberger has served as the CEO of Value Base since its inception in 2013. He also holds the position of chairman of the board or board member of Value Base's various subsidiaries. Prior to that, he served as CEO and a director of various Israeli companies. Mr. Neuberger holds an M.A. and a B.A, both in economics, from Tel Aviv University. Nationality: Israeli.

Nir Rotenberg



Mr. Nir Rotenberg joined the Board of Directors of SHL in February 2024. Mr. Rotenberg is the Chairman of the Board of Danbar Finance Ltd., a private investment group, and has served there as a director and partner since 2000. Prior to that, he served as a manager and director of certain public companies in the Danbar group of companies from 1994 until 2000 and from 1990-1993 served as chief investment officer in Migdal Insurance Company. Mr. Rotenberg holds an M.B.A in business management and a B.A in economics from Tel Aviv University. Nationality: Israeli.

Orna Carni



Ms. Orna Carni joined the Board of Directors of SHL as a Non-Executive and Independent (External) Director in December 2024. She is a Partner at FinTLV Ventures, a venture capital fund focused on fintech and Insurtech. Previously, Ms. Carni served as Vice President of Strategy and Business Development at AIG Israel. She also serves on the Board of Directors of Maccabi Healthcare Services and as an External Director of Shlomo Insurance Company Ltd. Education: B.A. in Management, Open University of Israel; MBA, University of Manchester; LL.B., Ono Academic College; Private Equity and Venture Capital Foundations Program, Harvard Business School. Nationality: Israeli.

Prof. Amir Lerman

Prof. Lerman joined the Board of Directors of SHL as a non-executive Director in 2016. Prof. Lerman was the Director of the Cardiovascular Research Center at the Mayo Clinic in Rochester (USA) since 2010. He also served as the Director of the chest pain clinic. In addition, Prof. Lerman served as the Director of the Mayo- Israeli startup company initiative as well as a faculty member at the Mirage Institute: US- Israeli innovation bridge business leadership program, since 2009, in addition to various other positions held at the Mayo Clinic. Prof. Lerman also held an appointment as an endowed Professor of Medicine at the Mayo Medical School since 2001 and Mayo Clinic distinguished investigator. Prof. Lerman graduated from the Technion school of Medicine in Haifa Israel in 1985 and completed his training in internal medicine, cardiovascular diseases and invasive cardiology at the Mayo Clinic in 1994. Prof. Lerman published more than 900 manuscripts, book chapters and reviews; the NIH, AHA, and several foundations support his research.

Nationality: Israeli and US.

On February 24, 2026 prof. Amir Lerman passed away.

There are no Board Members who completed their term in 2025.

32 Election of Directors and Term of Office

Pursuant to the Articles of Association of SHL, all members of the Board, except the two (2) Independent (external) Directors (who are to be elected as described above, pursuant to the provisions of the Israeli Companies Law), are elected individually at the Annual General Meeting of the shareholders by a vote of the holders of a majority of the voting power represented at such meeting to serve until the next Annual General Meeting. All directors of SHL, except for the Independent (external) Directors - who may only serve three (3) three- year terms (please refer to the description above) may be re-elected with no limit. Pursuant to the provisions of the Israeli Companies Law, each candidate for directorship in a public company is required to execute a written declaration pursuant to which such person has the requisite qualifications and is able to dedicate the required time to its service as a director, and further that none of the reasons stipulated under the Israeli Companies Law preventing such director from being eligible for service as a director (such as a court conviction of an offense of corruption, fraud or use of inside information so long as five (5) years have not yet lapsed from the date of the relevant verdict) apply. With respect to Independent (external) Directors, the proposed candidates have to further submit a declaration that they meet with accounting and financial expertise or professional qualifications stipulated under the Israeli Companies Law (see Section 3.1 above).

The foregoing declarations have to be submitted prior to the call for a shareholders' meeting at which the relevant candidate is proposed to be elected as a director. In addition to the foregoing, a person who is a candidate to be a director of a company is required to disclose to the company, amongst others, whether the enforcement committee instituted under the Israeli Securities Law has imposed certain enforcement measures on such person preventing him/her from serving as a director in a public company, so long as the applicable period of restriction imposed has not yet lapsed. If sanctions were imposed which prohibit service as a director in a public company, then (a) the relevant candidate will not be appointed as a director; and (b) the service of any person already serving as a director will immediately terminate with submission of

notice by the relevant director regarding such enforcement measures.

Under the Israeli Companies Law, the following persons may not be appointed as Chairman of the Board of a public company: (a) neither the Chief Executive Officer himself/herself nor any of his/her relatives (as such term is defined under the Israeli Companies Law and which does not include uncles, aunts or cousins) may at the same time serve as Chairman of the Board, unless the shareholders consent to such service, which, in any event, may not exceed three (3) year periods from the date of each such approval. Approval shall be obtained by the Audit Committee, the Board and the shareholders. Approval by the shareholders requires that either (i) the a majority vote in favor of the resolution shall include the consent of at least a majority of the shareholders voting power represented at the meeting in person or by proxy and voting thereon who have no personal interest in approving the resolution and who are not controlling shareholders of the Company (whereby abstaining votes will not be counted), or (ii) the total shares of the shareholders who are not controlling shareholder and have no personal interest in approving the resolution voted against the resolution do not represent more than two percent (2%) of the voting rights in the Company; or a person directly or indirectly subordinated to the CEO. In addition, under the Israeli Companies Law in a public company, the Chairman of the Board or his/her relatives may not be authorized to exercise the powers of the CEO, unless under the special approval requirements set forth above and each time only for a period of up to three (3) years; or (b) a person directly or indirectly subordinated to the CEO, and the Chairman is also prevented from serving in any other position in the company or an entity in its control (except service as a director or Chairman of a company under its control). Shareholders participating in the special approvals as described above must disclose prior to the vote whether they have a personal interest – if no such disclosure is made, the votes of such shareholders will not be counted.

Neither Israeli law nor the articles of association set a limit to the maximum number of external mandates of the members of the Board of Directors. However, when proposing a candidate, the number of such mandates and his or her temporal availability are being considered.

3.3 Internal Organizational Structure

Pursuant to the Israeli Companies Law and SHL's Articles of Association, the Board is ultimately responsible for the general policies and management of SHL. The Board establishes the strategic, organizational, accounting and financing policies of SHL. Specifically, the Board of SHL reviews, discusses and approves the half-year financial statements of the Company, and is updated on a regular basis regarding the development of SHL's business. The Board meets at least once each quarter. Topics addressed in the meetings include strategy, business reviews and major projects, investments and transactions. Each of the Board committees conducts its meetings according to the needs of the relevant Board Committee. The Chief Executive Officer and the Chief Financial Officer of the Company are invited to Board meetings and attend such as the Board deems necessary. It should be noted that Mr. Arnon, the CEO of the Company as of the date hereof, is invited to all Board meetings. Pursuant to the Israeli Companies Law, persons that may not be elected as members of the audit committee and the compensation committee of a company (for further information regarding persons not qualified to be audit committee or compensation committee members, please see the relevant sub-sections of this Section below), respectively, may not be present at meetings of these committees unless the chairman of the committee determined that his/her presence is required in order to present a certain topic; provided that (a) an employee of the company (who is not a controlling shareholder or its relative) may be present at the discussion in such meeting (but not at the time any resolution is taken) if such presence was requested by the committee; and (b) the company's legal counsel and the company corporate secretary (who are not controlling shareholders or their relatives) may be present both at discussions and resolutions of the audit or compensation committees if so requested by such committee. The Board has all powers vested in it according to the Israeli Companies Law and the Articles of Association, is authorized to determine the policy of SHL and to supervise the performance and actions of the CEO of the Company, and, without derogating from the above, has the following powers:

- determine SHL's plans of action, the principles for financing them and the order of priority

among them;

- examine the financial status of SHL, and set the frame of credit that SHL shall be entitled to acquire;
- determine the organizational structure of SHL and its compensation policies;
- resolve to issue series of debentures;
- prepare and approve the financial statements of SHL;
- report to the Annual General Meeting on the status of SHL’s affairs and of their financial outcomes;
- appoint the CEO and terminate such appointment, in accordance with the Israeli Companies Law;
- resolve in the matters on actions and transactions that require its approval according to the Israeli Companies Law and the Articles of Association;
- issue shares and convertible securities up to the total amount of the authorized share capital of SHL, in accordance with the Israeli Companies Law;
- decide on a “distribution” as set forth in Sections 307 – 308 of the Israeli Companies Law (including without limitations, dividends and share repurchases);
- express its opinion on a special tender offer, as set forth in Section 329 of the Israeli Companies Law.

Pursuant to the Articles of Association of SHL a quorum at a meeting of the Board shall be constituted by the presence in person or by any other means of communication by which the Directors may hear each other simultaneously, of a majority of the Directors then in office who are lawfully entitled to participate in the meeting. Any director may call a meeting of the Board of Directors upon seven (7) day notice, unless such notice has been waived by all the directors. The notice of a meeting shall include the agenda of the meeting. Pursuant to the Articles of Association of SHL the Board may meet and adjourn its meetings according to SHL’s needs but at least once every three months and otherwise regulate such meetings and proceedings as the directors see fit. Meetings of the Board may also be held telephonically or by any other means of communication, provided that each director participating in such meeting can hear and be heard by all other participating directors. A meeting of the Board at which a quorum is present shall be competent to exercise all the authorities, powers and discretion vested in or exercisable by the Board. A resolution proposed at any meeting of the Board shall be deemed adopted if approved by a simple majority of the directors then in office who are lawfully entitled to participate in the meeting and vote thereon, and present when such resolution is put to a vote and voting thereon. The Board may also adopt resolutions by unanimous written consent.

The Articles of Association of SHL provide that any director may, by writing notice to SHL, appoint another person to serve as an alternate director and may cancel such appointment. Any person that meets the qualifications of a director under the Israeli Companies Law may act as an alternate director. One person may not act as an alternate director for more than one director, and under the Israeli Companies Law in a public company a person serving as a director of the company or as an alternate director may not act as an alternate director. However, a director can serve as an alternate director to a member of a committee of the board of directors, provided that the alternate director is not a member of the committee in question; and provided further that in the event the alternate director is to serve as an alternate to an Independent (external) Director, such alternate director shall have accounting and financial expertise or professional qualifications, dependent on the expertise and qualifications of the Independent (external) Director such alternate director is supposed to replace. An alternate director to an Independent (external) Director may not be otherwise appointed.

Under the Israeli Companies Law, a company is entitled to have several General Managers to be appointed by the Board who shall be responsible for the day-to-day operation of the company within the limits of the policy determined by the Board and subject to its direction. In a public company, office holders who are not directors are appointed by the General Manager/CEO who may determine the powers and duties of such office holders.

During the year under review, the Board held 11 meetings (7 of which were via video conference

and 4 by written resolutions). The length of such meetings depends on the agenda, and the duration is approximately 1 to 1.5 hours. The CFO and the Company's external auditors attended 7 and 4 of the meetings above, respectively.

Committees of the Board and Internal Auditor

The Articles of Association of SHL provide that the Board may delegate any or all of its powers to committees of the Board as it deems appropriate, subject to the provisions of the Israeli Companies Law. Any committee formed shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board. The meetings and proceedings of any such committee are, *mutatis mutandis*, governed by the provisions contained in the Articles of Association for regulating the meetings of the Board, so far as not superseded by any regulations adopted by the Board of Directors. Any such committee authorized to execute the powers of the Board shall include at least one (1) Independent (external) Director. With respect of special requirements relating to the composition of the Audit Committee and the Compensation Committee, see this section below. A committee authorized to execute the powers of the Board may only be comprised of members of the Board. A committee whose powers are limited to providing recommendations to the Board may be comprised of non-members.

Pursuant to the Israeli Companies Law, a board of directors may not delegate the following matters to a committee: determination of a general policy; distribution (except for re-purchase of company shares pursuant to a framework approved by the board); determination of the board of directors' stand on matters that require shareholder approval or on its opinion with regard to a special purchase offer; appointment of directors; issuance of securities (except for issuance to employees pursuant to an option plan approved by the board); approval of financial statements; approval of interested party transactions.

The committees of the Board of Directors meet as necessary and are required to take minutes, make full reports and recommendations to the Board of Directors.

Pursuant to the Israeli Companies Law, the Board of Directors also appointed an internal auditor proposed by the Audit Committee.

Audit Committee - Pursuant to the Israeli Companies Law the Audit Committee must be comprised of at least three (3) directors, including all of the Independent (external) Directors, and a majority of its members must be Independent (Non-Dependent) Directors (i.e. including the Independent (external) Directors). The following persons may not be members of the Audit Committee: (a) the Chairman of the Board; (b) any director employed by the Company; (c) any director employed by a controlling shareholder of the Company or an entity under the control of such controlling shareholder; (d) any director who provides services, on a regular basis, to the Company, a controlling shareholder or an entity under the control of a controlling shareholder; (e) a director whose main livelihood is based on a controlling shareholder; and (f) a controlling shareholder or any of its relatives. Subject to limited exceptions, any person who could not be a member of the Audit Committee may not be present at its meetings. The Chairman of the Audit Committee shall be an Independent (external) Director. The legal quorum for any meeting of the Audit Committee shall be a majority of its members, provided that the majority of those present shall be Independent (non-dependent) Directors (see description above), and further provided that at least one (1) Independent (external) Director shall be present. The role of the Audit Committee includes, amongst others, the following: (a) to examine flaws in the business management of the Company, in consultation with the Internal Auditor and the external auditors, and to propose remedial measures to the Board; (b) to determine whether an interested party transaction is an ordinary or extraordinary transaction (where extraordinary transactions are subject to special approval requirements); (c) to approve interested party transactions, where so required under the Israeli Companies Law; and (d) to examine the existing internal control measures of the Company and the functioning of the Internal Auditor (see below). The Audit Committee is also charged with (e) prescribing with respect to transactions with controlling shareholders or another person in which a controlling shareholder has a personal interest (even if they are determined by the Audit Committee not to be extraordinary transactions), as well as with respect to the engagement terms of controlling shareholders and their relatives, the obligation to conduct either (i) a competitive process under the

supervision of either the Audit Committee or who else the Audit Committee may determine in respect thereof pursuant to the criteria set by it; or (ii) other processes as determined by the Audit Committee, prior to the relevant transaction, and all in accordance with the type of transaction in question, and the Audit Committee may set the relevant criteria therefore once a year in advance; and (f) to determine the manner of approval of transactions with controlling shareholders or another person in which a controlling shareholder has a personal interest and to determine kinds of such transactions which require the approval of the Audit Committee, all with respect to such transactions which pursuant to the determination of the Audit Committee are not extraordinary transactions but also not negligible – the Audit Committee may so determine with respect to types of transactions according to criteria it may set one year in advance. The Audit Committee also determines (g) whether a director or candidate for director fulfills the requirements for being classified as an independent (non- dependent) director. Neither the Israeli Companies Law nor the Company's Articles of Association prescribe a certain frequency at which meetings of the Audit Committee are to take place. Accordingly, the Audit Committee meets from time to time when deemed necessary. Pursuant to the Israeli Companies Law, the Internal Auditor (see below) may request the chairperson of the Audit Committee to convene a meeting, and the chairperson shall then convene such meeting if it deems it fit. In addition, should the Audit Committee find that there is a material flaw in the business management of the Company, it shall hold at least one meeting with respect to such material flaw in the presence of the Internal or external auditor, as the case may be, without any office holders that are not members of the committee present; provided that an office holder may be present for the purpose of presenting an opinion with respect to a matter which is in his/her field of responsibility. The duration of the meetings varies in accordance with the topics discussed.

In addition, the Audit Committee examines the financial statements of the Company prior to their approval by the Board. In particular, the financial statements shall only be brought to the Board for approval, if all of the following requirements have been complied with: (A) The Committee shall have discussed and submitted its recommendations to the Board on all of the following items: (a) evaluations and estimations that were made in connection with the financial statements; (b) internal controls over financial reporting; (c) completeness and fairness of disclosures made under the financial statements; (d) the financial guidelines adopted and financial treatment implemented with respect to material matters of the Company; and (e) valuations, including assumptions and estimations on which they are based, on which the financial statements rely; (B) the external auditor shall be invited to all meetings regarding the reports, and the Internal Auditor of the Company shall receive notices of its meetings and may participate therein; (C) the Committee shall have submitted its recommendation regarding the approval of the financial statements a reasonable time prior to the discussion thereof by the Board and shall have reported to the Board regarding all defects or problems which it may have discovered during its examination of the financial statements; and (D) the Board shall discuss the recommendations of the Audit Committee.

In addition, the Audit committee also serves as the Compensation Committee: Pursuant to the Israeli Companies Law, an Israeli public company is obligated to appoint a Compensation Committee, which shall be comprised of at least three (3) members and of which all Independent (external) Directors shall be members and constitute a majority. The remaining members of the Compensation Committee shall be such whose engagement terms correspond to the rules of compensation set forth under applicable regulations under the Companies Law with respect to Independent (external) Directors. Persons who may not be members of the Audit Committee (see description above) may also not be members of the Compensation Committee. The Chairman of the Compensation Committee shall be an Independent (external) Director. The Audit Committee and the Compensation Committee may have identical members and an Audit Committee fulfilling the above requirements may at the same time also serve as the Compensation Committee. The role and authority of the Compensation Committee shall include (a) the issuance of a recommendation to the Board of Directors regarding the Compensation Policy, (b) issuance of a recommendation to the Board of Directors once every three (3) years regarding the extension of the Compensation Policy; (c) recommendation to the Board of Directors from time to time regarding any amendments to the Compensation Policy, as well as examination regarding its implementation; (d) approval of transactions with office holders (including controlling shareholders) regarding the terms of their engagement with the Company as required under the Israeli Companies Law; and (e) exemption of certain transactions from the shareholder approval requirement which

may otherwise apply pursuant to the Israeli Companies Law. Neither the Israeli Companies Law nor the Company's Articles of Association prescribe a certain frequency at which meetings of the Compensation Committee are to take place. Accordingly, the Compensation Committee meets from time to time when deemed necessary.

During the year under review the Compensation Committee held 3 meetings (1 physical and 2 via video conference). The duration of the meetings varies in accordance with the topics discussed. In the year under review the average meeting duration was approximately 1 hour. The CEO and CFO attended 3 and 3 of the meetings above, respectively.

During the year under review the Audit Committee held 3 meetings (2 physical and 1 via video conference), the duration of which was approximately 1 hour. The CEO, CFO and the Company's external auditors attended 1 and 3 and 3 of the meetings above, respectively.

In the year under review, the Audit Committee was composed of the following members: Mr. Yehoshua Abramovich (chairman) Ms. Orna Carni and Prof. Amir Lerman (Until February 24, 2026) (this composition is in compliance with the requirements of the Israeli Companies Law).

Investment Committee - Although not mandatory under the provisions of the Israeli Companies Law, the Board of Directors has voluntarily appointed an investment committee as of February 21, 2019 (the "Investment Committee"). The task of the Investment Committee is to determine the investment policy of the Company's cash proceeds that are not required for its ongoing operations as will be from time to time. The members of the Investment Committee as of the date hereof, are Mr. Yehoshua Abramovich (chairman), Mr. Ido Neuberger and Mr. Nir Rotenberg. Frequency and average duration of sessions are not provided given the sensitive role of such committee.

Executive Committee - Although not mandatory under the provisions of the Israeli Companies Law, the Board has voluntarily appointed an advisory executive committee as of May 17, 2020 ("Executive Committee"). The task of the Executive Committee is to assist and accompany the CEO and the Company in operating its ongoing business. As of August 29, 2024, the Executive Committee has assumed the responsibilities of the former Cyber Committee and M&A Committee (both of which were voluntary and not required by law). Accordingly, the Executive Committee is now responsible for cybersecurity and M&A matters, including advising the Board on actions or measures related to the Company's information technology and supporting the execution and implementation of potential M&A transactions. The members of the Executive Committee as of November 3 2024, are Dr. Itamar Offer, Mr. Yehoshua Abramovich, Mr. Ido Neuberger, Mr. Nir Rotenberg and Mr. David Arnon. The Executive Committee meets from time to time when deemed necessary. Frequency and average duration of sessions are not provided given the general strategic role of such committee. During the year under review the Executive Committee held 3 meetings (all via video conference), the duration of which was approximately 1 hour. The CEO and CFO attended 3 and 2 of the meetings above, respectively.

Internal Auditor - Pursuant to the Israeli Companies Law, the Board of a public company shall appoint an internal auditor. Such appointment is made upon recommendation of the Audit Committee. Neither an interested party nor an officer of the company, any relatives of the foregoing or the external auditor or anyone on its behalf may serve in such position. The role of the Internal Auditor is to examine, among other things, whether SHL's activities comply with the law and orderly business procedure. Pursuant to the Israeli Internal Audit Law - 1992, together with the Israeli Companies Law, the Internal Auditor is authorized to demand and receive any kind of document and/or information that is in the Company's or its employees' possession, which he deems necessary for the performance of his role, and he is to have access to all databases or data processing programs of the Company. Pursuant to the Israeli Companies Law, the Chairman of the Board or the Chairman of the Audit Committee may order the Internal Auditor to conduct an internal audit on matters where an urgent need for examination arose. In addition, the Internal Auditor shall receive notices of the meetings of the Audit Committee and may participate in such meetings. The Internal Auditor has no decision-making powers. Pursuant to the Israeli Companies Law and the Company's Articles of Association, the internal auditor has to submit a work program to the Company's Audit Committee for approval. Mr. Michael Gilinsky was appointed as SHL's Internal Auditor in March 2021. During the year under review, the Internal Auditor participated in 2

meeting of the Audit Committee of the Company, in the framework of which the Internal Auditor presented internal audit reports.

34 Definition of Areas of Responsibility of Management; Information and Control Instruments Vis-À-Vis Senior Management

The senior management of SHL (“**Senior Management**”) implements the general policies and strategic decisions of the Board. It manages the day-to-day business operations of SHL, including:

- Regularly assessing the achievement of targets set for the Company’s business;
- Implementing the corporate policies, strategies and strategic plans given by the Board;
- Ensuring the efficient operation of the Company and achievement of optimized results;
- Ensuring that management capacity, financial and other resources are used efficiently. The Board controls the actions of Senior Management through a variety of control mechanisms:
- The CEO and CFO inform the Board regularly about current developments, including by submitting written reports on relevant topics and participating in the relevant meetings of the Board and Board committees.
- Informal teleconferences are held as required between the Board and CEO and CFO as deemed necessary.
- Control over financial management is exercised by the Audit Committee and the Board, which invite the CFO to each meeting at which financial results are discussed, as well as SHL’s external auditors, as deemed necessary. The Audit Committee and the Board discuss with the CFO and the auditors (to the extent applicable) not only the financial statements themselves but also their assessment of the internal controls and whether any material weaknesses have come to their attention.
- SHL has an Internal Auditor (for further information, please refer to “Committees of the Board and Internal Auditor” above). The Internal Auditor examines the processes and controls of the Company - not only with regard to financial operations, but also with regard to compliance of management with internal and external policies - and conveys his findings to the Chairman of the Board, the CEO and the Chairman of the Audit Committee (for further information please refer to Section 3.3 “**Internal Auditor**” above).
- The Board of Directors is also responsible for the supervision of The Company’s internal control system and risk management.

The Senior Management of SHL identifies, analyzes, measures, monitors and mitigates financial and non-financial risks on an ongoing basis within the frame of the Company’s general strategy. This includes, in particular, credit risks, foreign currency risks, risks regarding the fair value of financial instruments as well as liquidity risks. For the nature and management of these risks see Note 17 (“Financial Instruments”) in SHL’s financial statements for the year ending December 31, 2025 (see pp. 39_of SHL’s financial statements). Further relevant risks that are monitored concern the market, the industry, compliance with national and international regulations in particular with regard to the medical sector, customer requirements, IT especially in connection with telemedicine industry, supply-side risks and catastrophes. When imminent risks are identified, qualified individuals are determined to deliver effective risk management. Risk assessments are submitted by the relevant individuals when appropriate, but at least annually, to Senior Management, the relevant organ and the Board of Directors.

4. Senior Management

4.1. Members of Senior Management; Other Activities and Vested Interests

Members of management during the year under review:

David Arnon



David Arnon joined SHL on August 6, 2024 as the company's CEO. Mr. Arnon serves as a Chairman of SHL Rashlaz, SHL Haifa, SHL INT, co-chairman of Mediton and Chairman of Medishur.

Mr. Arnon has over 17 years of commercial and executive level management experience within the healthcare insurance industry in Israel. Mr. Arnon has extensive experience in establishing and leading sales, marketing and operations teams, successfully developing and commercializing products, working closely with leading stakeholders in the healthcare industry in Israel including sick funds, public and private hospitals and medical providers. Mr. Arnon holds an MBA from Cornell University in Ithaca, New York, and a B.A. degree from the University of Maryland.

Lior Haalman

Chief Financial Officer



Lior Haalman joined SHL as the group CFO in March 2025. Mr. Haalman served as a director in SHL Rashlaz, SHL Haifa, SHL INT, Mediton and Medishur

During the past 20 years he has served as a CFO of large companies operating in a wide range of industries. Prior to joining SHL he was the CFO of Rekah Pharmaceutical industry (TASE), 9 years as CFO of Infinya (formally Hadara-Paper, TASE) a Packaging & Paper producer, 7 years CFO of HOTMobile, an Israeli cellular service provider, and CFO of Mey-Eden Israel the largest bottler and Home and Office Delivery of mineral water. Lior holds a B.A. in Economics, with honor. and an M.B.A. in finance & accounting, both from Tel Aviv University.

Neither Israeli law nor the articles of association set a limit to the maximum number of external mandates of the members of the Senior Management. However, when appointing a member to the Senior Management as well as in the course of his or her supervision, the board of directors considers the number of such mandates and his or her temporal availability.

Members of management who completed their term in 2025:

Amir Hai

Chief Financial Officer until February 28, 2025



Amir Hai joined SHL in January 2022 as the Company's CFO. Prior to his current position, Mr. Hai served as Chief Financial Officer at Radcom. Mr. Hai served as Chief Financial Officer for several multinational companies including a Nasdaq traded optical manufacturing corporation and a software company traded on the Frankfurt Stock Exchange. He also served as external director and Chairman of the Audit Committee to Matrix I.T. Ltd. Mr. Hai holds a B.A. degree in accounting and management from the College of Management in Tel Aviv and is a CPA in Israel.

4.2 Senior Management Contracts

SHL's office holders who are in management are employees of the Company and their engagement terms and conditions are determined under their respective employment agreements.

5. Compensation, Shareholdings and Loans

5.1. Content and Method of Determining the Compensation and of the Shareholding Programs - Compensation Policy

Pursuant to the Israeli Companies Law, an Israeli public company is required to adopt a compensation policy with respect to the terms of engagement of its officer holders (as such term is defined under the Israeli Companies Law) and including without limitations, directors and controlling shareholders engaged as officers of the Company, subject to limited exceptions set forth in the regulations promulgated under the Israeli Companies Law in connection therewith (which are not applicable to SHL). The adoption of the Compensation Policy requires approval by the shareholders of the Company, further to approval by the Board which has to take into consideration the recommendations issued by the Compensation Committee in this respect. The relevant shareholder approval is subject to a special majority requirement of either (a) the majority vote in favor of the resolution including the consent of at least a majority of the shareholders' voting power represented at the meeting in person or by proxy and voting thereon who are neither controlling shareholders of the Company nor have a personal interest in approving the Compensation Policy (not including abstaining votes), or (b) the total number of votes of those shareholders described in (a) above and objecting to the adoption of the Compensation Policy not representing more than two percent (2%) of the voting rights in the Company. Any shareholder participating in the vote on the adoption of the Compensation Policy has to inform the company prior to the relevant vote whether or not he/ she/it has a personal interest therein. Votes of shareholders who did not notify the Company on whether or not they have a personal interest in accordance with the foregoing are not counted.

As a general rule, pursuant to the Israeli Companies Law, remuneration to office holders which is inconsistent with the compensation policy of the company requires, in addition to the approval of the compensation committee and of the board of directors, the approval of a special majority in the general meeting of the shareholders, as set forth hereinabove. Notwithstanding the aforesaid shareholder approval requirement, the Compensation Policy may also be approved, despite objection by the Company's shareholders in the event that after renewed consideration of the Compensation Policy and based on detailed reasons, both the Compensation Committee and thereafter the Board resolve that the adoption of such Compensation Policy despite the shareholders' objection is in the Company's best interest.

The 2024 Compensation Policy was approved by shareholders on the SGM held on May 9, 2024, following the expiration of the 2020 Compensation Policy and the recommendation and earlier approval of the Compensation Committee and of the Board.

Under law, the Board is required to examine from time to time whether any amendments to the Compensation Policy are necessary in light of changing circumstances or for any other reason, and similarly, the Compensation Committee shall issue recommendations to the Board in this respect from time to time. The Israeli Companies Law provides that the Compensation Policy shall be determined under consideration, amongst others, of the following points: (a) furtherance of the Company's objectives, its business plan and policies, with a long term view; (b) creation of adequate incentives for officer holders of the Company under consideration of the Company's risk management policy; (c) size of the Company and the nature of its operations; and (d) with respect to variable compensation components – the contribution of the office holder to the achievement of the Company's targets and increase in revenues, all with a long-term view and in accordance with the position of the relevant office holder.

Further, the Compensation Policy shall deal with the following matters: (a) education, qualifications, expertise, professional experience and achievements of the relevant office holder;

(b) the position of the office holder, his/her responsibilities and previous engagements signed with him/her; (c) the relation between the engagement terms of the relevant office holder to the engagement terms of the other employees and/or subcontractors of the Company and particularly, the relation to the average salary and to the median (i.e. 50th percentile) salary of such employees and the impact of the difference between the foregoing on the working relationships in the Company; (d) in the event officer engagement terms include

variable components – the possibility of reducing such components in the discretion of the Board of Directors, as well as the possibility to determine ceilings for the value of variable components which are not paid in cash; and (e) in the event the officer engagement terms include retirement grants – the period of engagement of the office holder, the applicable engagement terms during such time period, the performance of the Company during such period, the contribution of the officer holder to the achievement of the Company's targets and increase of its revenues, as well as the circumstances of retirement. At last, the Compensation Policy must contain the following provisions: (a) with respect to variable compensation components: (i) such must be based on the achievement of long-term performance goals and objectively measurable criteria (although with respect to an immaterial part of such components, the Company may resolve that such shall be granted based on criteria not objectively measurable under consideration of the officer holder's contribution to the Company); and the proportion between fixed and variable compensation components must be set, as well as a ceiling for the value of variable components at the time of payment (provided that with respect to variable components which are not paid in cash, a ceiling needs to be fixed at the time of grant); (b) a provision pursuant to which an office holder will repay to the Company any sums paid to him/her as part of his/her compensation if such sum was paid based on data which later turned out to be faulted and which was restated under the Company's financial statements, all on such conditions as set forth under the Compensation Policy; (c) a minimum holding and vesting period for variable compensation components in the form of equity, under reference to adequate incentives with a long-term view; and (d) a ceiling with respect to retirement grants.

With respect to the Company's directors (including also Independent (external) Directors and Independent (non-dependent) Directors), compensation is in accordance with the Rules Regarding the Compensation and Expenses of an External Director – 2000 (as promulgated under the Israeli Companies Law) (the "Director Compensation Regulations"). Subject to applicable law, compensation shall be allowed in amounts higher than what is stated in the Director Compensation Regulations, if any of such Independent (external) Directors or Independent (non-dependent) Directors is a professional director, an expert director or a director who makes a unique contribution to the Company.

Both Independent (external) Directors of the Company, Mr. Abramovich and Ms. Carni, are expert directors and therefore are entitled to higher compensation. Further, SHL is also entitled to pay to its directors share-based compensation (subject to applicable law and the restrictions applicable thereto in general under the Compensation Policy, as described above), but in any event the aggregate fair value of the share-based compensation, measured at the time of a new grant, for all of such directors, as a group, in any three (3) year period, did not exceed a fair value of USD 800,000 for one year.

For details about the Option granted to Chairman of the Board see section 2.2 above under **2021 Share Incentive Plan** and section 5.3 below.

In addition, under the 2024 Compensation Policy:

- a) **Chairman Compensation:** A chairman of the Board who takes on increased duties on behalf the Company may receive a compensation in recognition of such increased duties (i.e. a separate compensation in lieu of the remuneration of the chairman in his/her capacity as a Director (the "**Chairman's Compensation**"), as long as such person was an Active Chairman and provided that the Chairman's Compensation does not exceed the sum of NIS 780,000 per annum (employer's cost).
- b) **Base salary:** The fixed base salary of each executive officer shall be determined based on a variety of considerations taking into considerations: (i) competitiveness - the base salary of executive officers will be evaluated by conducting external benchmarking using a defined peer group, selected based on such factors, among others, as Company's size, global footprint, nature of activities and competitors of similar talent; and (ii) internal fairness (Please find the description of the benchmarks below).
- c) **Annual bonus:** Executive officers may be entitled to a variable cash bonus in accordance with an annual bonus plan, aimed to create an alignment between the compensation of the executive officers and the Company's annual and long-term goals while focusing, inter alia, on individual goals that will be defined for each of the executive officers. The Board (after the approval of the

Compensation Committee) shall have full discretion to determine the amount of the bonus payout, if any, of any and all executive officer(s) in any given year, up to the maximum amounts set forth below, and may also reduce such bonuses. The actual grant of bonuses shall be approved pursuant to applicable law.

Annual bonus payout to executive officers may be calculated by using financial metrics and/or measurable key performance indicators (“KPIs”), as pre-determined by the Compensation Committee and the Board, and/or qualitative evaluation the criteria for which are determined at the discretion of the Compensation Committee and the Board, based on budget targets, cash flow targets, profit targets, capital raise and individual goals. The measurement of profit targets shall be based on the audited annual financial statements of the Company, and the weighting of non-measurable criteria is based on the discretion of the Compensation Committee and the Board, as follows: (i) CEO – measurable KPI – group/company KPI - 80%-100%; qualitative evaluation - up to 20%. (ii) VPs (Vice Presidents - other executive officers subject to the CEO) - group/company KPI - up to 100%; individual KPI - up to 60%; qualitative evaluation – up to 20%.

Maximum amount of the annual cash bonus shall be as follow: (i) CEO - up to twelve (12) times of his or her base salary; VPs – up to six (6) times of such VP’s base salary.

On February 28, 2025, Following the approval of the Compensation Committee and of the Board of Directors of the Company, The General Meeting decided to approve annual cash bonus of the Company's CFO, equal to 80% of the actual bonus amount the Company's CEO would be entitled to in 2025 had he been employed by the Company for the entirety of the year 2025.

In the event that the CFO works part-time during a specific calendar year, the bonus calculation will be done proportionally to the period of their employment during that year, provided that the CFO works for at least 4 months during that year. Notwithstanding the above, and with respect to the year 2025 only, if the CFO is employed by the Company for the entire period from the start of their employment (i.e., March 1, 2025) until the end of 2025, he will be entitled to a full annual bonus for that year. The said transaction with the CFO is not in accordance with the compensation policy of the Company

Entitlement to annual bonus: (i) The Compensation Policy lists some, but not all of the eligible KPIs for the annual bonus plan both on a group or company level, (the KPIs for each year will be approved by the compensation committee in advance and will be determined for each official separately from his position) such as budget, cash flow or profit targets, or on an individual level, such as number of subscribers, meeting objectives of product development, gaining new businesses, sales targets, including geographical areas and/ or from new products, and more, with goals for VPs; and for the CEO KPI such as revenue, revenue from existing geographies (Israel and Germany), revenue from new geographies, new products or new business line, EBITDA, operating free cash flow, net profit, subscribers in Israel, telehealth users, telehealth visits, major strategic impact (new major contract, new meaningful product/ technology launching or purchasing, major international distribution agreement or partnership, M&A) and chronic care tenders; (ii) The measurement of profit targets shall be based on the audited annual financial statements of the Company. For the purpose of calculating a profit target, revenue and expenses not involving cash flow and/or re-evaluation of assets will not be taken into account; (iii) The annual cash bonus parameters for executive officers will be determined for each year and will be approved by the Compensation Committee and the Board, in advance and will be determined for each official separately from his position, taking into account the Company’s risk management policy; (iv) Entitlement of an executive officer to receive any annual bonus shall be conditioned upon the achievement of a minimal threshold of 80% of the target performance of each of his or her KPIs or any other threshold determined in the annual bonus plan (the “Threshold”). Performance below the Threshold of a KPI shall not entitle such executive officer to any bonus payment with respect to such KPI; however, achievement of such Threshold of other KPIs of an executive officer may entitle same to a bonus payment with respect thereto.

Performance above the Threshold may entitle the executive officer to a linear pro rata portion of the bonus set for such KPI or any other portion determined in the annual bonus plan (up to the ceiling of the bonus allocated thereto, provided that the aggregate annual bonus paid to an executive officer shall not exceed the ceiling set forth hereinabove. Notwithstanding the above, the Compensation Committee and the Board may decide, at their sole discretion, to pay an executive officer annual bonus, even if KPIs were not determined in advance or in the event the executive officer did not achieve the KPIs determined, provided however, that the annual bonus shall not exceed three (3) times the Base Salary of that executive officer.

- d) **Special bonus:** in addition to the annual cash bonus, under special circumstances, the Compensation Committee and the Board may determine and approve that an executive officer is also entitled to other cash bonuses in recognition of a “Significant Achievement” such as: merger, significant acquisition, consolidation or acquisition of the Company with, by or into another corporation or entity; private placements to a strategic investor; public offering in a sum and a valuation predetermined by the Board: “Significant Achievement” – for the purpose of this Section means an increase of at least 20% of the Company’s equity or Company’s market value or Company’s annual revenue. The total amount of special cash bonuses awarded to an executive officer for any given calendar year may be up to six (6) times the base salary of the CEO and three (3) times the base salary of any other executive officer. In the year under review, the Company did not grant any special bonus.
- e) **Share-based compensation:** (i) The fair value of the share based compensation shall not exceed the following for one year (i.e. the fair value of the share base compensation at the time of the grant divided, linearly, to the number of the years until all the share based compensation is vested): for an executive officer other than the CEO – one and half (1.5) times such executive officer’s yearly base salary, for the CEO – shall not exceed two and a half (2.5) times the CEO’s yearly base salary, and for all Directors as a group – an amount of USD 800,000; (ii) acceleration in a change of control event: in the event of a Corporate Transaction (as such term is defined under the Company’s 2021 Executive and Key Employee Share Incentive Plan, see Section 2.2, or any share incentive plan as in effect, from time to time), or in the event of termination by the Company of an executive officer (except for “cause”) in a Change of Control event (as defined under law), subject to the recommendation and approval of the Compensation Committee (and subject to shareholder approval, if required under the Companies Law), the Board may authorize and approve the acceleration of all or any part of any unvested options outstanding immediately prior to the consummation of the Transaction. The share-based compensation is additional to the base salary and does not constitute a part thereof.
- f) **Advance notice period:** The advance notice period shall be determined individually with respect to each executive officer and shall not exceed a period of four (4) months.
- g) **Retirement grant:** An executive officer may become entitled to a retirement grant in the event of termination by the Company (except for “cause”), subject to the approval of the compensation committee and the board. Such grant to be examined in light of the period of service or employment of the executive officer in the Company, the terms of service, the Company’s performance during said period, the contribution of the executive officer to achieving the Company’s goals and its profitability, and the circumstances of retirement. The amount or value of such retirement grant shall not exceed an additional six (6) months for the CEO (provided he is not a controlling shareholder) and three (3) months for the executive officers, of base salary, all in addition to the advance notice. In the year under review the Company has not awarded any retirement grants.
- h) **Retirement grant in a Change of Control event:** Upon termination of service or employment by the Company (except for “cause”) of the CEO, or by the CEO (provided he is not a controlling shareholder) resulting from a Change of Control event, and during a six months period following

the closing date of such event, such terminated CEO may be entitled to an additional retirement grant of up to three (3) times of such CEO monthly base salary subject to the approval of the compensation committee and the board. Company may elect to pay such additional grant, to the extent approved, by acceleration of any future grants to the extent same exists under the employment agreement of any so eligible CEO. “Change of Control” – as such term is defined under the Israeli Companies Law. During the process of approval of the Compensation Policy the Compensation Committee and the Board have been presented and have taken into account a benchmark paper prepared by an impartial external consultant, with whom the Company is not otherwise engaged.

The companies included in the benchmark were twelve (12) public companies traded on the Tel Aviv Stock Exchange in the fields of commerce and services or technology, with revenues of up to three (3) times that of the Company.

On the Special General Meeting held on May 9, 2024 (3 months after the shareholders of the Company did not approve the said proposal in the Annual General Meeting held on February 8, 2024), the shareholders of the Company approved the Company’s Compensation Policy for an additional period of three years from the date of the said Special General Meeting.

Among the Companies used as a benchmark for the policy were:

Telsys - Traded on TASE - Real estate - commerce and services, Equity (31.12.15) NIS 99,190,000, Revenues NIS 190,039,000, Net Profit – NIS 12,028,000;

Somoto - Traded on TASE - Technology (Software and Internet) - Market Cap (29.12.16): NIS 169,078,000 - Equity (31.12.16): NIS 125,355,000 - Profit (31.12.16): NIS 29,772,000;

Maytronics - Traded on TASE - Technology (Electronics and optics) - Market Cap (29.12.16): NIS 1,517,375,000 – Equity (31.12.16): NIS 285,577,000 - Profit (31.12.16): NIS 70,731,000;

Orbit - Traded on TASE - Technology (security) - Market Cap (29.12.16): NIS 74,718,000 - Equity (31.12.16): NIS 54,234,000 - Loss (31.12.16): NIS -18,890,000;

Itamar Medical - Traded on TASE - Biomed (medical equipment) - Market Cap (29.12.16): NIS 390,959,000 - Equity (31.12.16): NIS 20,152,000 - Loss (31.12.16): NIS -55,380,000;

Evogene - Traded on TASE and NASDAQ -Biomed (Biotechnology)- Market Cap (29.12.16): NIS 499,424,000 - Equity (31.12.16): NIS 335,626,000 - Loss (31.12.16): NIS -75,331,000;

Compugen - Traded on TASE and NASDAQ Biomed (Biotechnology) - Market Cap (29.12.16): NIS 1,003,406,000 - Equity (31.12.16): NIS 244,231,000 - Loss (31.12.16): NIS -121,141,000;

52 Approval Requirements

Board of Directors

Except for limited circumstances provided for under regulations promulgated under the Israeli Companies Law, pursuant to the Israeli Companies Law, the compensation to be paid to the directors as such, as well as the terms of employment (including the terms and conditions of the directors and officers insurance and indemnification) of any of the directors in any other position, require the approval of the Compensation Committee, the Board and the shareholders (by a simple majority) and the relevant approvals by the Compensation Committee and the Board need to be made in accordance with the Compensation Policy in effect (subject to a limited exception).

Further, pursuant to the Israeli Companies Law, approval by the shareholders of the terms of engagement of a controlling shareholder as an office holder (including as a director) or employee (and subject to the limited circumstances provided for under regulations promulgated under the Israeli Companies Law in which such shareholder approval is not required), requires either (i) that the majority vote in favor of the resolution shall include the consent of at least a majority of the

shareholders voting power represented at the meeting in person or by proxy and voting thereon who have no personal interest in approving the resolution (not including abstaining votes), or (ii) that the total shares of the shareholders who have no personal interest in approving the resolution voted against the resolution do not represent more than two percent (2%) of the voting rights in the company (the Israeli Minister of Justice is authorized to determine a different percentage; no such rules were promulgated to date).

Pursuant to the provisions of the Israeli Companies Law, as a general rule, any person that has a personal interest in a transaction (including approval of the terms of office of a director) may not participate or vote at the relevant Board, Audit Committee, or (with respect to the approval of engagement terms) Compensation Committee meeting where the transaction is discussed; provided that office holders who have a personal interest in a transaction may be present for the purpose of presenting such transaction, if the Chairman of the Audit Committee, the Chairman of the Board or the Chairman of the Compensation Committee, as the case may be, determined that such presence is required. In addition, if the majority of the members of the Board of Directors, the Audit Committee or the Compensation Committee, as applicable, have a personal interest in the terms of office of such a director, then the relevant director may be present during the deliberations and may vote on his terms of office, and in such event, shareholder approval is also required.

It is hereby noted that pursuant to the relevant regulations promulgated under the Israeli Companies Law, if the compensation of directors (including directors who are controlling shareholders) does not exceed the annual compensation and the participation compensation per meeting set forth in the Director Compensation Regulations, then under certain circumstances and given the approval of the company's compensation committee and the board of directors of that company, the approval of the shareholders is not required. The compensation payable to Independent (external) Directors, is approved at the time of his/her election (Independent (external) Directors are elected for a term of three (3) years). Pursuant to the Director Compensation Regulations, all Independent (external) Directors shall be entitled to the same compensation. The current compensation payable to all current Board members, including Independent (external) Directors, as further described below, was approved by the Compensation Committee and the Board on March 2024 and by the Annual General Meeting held on May 2024.

As of December 31, 2025, and the day hereof, both Independent (external) Directors of the Company, Mr. Abramovich and Ms. Carni receive the amount of 76,868 NIS as annual compensation and 4,069 NIS per physical meeting. Prof. Itamar Offer and Prof. Lerman received the amount of 54,865 NIS as annual compensation and 2,549 NIS per physical meeting. Mr. Nir Rotenberg and Mr. Ido decided to waive their right to compensation at this stage.

On May 28, 2025, following the approval of the Compensation Committee and the Board, the Annual General Meeting approved the compensation for the consulting services provided by Dr. Itamar Offer to the Company (not in connection with his office as the Chairman of the Board) to a total monthly salary of NIS 15,000, in addition to the directors' remuneration (annual fee and participation fee).

No option grants were approved with respect to said directors during the year under review, except the Chairman of the Board. For details about the Option granted to Chairman of the Board see section 2.2 above under 2021 Share Incentive Plan and as set forth in the table under "Compensation for Acting Members of Governing Bodies" in Section 5.3 below.

The Independent (external) Directors of SHL are entitled to compensation as provided under the Director Compensation Regulations and in accordance with the Company's Compensation Policy (please refer to Section 5.1 above), which compensation is comprised of reimbursement of reasonable expenses and a fixed annual fee plus a participation fee per each Board or Committee meeting attended, all as set forth in the Director Compensation Regulations. Independent (external) Directors are not entitled to any performance-based compensation. The Director Compensation Regulations specify the annual fee and the

participation fee to be paid to external directors, depending on the company's shareholders' equity. The Director Compensation Regulations also allow for an alternative payment method, according to which the remuneration paid to external directors will be the same as the remuneration received by the other directors of the company who are not employed by the company and are not controlling shareholders thereof (proportionate remuneration).

Directors are reimbursed for travel and other reasonable expenses related to their capacity as directors of SHL and all directors (including directors that are not compensated for their services) are entitled to an exemption letter as was approved by the 2022 SGM, as well as indemnification and D&O insurance coverage, all as approved by the Compensation Committee, the Board and the shareholders (for further information on director compensation, see also "Compensation for Acting Members of Governing Bodies" Section). The Board of Directors is in charge of the implementation of the Compensation Policy, which shall be in force for a period of 3 years from the date the Compensation Policy is duly approved. The Company has the right to change the Compensation Policy, at any time, in accordance with the provisions of applicable law. Pursuant to the Compensation Policy, the Compensation Committee (i) shall examine the application of the Compensation Policy, from time to time, and at the latest each year, and recommend any changes, to the extent necessary, to the Board, and (ii) shall evaluate annually the performance of each of the Company's executive officers and shall review at least annually the executive officers' personal compensation programs in light of the Company's goals and objectives with respect to such programs, and recommend any changes to the Board.

Senior Management (Other than the CEO)

Pursuant to the Israeli Companies Law, the engagement terms of the Company (including indemnification undertakings and officer insurance coverage) regarding office holders of the Company that are not directors, controlling shareholders or their relatives, or the CEO require approval by the Board following approval by the Compensation Committee, and the approval by the Board and the Compensation Committee shall be in accordance with the Compensation Policy (subject to a limited exception). Pursuant to the Israeli Companies Law, the salaries and emoluments of the executives of SHL were, in the year under review, governed by the Compensation Policy, taking into account with respect to each executive, the parameters according to the 2024 Compensation Policy and the framework set forth thereunder (for a further description thereof, please refer to Section 5.1 of this report). Generally, members of the management whose compensation is being discussed may participate in the Compensation Committee's meetings to the extent necessary but may not be present when a resolution regarding their compensation is adopted.

The amounts of bonuses to SHL's office holders which are indicated in this report are based on the Company's Profitability.

The CFO is eligible to receive an annual bonus in an amount determined as a percentage of the minimum "profit before tax" levels achieved by the Company. For purposes of the bonus formula, "profit before tax" means the profit before tax of the Company's SHL Israel operations (including all such profits of the Company's Mediton Group subsidiary) as set forth in the proforma annual financial reports of SHL Israel operations presented to the Board of Directors. For 2025 there was no cash bonus as the minimum, profit target not achieved. In 2025 the CFO was the only senior management member other than the CEO.

In general, compensation terms are reviewed when the CEO or the Board deems it necessary to review such terms, e.g. when market conditions change etc.

In the year under review, the annual compensation of Senior Management, other than of the CEO was comprised of a fixed base salary component and options. In addition to the foregoing, all members of Senior Management were entitled to additional benefits in the form of a company car and a mobile phone. All members of Senior Management that were employed by the Company are also entitled to customary contributions to pension funds, as well as to "Study Funds" and some also have Disability Insurance. Such contributions amount on the Company's side to 6.5% for the pension component, 8.33% to the severance pay component,

7.5% to the Study Fund, and 0.9% to the Disability Insurance (if applicable).

As a general rule, fixed base salary and performance-based cash bonus are subject to the applicable effective Company's Compensation Policy and the conditions stipulated in such policy and are subject to the aforesaid corporate approval requirements for persons considered office holders, including office holders who may be deemed controlling shareholders, under the Israeli Companies Law. Share option incentive awards are subject to Compensation Committee approval in accordance with the Company's Compensation Policy and further Board approval and such additional corporate approvals as set forth above with respect to office holders.

Parameters taken into account related to the composition of the compensation packages of Senior Management members were set forth in SHL's Compensation Policy (for a list of such parameters, please refer to Section 5.1 above). For limitations applicable to annual cash bonuses for the year under review, please refer to the description of the Company's Compensation Policy under Section 5.1 above.

Overall, the compensation of Senior Management in the year under review was full comprised of a cash base salary and 40% of performance-based cash bonuses and share options granted.

CEO

The amounts of bonuses to the CEO which are indicated in this report are based on the Company's Profitability. The CEO is eligible to receive an annual bonus in an amount determined as a percentage of the minimum "profit before tax" levels achieved by the Company. For purposes of the bonus formula, "profit before tax" means the profit before tax of the Company's SHL Israel operations (including all such profits of the Company's Mediton Group subsidiary) as set forth in the proforma annual financial reports of SHL Israel operations presented to the Board of Directors. For 2025 there was no cash bonus as the minimum profit target not achieved.

Overall, the compensation of the CEO in the year under review was comprised of 79% of a base salary 21% of performance-based cash bonuses and share options granted.

For further information on CEO, director and senior management compensation, see also Section 5.3 -" Compensation for Acting Members of Governing Bodies".

Share Incentive Program

The grant of equity compensation to employees, directors and consultants of SHL and its subsidiaries is in the sole discretion of the Board which may determine from time to time and subject to the provisions of the 2021 Share Incentive Plan, additional grantees of equity compensation under the plan and any matter related to the administration of the 2021 Share Incentive Plan.

Equity compensation grants are made pursuant to the Board's full discretion pursuant to the general rules set forth under the policy, as described herein. Options to VP's are usually based on CEO's recommendations and approvals by the Compensation Committee and the Board, and to the CEO based on the Compensation Committee's recommendation and the Board's approval.

Notwithstanding the aforesaid, pursuant to the provisions of the Israeli Companies Law, should such equity compensation be granted to the directors or a controlling shareholder as part of their compensation, such grant shall require the approval of the Compensation Committee, the Board and the shareholders, and with respect to office holders who are not directors, the CEO or controlling shareholders of the Company or their relatives, such grant shall require approval by the Compensation Committee, followed by approval by the Board, all of the foregoing approvals of the Compensation Committee and the Board to be made in accordance with the Compensation Policy. Pursuant to the Israeli Companies Law, the qualified majority described above (please refer to Section 5.2 with respect to the approval by the shareholders of the engagement of a controlling shareholder as an office holder or employee) is also required for the approval by the shareholders of the grant of equity compensation to a controlling shareholder as part of its compensation. Further, SHL's Compensation Policy prescribes certain ceilings with respect to the

value of any share-based compensation granted to (a) any individual officer; and (b) the non-executive directors as a group, in each case with respect to any three (3) year period (for more details regarding such ceilings, please refer to Section 5.1 above). The Compensation Policy also requires that the Compensation Committee and the Board, when discussing the grant, shall consider whether such grant is a suitable incentive for increasing SHL's value in the long term, the economic value of the grant, the exercise price and the other terms (for further details of the Compensation Policy with respect to shareholdings programs see Section 5.1). For vesting conditions applicable to options, please refer to Section 2.2 above.

5.3 Compensation for Members of the Board of Directors and Senior Management

Compensation for Acting Members of Governing Bodies

It may be noted that SHL is not subject to the Swiss Compensation Ordinance.

The total of all compensation (including all employer contribution into pension funds, managers insurance, other social benefit payments and national insurance payments) which was paid to the members of the Board of Directors and the Senior Management for their service or employment, as the case may be, during the year under review, was as follows: All figures translate at average exchange rates for the presented periods and disclosed in US dollars, based on an NIS/USD exchange rate of 3.4492.

Board of directors (USD)

Name	Function	Base Compensation and fringe benefits	Cash Bonus	Share options granted or exercised*	Total
Prof. Amir Lerman	Non-executive member	22,784	-	-	22,784
Yehoshua Abramovich	Non-executive member/Independent director	34,219	-	-	34,219
Dr. Itamar Offer	Chairman/non-executive member	50,144	-	35,416	85,560
Orna Carni	Non-executive member/Independent director	33,747	-	-	33,747
Total for all Board members:		140,894	-	35,416	176,310*

* Represents the fair value of the share options granted or exercised in the year under review.

Senior Management SHL (USD)

Name	Function	Base Compensation and fringe benefits	Cash Bonus*	Share options granted or exercised*	Total
David Arnon	CEO	445,624		116,990	562,614
Other members of the Senior Management		395,595		262,432	658,028
Total for all Members of Senior Management:		841,219		379,422	1,220,642

* Represents the fair value of the share options granted or exercised.

* Estimated amounts (for more information please refer to "Senior Management (Other than the CEO)" and "CEO" in this Section above). The actual payment of the cash bonus is subject to all applicable corporate approvals.

The highest total compensation payable to a member of the governing bodies in 2025 was to David Arnon (see above). The Senior Management of SHL consisted of the CEO and one additional member during the year under review.

Pursuant to the Israeli Companies Law, the Compensation Committee, the Board and the shareholders of SHL re-approved and confirmed the existing directors' and officers' insurance provided, and indemnification undertaking issued by, the Company in favor of all of its officers and

directors (including controlling shareholders) and authorized the management of the Company to negotiate and execute, and to periodically renew and keep in force, for and on behalf of the Company, a liability insurance policy for all of the Company's directors and officers, as shall be in office from time to time, for a coverage of up to USD 15 million. Accordingly, the undertaking by SHL to indemnify all directors and officers, in office from time to time, to the extent and limitations set forth in the indemnification letters issued to such persons, in an aggregate sum of up to USD 15 million was re-confirmed. The entitlement to insurance, exemption and indemnification arrangements, as may be approved by the Company from time to time, is also set forth in the Compensation Policy.

The table and numbers above include compensation to former board members and former members of governing bodies in the year under review.

Share Allotment in the Year under Review

No Ordinary Shares of SHL were allotted to the executive or to the non-executive members of the Board other than the grant of 100,000 Option to the Chairman of the Board, or to the management or parties closely linked to any such person during the year under review. For information on option allotments to directors and management members, please refer to the Section immediately following.

Share and Share Options

Information with regard to Shares and Options held of December 31, 2025 by the members of the Board of Directors and Senior Management, as well as parties closely linked to such persons, is as set forth below.

Name	Function	Shares	Share Options outstanding at December 31, 2025	Weight Average Exercised price in CHF	Grated during the year	Exercise price of option granted	Vested	Exercised
Dr. Itamar Offer	Chairman		100,000	CHF 3.00	100,000	50,000 for 3.00; 50,000 for 3.25		
Prof. Amir Lerman	Non-executive member	5,694	18,000	CHF 17.02			18,000	
Yehoshua Abramovich	Non-executive member/ Independent (external) Director	46,109	18,000	CHF 17.02			18,000	
Ido Neuberger	Non-executive member	5,624,944*						
Nir Roteberg	Non-executive member	175,562						
David Arnon	CEO		400,000	CHF 3.00			100,000	
Lior Haalman	CFO		320,000	CHF 3.00	320,000	CHF 3.00	-	
Total			856,000		420,000		136,000	

*Represents ownership of Ordinary Share by Value Base Ltd., private investment group located in Israel, together with its subsidiaries Ido Neuberger and Victor Shamrich

For additional information with respect to share option plans adopted by SHL and the grant of options to purchase Ordinary Shares, see Section 2.2 above.

Additional Honorariums and Remuneration

None of the members of the Board and Senior Management or parties closely linked to such persons have billed honorariums or other remuneration in the financial year 2025 to SHL or to any of its subsidiaries for additional services performed during the year under review. For the additional compensation to Dr. Itamar Offer for consultancy services based on the approval by the Annual General Meeting of May 28, 2025 see section 5.2 above.

Loans Granted to Governing Bodies

No guarantees, outstanding loans, advances or credits were granted during the year under review by SHL and its subsidiaries to executive members or non-executive members of the Board of Directors, Senior Management or parties closely linked to such persons.

6. Shareholder Participation

6.1. Voting Rights Restrictions, Representation Restrictions and Participation

There are currently no voting-rights and representation restrictions in place, except as set forth below. For voting rights of holders of Ordinary Shares in general, please refer to Section 2.4 above. For the TOB Decision pursuant to which Mrs. Mengke Cai, Mr. Xiang Xu, Himalaya (Cayman Islands) TMT Fund, Himalaya Asset Management Ltd., and Kun Shen are obliged to make a public tender offer for all listed shares in SHL and the suspension of their voting rights until the publication of the tender offer, see Section 2.4.1.

The voting rights of the Ordinary Shares in general may be affected by the grant of any special voting rights to the holders of a class of shares with preferential rights if authorized in the future, such an authorization requires a majority of sixty-six (66) percent of the voting power present at the General Meeting pursuant to the Company's Articles of Association. The quorum required for any meeting of shareholders is at least two (2) shareholders present in person or by proxy who together hold or represent at least thirty-three and one third ($33\frac{1}{3}$) percent of the voting rights. A meeting adjourned for lack of a quorum is adjourned to the same day in the following week at the same time and place or to any time and place as specified in the notice of such meeting or as the chairman may designate with the consent of a majority of the voting power present and voting on the question of adjournment. At the reconvened meeting, the required quorum consists of any two (2) shareholders present in person or by proxy, regardless of the number of Ordinary Shares represented.

Under SHL's Articles of Association all resolutions submitted to the shareholders, unless provided for otherwise in the Articles of Association or under any applicable law, shall be deemed adopted if approved by the holders of a simple majority of the voting power represented at the meeting in person or by proxy and voting thereon. For resolutions that require special majority, see Section "Statutory Quorums" below.

For the requirement of shareholders holding 5% or more of the Company's shares or voting rights to provide the Company with an address in Israel to receive documents see Section 2.4.2 above.

6.2. Statutory Quorums

Pursuant to the Company's Articles of Association, the following resolutions require a special majority of sixty-six (66) percent of the voting power represented at the shareholders meeting: (a) increase of authorized share capital; and (b) creation of shares with special rights or modifications of share rights. Furthermore, under Israeli law and under SHL's Articles of Association, a voluntary winding-up would require a majority of seventy-five percent (75%) of the voting power represented at the shareholders meeting. For special majority requirements with respect to the adoption of the Company's Compensation Policy, please refer to Section 5.1 above, with respect to controlling shareholder transactions, please refer to Section 5.2 above, and with respect to the election of

Independent (external) Directors to the Board of Directors, please refer to Section 3.1 above.

6.3 Convocation of the General Meeting of Shareholders

Under SHL's Articles of Association, an Annual General Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last preceding Annual General Meeting) and at such place either within or without the State of Israel as may be determined by the Board. All General Meetings other than Annual General Meetings are called "Special General Meetings". Pursuant to the Articles of Association of the Company and the Israeli Companies Law, the Board may, whenever it thinks fit, convene a Special General Meeting at such time and place, within or without the State of Israel, as may be determined by the Board. Special General Meetings may also be convened upon requisition of either of the following (a) two (2) directors, or one fourth of the directors in service; or (b) one or more shareholders, holding not less than 5% of the issued and outstanding share capital of the Company and not less than 1% of the voting rights in the Company; or one or more shareholders holding not less than 5% of the voting rights of the Company. If a meeting shall be requisitioned as aforesaid, then the meeting shall be held not later than thirty-five (35) days from the time notice of such meeting is given to shareholders (unless otherwise required for a meeting at which matters may be voted on by ballot – see below).

Not less than twenty-one (21) days prior notice shall be given to any General Meeting. As permitted under applicable law, the Company does not provide written notices to shareholders, nor does it publish invitations in newspapers and only publishes ad hoc publications in connection with general meetings as well as on its website and the material can be downloaded from its website, following ad hoc publications of the agenda of such meetings. Shareholders may vote on certain matters (such as the election or removal of directors or transactions between a company and any of its officers or controlling shareholders or in which such persons may have a personal interest) by (i), in the case of holders of ADSs, by submitting a voter instruction form, and (ii), in the case of holders of Ordinary Shares, by submitting a written ballot with respect thereto (the "Ballot") (but may vote thereon in person or by proxy). In the event such matters are included in the agenda of a General Meeting then not less than thirty five (35) days' prior notice shall be given, unless to the Company's best knowledge, at the time of the resolution regarding convening of the meeting, a controlling shareholder of the company will hold, as of the record date, such number of votes which will enable the controlling shareholder to pass the required resolution, even if all other shareholders participate and vote against (i.e. in general more than 50% of the voting rights).

Pursuant to regulations promulgated under the Israeli Companies Law, the notice of a general meeting in a public company must in addition include the type of meeting, place and time thereof, a summary of the resolutions proposed to be adopted, the majority required with respect thereto and the record date. A public company must also include the phone number and address of its registered office and the times at which the full version of the proposed resolutions may be reviewed. In the event the agenda includes matters which may be voted on by Ballot, then additional details are required to be included in the notice, including, inter alia, the deadline for submitting shareholder statements to the company and the deadline for submitting Ballots.

A voter instruction form must be delivered to the Depository or the applicable banks, brokers or other nominees (as set forth on the voter instruction form) by the date indicated on the voter instruction form, a proxy must be delivered to the registered office of SHL not later than 48 hours prior to the General Meeting and a Ballot must be delivered to the registered office of SHL not later than four (4) hours prior to the General Meeting. For the Ballot to become effective: (i) any shareholder whose shares are registered with the Company's registrar of shareholders must enclose a copy of such shareholder's identity card, passport or certificate of incorporation, as the case may be; and (ii) any shareholder whose shares are registered with Computershare must enclose a written confirmation from Computershare as to its ownership of the voting shares.

The aforementioned regulations also stipulate that any shareholder wishing to state his position with respect to any of the said matters on the agenda may do so by requesting the Company to deliver such position to the other shareholders (the “**Shareholder Statement**”). The Shareholder Statement must be delivered to the registered office of the Company not later than ten (10) days prior to the general meeting as such date is determined by the Board. A Shareholder Statement shall be delivered to all shareholders no later than one (1) day following receipt thereof. Should a company elect to state its position with respect to such Shareholder Statement, it shall deliver such position (the “**Company Statement**”) to the shareholders, no later than five (5) days prior to the General Meeting. Any such Statement must be written in a clear and simple language and shall include no more than 500 words per subject matter. A Shareholder Statement shall detail the identity of such shareholder, as well as his percentage interest in the Company; a shareholder who is a corporate entity shall detail the identity of its controlling shareholder(s), as well as additional holdings (if any) of such controlling shareholder(s) in shares of the Company, to the best knowledge of the shareholder submitting the Shareholder Statement.

A shareholder submitting the Shareholder Statement, who acts in consort with others with respect to voting in shareholder meetings, whether in general or with respect to certain matter(s) on the agenda, shall indicate so in the Shareholder Statement, and shall describe the aforementioned arrangements and the identity of the shareholders so acting in consort. Any shareholder (as well as any shareholder acting in consort with such shareholder) having a personal interest in any matter on the agenda, shall describe the nature of such personal interest. Any shareholder may revoke his/her/ its Ballot by submitting a cancellation notice (the “**Cancellation Notice**”). The Cancellation Notice together with sufficient proof as to the identity of such canceling shareholder, to the absolute discretion of an officer of the Company, must be delivered to the registered office of the Company not later than twenty-four (24) hours prior to the General Meeting. Any such shareholder submitting a Cancellation Notice may only vote by attending the General Meeting in person or by proxy. One or more shareholders holding, at the Record Date, shares representing five (5) percent or more of the total voting power in the Company, as well as any holder of such percentage out of the total voting power not held by the controlling shareholder(s), as such term is defined under Section 268 of the Israeli Companies Law, may, following the General Meeting, in person or by proxy, inspect the Ballots and the record thereof at the Company’s registered office. The competent court may, at the request of any shareholder who does not hold, at the Record Date, the aforementioned percentage, instruct the Company to allow the inspection of said documents and records, in whole or in part, on terms and conditions determined by the court.

64 Agenda

Pursuant to the Israeli Companies Law, the agenda at a General Meeting shall be determined by the Board. Pursuant to the Israeli Companies Law, any one or more shareholders holding at least one percent (1%) of the voting rights in the Company may request the directors to include a certain topic in the agenda of the general meeting, provided that such topic is suitable to be discussed at a general meeting. Pursuant to regulations promulgated under the Israeli Companies Law, (i) with respect to general meetings which include topics which may be voted on by Ballot (see above), such shareholder request needs to be submitted not later than seven (7) days from convening of the shareholder meeting; and (ii) with respect to other general meetings, such request needs to be submitted not later than three (3) days from convening of the shareholder meeting. In the event that the Board deems a suggested topic fit for inclusion in the agenda of the general meeting, the Company shall prepare an updated agenda and shall publish such agenda (both by newspaper notice and by notice to shareholders) not later than seven (7) days after the last date on which requests for amendments to the meeting agenda could have been submitted. The foregoing does not apply in the event the Company publishes a preliminary notice of its intention to convene a general meeting, such preliminary notice to be published by shareholder notice at least twenty-one (21) days prior to the publication of the actual notice of the general meeting. In such preliminary notice, the Company shall describe the expected

agenda topics and shall notify shareholders that Company shall be entitled not to examine any requests of shareholders to include additional topics on the agenda in the event such were received later than fourteen (14) days from the publication of the preliminary notice of the general meeting. At a General Meeting, resolutions may be adopted only on subjects that were specified in the agenda for the particular General Meeting.

65. Registration in the Share Register with Computershare

To be able to participate in a general meeting of the shareholders and vote the Shares, a holder of Ordinary Shares must, unless otherwise stated, be registered with Computershare Schweiz AG, by the record date set by the Board of Directors in its resolution to convene a general meeting of the shareholders. Such record date shall not, pursuant to regulations promulgated under the Israeli Companies Law, be earlier than forty (40) days prior the date of the General Meeting and not later than four (4) days prior to the date of such General Meeting (provided that with respect to General Meetings the agenda of which includes topics which may be voted on by Ballot (see above), such date shall be not later than twenty-eight (28) days prior to the General Meeting), or different periods as shall be permitted by applicable law. A determination of holders of Ordinary Shares of record with respect to a General Meeting shall apply to any adjournment of such meeting. Confirmations regarding share registration can be obtained from Computershare Schweiz AG. To be registered with Computershare Schweiz AG, a shareholder should request her or his custody bank to submit the respective request to Computershare Schweiz AG through a SIX SIS Ltd. member institution. Whoever acquires 33⅓ % of the voting rights regardless of whether this person can actually exercise those voting rights - is obliged to make a public takeover offer for all of the listed shares of such company. The acquirer must therefore make an offer to purchase or exchange securities in the company. For details about the TOB proceeding regarding the pending tender offer obligation of certain shareholders of the Company see Section 2.4.1. To the understanding of the Company, it is exempt from Israeli law provisions relating to special tender offers, but certain tender offer rules with respect to full tender offers under the Israeli Companies Law apply to it. These include that, if as result of an acquisition of shares an acquirer will hold more than ninety (90) percent of a company's shares, the acquisition must be made by means of a tender offer for all of the shares. Furthermore, pursuant to the Israeli Companies Law all of the shares of the minority shareholders will be transferred to the offeror in the event that either (a) such number of shares are tendered to the offeror so that more than ninety-eight (98) percent of the outstanding shares are held by it; or (b) such number of shares are tendered to the offeror so that less than five (5) percent of the outstanding shares did not accept the offer and more than half of the shareholders that do not have a personal interest in the acceptance of the purchase offer tendered their shares. SHL's Articles of Association do not contain provisions regarding opting out or opting up.

66. American Depositary Shares (American Depositary Receipts, "ADRs")

See section 2.4.1.

67. Clauses on Changes of Control

There are no clauses on changes of control in agreements and plans benefiting members of the Board of Directors and/or members of the Management and/or other members of SHL's cadre, except: (i) under the Compensation Policy with respect to possible acceleration of options and retirement grant to the CEO in case of termination of employment by either party within six (6) months as of such event; under the Compensation Policy the special bonus due to a Full Exit Event as described in Section 5.1 above; and (ii) In the event of a "Change of Control" (defined as a transaction as a result of which a shareholder or a group of shareholders acting jointly will hold over 40% of the voting rights in the Company) and the termination of Mr. Arnon's employment by the Company, all unvested Options will immediately become fully vested and exercisable.

7. ESG

SHL is dedicated to telemedicine. For more than a quarter of a century, we have been taking care of people in need of home-based medical support. Our ethos is to provide immediate and professional medical care when our patients need it. We monitor their health and wellbeing to reduce the need for emergency intervention and hospitalization. Our aim is to increase the quality of life of our users, e.g. for patients with chronic conditions, as well as the chances of survival e.g. if a heart attack strikes.

We invest our expertise in the research and development of innovative concepts that advance the field of telemedicine and evolve into state-of-the-art solutions that shape the future of healthcare. While doing so, SHL's Board of Directors and Senior Management Team are committed to high standards of corporate governance, including transparency and accountability towards our Company's stakeholders. The corresponding Corporate Governance reporting is updated on a yearly basis and available in the Annual Report.

Sustainability is a crucial task, for every company, regardless of size or industry. Therefore, and to demonstrate our commitment to a sustainable development, in 2024 we have developed, approved, and implemented a Code of Ethics that is available on our website (<https://www.shl-telemedicine.com/wp-content/uploads/2023/04/SHL-Code-of-Ethics-March-2023-1.pdf>).

These ethical principles were communicated to our employees and transferred to them as their responsibility.

This Sustainability Report should be read in connection with the other chapters of this report, i.e. the Corporate Governance chapter. In doing so, the Company is responding to the increased interest in non-financial reporting. This Sustainability Report follows the Directive on Information relating to Corporate Governance (Annex 7a) of Swiss Exchange Regulation (SIX).

Here, we discuss the following topics: cyber security, employee aspects, environmental aspects including climate, social aspects, human rights, and anti-corruption – as they are relevant for our company and its stakeholders, and as we can achieve a positive impact on them. We describe our approach to these topics, outlining measures taken and our contributions (including the applied key performance indicators, KPI). We remain committed and vigilant to addressing any future challenges in good time.

In each of our territories, we conduct our business and operations subject to a variety of laws and regulatory regimes of the countries and jurisdictions in which we operate and provide our services, including but not limited to labor standards, workplace safety and security, prevention of sexual harassment/ molestation, privacy/data protection, anti-corruption, anti-competition, financial relationships and anti-laundering, materials and waste hazards and recycling, and specific rules and regulations that apply to healthcare services providers. These ethical principles are communicated to the employees in the individual business units by means of directives and transferred to them as their responsibility. The CFO is responsible for the oversight over the implementation.

The topic of sustainability is in the responsibility of the CFO under the supervision of the CEO and the Board. SHL is in the process of further developing the concepts, measures, evaluation and controls.

7.1. Cyber Security

As a global leader in telemedicine technologies and services, cyber security is a top priority in all our business activities. Our solutions are designed to protect patient data from unauthorized access, use, or disclosure. We have appointed an external dedicated Chief Information Security Officer reporting to the SHL CIO. We also developed and implemented policies, procedures and infrastructures that support SHL's data security for sensitive information, disaster recovery and business continuity for different systems and system durability. The information security policy of our Company is based on the standards and regulations in the healthcare industry (ISO 27001, ISO 27799, and HIPAA compliance).

SHL follows and implements the Israeli Cyber Defense Doctrine 2.0 (ICDM 2.0), a methodology for managing cyber risks in organizations: Following these guidelines, we have adopted several ISO standards, including the above-mentioned ISO 27001 and ISO 27799, to provide a foundation for its cybersecurity governance and risk management strategy. We also have a comprehensive privacy policy that addresses the protection of personal data which includes general guidelines for data protection, policy for customers regarding personal data collection, retention and sharing with third parties, approval form for usage of medical devices using or transmitting customer data.

In 2025 as each Year, the company has conducted a comprehensive risk assessment to identify the cybersecurity risks that are most relevant to our organization. Main risks identified relate to vulnerability for some infrastructure network attacks and to the customers and patients concerned the interruption of telemedicine services and the leakage of health-related data. To make use of them one must have access to the network and bypass multiple layers. The risks do not have a direct effect on client. All risks are managed in the cybersecurity workplan for 2025. It is worth noting there are no risks evaluated higher than medium. In general, we use a variety of tools and techniques to identify, assess, and analyze our cybersecurity risks on a constant basis. These tools and techniques include technical assessments, formal risk assessments, and threat modeling. We have also a comprehensive cybersecurity strategy and action plan in place that is fully addressing the risks identified in our risk assessment. This plan is regularly reviewed and updated to ensure that it remains effective.

Every year the company has a well-organized information security program that is managed, measured, reported, and audited.

Finally, we have implemented a continuous monitoring and review program to ensure that our cybersecurity program is effective and up to date managed by CISO and his team. This program includes regular penetration tests, vulnerability assessments, and incident response drills. The program includes weekly reporting to the CIO and monthly reporting to the CEO.

Critical updates are reported immediately and continuously, and once a year the company conducts a "management survey." Also the company holds an information security and cyber steering committee once a quarter.

In 2025, as a result of the program's operation, no information security incidents such as intrusion or information leakage occurred during the transfer of ECG data to the central server, and we significantly reduced cyber risks. The program also enables and supports compliance with Israeli and global regulations.

We track multiple KPIs related to cyber risks such as number of employees who took part in security training, percentage of employees who failed phishing simulations, dates of security policies last update, whether the monitoring systems are operating properly during our testing, frequency of testing compared to the workplan. Based on this proactive approach to cybersecurity, no cyber incidents and/or data breaches occurred in 2025.

7.2 Employee Aspects

Employees are obliged to comply with the applicable laws and adhere to both our Mission statement (available here: <https://www.shl-telemedicine.com/mission/>) as well as our Code of Ethics.

SHL's global business success is largely determined by the knowledge and skills of its employees. In addition, at a time when the labor market is characterized by a significant shortage of skilled workers and the workforce is ageing, knowledge transfer and effective employee recruitment are becoming a decisive factor for the long-term success of companies. We therefore aim to attract the best employees and provide them with the best possible support and training in their working environment. The retention and recruitment of top performers is and will be addressed by the HR management. An open communication culture, management that exemplifies the corporate values

and a safe, healthy, and diverse working environment are all designed to promote employee commitment and identification with the work and the Company. Employees should be able to realize their full potential at SHL.

The Company operates a fair and non-discriminatory recruitment. The individual performance, skills, and potential of employees in their respective workplaces are the decisive factors in recruitment, training, and promotion. In March 2023 we adopted Whistleblower policy. During the recruitment process, all the employees are being informed of the company's Code Of Conduct, which guides that if there is a concern about a violation of legal provisions, regulations or the Code of Conduct itself, including a matter involving a violation of the duty to maintain moral integrity involving a company employee, this must be reported immediately to the company's Code of Conduct Officer and/or his/her managers. The company's management undertakes to handle these reports with the utmost confidentiality, while protecting the reporter from harassment or harm.

We pursue a fair, transparent, and comprehensible salary policy that is aligned to local, regional, and national practices. Our compensation policy aims to pay salaries that are in line with market conditions and take account of requirements, performance, success, and behavior monitored by VP operation & HR. For further information regarding the compensation schemes for the Board and Management team members, we refer to the Compensation Report in this Annual Report.

Employees	2025	2024
Israel	374	391
Germany	150	131
USA	2	4
Overall	526	526
Employees (in %)	2025	2024
Male	39%	39%
Female	61%	61%

At SHL, also the health and safety of its employees is a top priority. Our Code of Ethics states: “Directors, officers and employees must pay due regard to the health and safety of its employees, officers and directors and others and to the state of the environment, including full compliance with federal, provincial, state and local workplace safety and environmental laws which through various governmental agencies regulate both the physical safety of employees, officers and directors as well as exposure to conditions in the workplace” controlled by VP Operations. We expect our suppliers as well as our business partners to act in the same way. Supplier agreements include the supplier's commitment to comply with legal requirements, and the company has incorporated commitments to comply with the code of conduct into its agreements.

7.3 Environmental aspects

Doing business in a resource-efficient way is an everyday focus for us. Hence, our direct impact is limited, as SHL is a service provider company with no involvement of industrial activities and has no proprietary manufacturing locations.

With respect to our suppliers and manufacturers, our Code of Ethics states: “People who want to do business, or continue to do business, with the Company must understand that all purchases by the Company will be made exclusively on the basis of price, quality, service and sustainability to the Company’s needs”.

Due to the mainly digital nature of its service delivery, climate-related risks are currently assessed as having no material effect on the Company’s business model and the Company has only a very limited

impact with regards to the CO₂ emissions, Energy as well as water consumption which are mainly due to employee's vehicles that meet environment standards and most of business communication has been done by video conferences, the number of business flights is very limited.

74. Social aspects

SHL aims to be a good corporate citizen. With its headquarters in Israel (Tel Aviv) and 30 years of history, SHL is an integral part of the local economy and community. We cultivate our relationships with local society, representatives of the local communities as well as R&D and business partners through continuous dialogue. The same applies to our presence in Germany (Munich) and in the US (Hauppauge, NY). We also maintain a constant and trustful dialogue with shareholders, the financial community as well as the Swiss (SIX) where the shares of SHL Telemedicine are currently traded.

75. Human Rights

SHL Telemedicine does not tolerate discrimination based on gender, skin color, religion, nationality, disability, age, sexual orientation, physical or mental disability, marital status, political views, or other legally protected characteristics. All forms of physical and psychological violence, bullying or sexual harassment in the workplace are prohibited. We do not tolerate any form of forced or child labor within the Company or its supply chain. In 2025, no human rights violations were recorded by SHL Telemedicine. The company's Code of Conduct instructs employees to report to the company's VP of Human Resources (responsible for the code of conduct) or their managers any violation or suspected violation of the company's principles of conduct and ethics.

76. Anti-Corruption

SHL does not tolerate any illegal or unethical behavior. As our Code of Ethics states, "a director has a duty to report to the Board, and an officer or an employee has a duty to report to the CEO any activity she or he believes contravenes the law or a breach of the Code of Ethics". We will not tolerate any form of retaliation against individuals who submit reports or complaints in good faith regarding suspected violations of the Code of Ethics.

Due to the characteristics of its business, SHL considers the risk of corruption to be low. In 2025 no breaches of competition law or cases of corruption were identified in connection with SHL Telemedicine's business activities. Nor have any sanctions been imposed for other material breaches of environmental, social, or other laws.

8. Auditors

8.1. Duration of the Mandate and Term of Office of the Head Auditor

Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global are the auditors of SHL since 1997. Under the Israeli Companies Law and the Articles of Association, the auditors of SHL are appointed by resolution of the Annual General Meeting and serve until their re-election, removal or replacement by subsequent shareholder resolution. SHL's auditors were last re-appointed at the 2025 Annual General Meeting. Mr. Ofer Ben-Ezra (CPA) the head auditor from the 2020 audit following the auditor mandatory rotation rule pursuant to which the audit partner conducting the audit must be replaced every seven (7) years.

82. Auditing Honorariums and Additional Honorariums

Ernst & Young charged in the financial year 2025 approximately USD 348,000 for services rendered in connection with auditing the financial statements of SHL and its subsidiaries and the consolidated financial statements of the SHL Group.

83. Additional Honorariums

In addition, Ernst & Young charged approximately USD 20,000 for additional services performed for the SHL Group in the field of tax advice and general advisory services. The aforesaid sums include payments made to other member firms of Ernst & Young outside of Israel.

84. Supervisory and Control Instruments vis-a-vis the External Auditors

Pursuant to the Israeli Companies Law, the external auditors of the Company shall be independent, both directly and indirectly, from the Company. In the event that the Board of Directors becomes aware of any connection between the external auditors and the Company which constitutes a dependency, the Board shall instruct the auditors to immediately cease such connection. If the auditors do not adhere to this instruction, the Board shall call for a special general meeting of shareholders, within a reasonable time, in order to remove the auditors.

The Company may not condition the compensation of the external auditor in a way that may limit the performance of the audit or that links between the compensation and the outcome of the audit.

The external auditor may at any time review such Company documents which it requires to perform its tasks, and to receive explanations with respect thereto. The auditor is entitled to participate in all annual meetings at which the financial statements audited by auditor are presented, and at all board meetings and FS committee meetings with respect to discussion and approval of such financial statements.

The external auditor reports to the Board in the meetings of the Board in which the external auditor participates. If the auditor becomes aware of a material flaw in the financial controls of the Company, it must report such flaw to the Chairman of the Board. The external auditor participates in meetings of the Board and the FS Committee at which the annual and interim financial statements of the Company are discussed. The annual audit plan pursuant to which the external auditor conducts the audit is subject to the Audit Committee's prior approval. Prior to each annual audit, the external auditor distributes a questionnaire to be filled by the Company, assessing the independence of such external auditor with respect to the Company. The Audit Committee also assesses the independence of the external auditor based on the abovementioned questionnaire prior to each annual audit. The remuneration of the external auditor is determined by the Board of Directors of the Company, once a year, based on the management's recommendations. The performance of the external auditor is being assessed by the CFO of the Company based on continuous contact and interactions with the external auditor, and the CFO reports to the Financial Statements Committee and the Board of Directors.

During the year under review, the Board has held 4 (four) meetings with the Company's external auditor as part of the authorization of the Annual and Interim Financial Statements, and the Audit Committee has held 2 (two) meetings at which the Company's external auditor was present as part of the discussion with respect to the annual audit.

9. Information Policy

SHL is committed to a policy of open and effective communications with customers, partners, shareholders and staff alike (within constraints imposed by confidentiality obligations and applicable law). SHL's investor relations program features regular publication of relevant information for the benefit of the public and the capital markets. The actual share price, press releases and presentations are also available on the website. SHL maintains three (3) websites offering up-to-date corporate and product information: www.shl-telemedicine.com and www.shahal.co.il and www.smartheartpro.com.

SHL also informs interested parties through a variety of corporate publications including annual and half-yearly reports, which can be ordered or downloaded from www.shl-telemedicine.com. These reports feature operational reviews as well as consolidated balance sheets, profit & loss statements and cash flow statements as of December 31 and June 30 respectively. The annual corporate governance report includes a corporate governance report as required under the SIX Listing Rules. The Company does currently not intend to publish quarterly financial statements. SHL publishes price-sensitive information as required by the SIX Listing Rules. The Company's ad-hoc reports and press releases may be retrieved at <https://www.shl-telemedicine.com/news/>. Persons that wish to be included in the Company's distribution list with respect to ad hoc notices may do so at <https://www.shl-telemedicine.com/contact-ir/>.

Official notices concerning the listing of shares required under the SIX Listing Rules will be published in electronic form on the website of the SIX (currently www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html#/).

The Company may send notices to shareholders who are registered in the share register of the Company, Computershare Schweiz AG.

According to the Articles of Association, each shareholder holding 5% or more of the Shares or voting rights and each member of the Board of Directors of the Company is obliged to provide the Company with an address in Israel for the receiving of documents (including judicial documents). As long as such address has not been provided, the Company's registered office will be considered as the Shareholder's and/or director's address for the receiving of documents (including judicial documents).

Insider Trading Policy and Closed Periods

SHL maintains an insider trading and management transactions disclosure policy (the "Insider Trading Policy"), last approved in April 2016. The Insider Trading Policy provisions are applicable to members of the Board, officers, employees, representatives and consultants of the Company, as well as the immediate family members and household members of such persons, in addition to any other person which may receive non-public information with respect to the Company (each being an "Insider") which may have a material impact on SHL's share price ("Insider Information"). Amongst others, the Insider Trading Policy forbids trading in SHL's securities by the aforementioned persons while in possession of Insider Information. Insiders shall refrain from trading in SHL securities up until 24 hours have passed from the issuing of a press release containing Insider Information, but no sooner than the next trading day of the SIX Swiss Exchange.

According to SHL's Insider Trading Policy, certain insiders (board members, CEO, CFO, CTO, all vice presidents (other executive officers that are subject to the CEO), all members of management of SHL Israel and SHL Germany, IR staff, Chief Medical Advisor and controllers) may not trade in SHL securities from the close of trading on the day that is three weeks prior to the expected date of the publication of the quarterly or half-yearly financial reports or four weeks prior to the expected date of the publication of the annual financial reports, until 24 hours after SHL's financial results have been released to the press, but no sooner than the next trading day of the SIX Swiss Exchange.

The CEO or the CFO may impose additional closed periods for all Insiders. During such Closed Periods, no Insider may trade in any SHL securities. Furthermore, the Insider Trading Policy requires

members of the Board and members of Senior Management to report to the CFO transactions in SHL securities executed by themselves or by certain related parties no later than on the second trading day following the transactions. The CFO has to file such Disclosure Report with the SIX Swiss Exchange within three (3) trading days upon receiving the Disclosure Report.

Investor's calendar

Annual General Meeting _____ By the end of May or early June 2026

Half Year 2026 Report _____ September 2026

Contact person for Investor Relations Lior Haalman, Chief Financial Officer

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Consolidated Financial Statement 2025

Financial Overview

1. Background

Approximately a year and a half ago, SHL initiated a comprehensive business **turnaround process**. This effort, which began in 2024 with a significant change in the composition of the Board of Directors followed by the appointment of a new senior management team, continued throughout 2025. Over the past year, this momentum was maintained by building new and professional teams at the middle-management level across our various business units. We firmly believe that building an experienced and committed team is one of the key success factors for a successful turnaround.

The management is highly focused on three major business objectives:

- 1) Revenue growth in the Company's robust and well-established Israeli operations
- 2) Mitigating losses incurred in the German operations and turn it into profitability
- 3) Establishing a market penetration strategy for the US market.

General

Mediton minority stake - As previously announced, Meridon's' minority shares holders exercised their option to sell their remaining 30% stake to the Company. The purchase price is NIS 31.1 million (approximately USD 10 million) for the remaining 30% stake. As a result, there is no remaining minority interest in the Mediton Group. However, with respect to the share consideration for one of the companies within the Mediton Group, the Company exercised its right to partially offset the amount. The minority shareholders of the Mediton Group did not agree with this action and initiated several legal proceedings, including approaching an Israeli court (for more details please see Note 20 to the annual financial statements). Consequently, the deal has not been closed yet. Nevertheless, SHL's majority stake in the Mediton Group remains unaffected, and Company expects the acquisition of the remaining stake to be completed in due course.

Delisting form the NASDAQ - As part of its cost-reduction initiatives, the Company voluntarily delisted its American Depositary Receipts ("ADRs") from NASDAQ on April 2, 2025. Certain reporting duties under the US securities law remained in effect until February 2, 2026, when the Company filed 15F form, which terminate the reporting obligation (for more details please see Note 1 to the annual financial reports). It is important to note that the Company's ordinary shares remain listed on the SIX Swiss Exchange.

Capital raise – On September 11, 2025, SHL announced that the Board of Directors had approved of a capital raise, which was successfully completed on December 3, 2025. A total of CHF 12.4 Million (USD 15 Million) was raised on the SIX Swiss Exchange through a non-tradable rights issue to the Company's shareholders.

The capital raise significantly strengthened the Company's equity and financial flexibility, providing the resources necessary to support the completion of the business turnaround, restore profitability, and advance its strategic goals. Among these initiatives is the decision to upgrade the operational information systems of the German subsidiary. Management has identified this upgrade as a key success factor for achieving significant efficiency gains, reducing the Operating losses and enabling future growth and profitability. In addition, the Company continues to explore marketing strategies

to penetrate the U.S. market. As this process evolves, the Company will need to substantially increase the sales and marketing budgets directed at this market.

2. Business Overview

Israel

Israel is SHL's homebase and core market, generating the majority of the Company's revenue, profits and cash flow. Both operational segments in Israel, B2C and the B2B, are influenced by the market conditions and the local economic environment. Despite periods of uncertainty and certain negative impacts, the Israeli economy has demonstrated resilience and strength over the last 2.5 years since October 7, 2023. In 2025, both segments operated largely without interruption. The B2C business operates under the well-known and long-established brand "Shahal", a pioneer in its field in Israel. Shahal is recognized for its state-of-the-art technology and high-quality service offering. The B2B segment, operated by Mediton, delivered improved its financial performance in 2025, with growth in both revenue and profitability compared to 2024. B2C activity maintained stable profitability during the year, despite a minor decline in revenue. The cost structure of both segments supports economies of scale, enabling margin expansion as revenue grows. Accordingly, growth remains the central strategic priority for SHL's Israeli operations.

Germany

The loss in the German operation in 2025 increased compared to 2024 with adjusted EBITDA amounting to approximately USD -3 million, versus USD -2 million in the prior year. The primary cause of this deeper loss was a corresponding decline in the annual revenue combined with an insufficiently flexible cost structure.

The company identified the existing IT operational system as a core source of inefficiency and lack of competitiveness. In the second half of the year, after a thorough selection process, considering both technological and economic criteria, SHL entered into an agreement with software solution provider. Since Q4-2025 SHL Germany and the software provider have been working together intensively to implement a modern IT platform that will gradually replace the four outdated and fragmented legacy systems with a single, unified platform. Following full implementation, the Company expects to benefit from several key advantages, particularly improved efficiency, enhanced scalability for growth, and strengthened profitability.

This transition marks a strategic shift away from an in-house system, characterized by substantial development, maintenance and operating costs, toward an off-the-shelf, third-party solution under a SaaS model. As the legacy system is nearing end-of-life, the 2025 financials include a one-time write-off of related intangible assets (capitalized development costs) as well as certain fixed assets used by patients to connect to the old system.

Beyond material savings on development costs, the new IT platform will drive automation, enabling technology to replace select manual processes and thereby reduce labor costs. In addition, the combination of a modern, service-oriented architecture with increased efficiency and lower cost levels is expected to strengthen SHL's competitive position in the German market and serve as a catalyst for renewed growth.

USA

Business activity in the US is built on SHL's state-of-the-art **SmartHeart® ECG technology**, developed over recent years to provide an advanced infrastructure enabling ECG testing anytime and anywhere. In 2025, the company concentrated primarily on strengthening its marketing capabilities to establish an efficient distribution network. After several months of evaluating opportunities in the private sector, the focus shifted toward the broader business market. From large corporate and public entities to SOHO (Small Office/Home Office) market, including private physicians and small clinics, where SmartHeart® serves as a key professional diagnostic tool.

During 2025, marketing activities were streamlined and optimized, resulting in a substantial reduction in marketing expenses. As a result, losses in the US driven largely by sales and marketing investments decreased significantly compared to 2024, although the segment has not yet reached break-even. Adjusted EBITDA improved to approximately USD -2 million in 2025, compared with USD -4 million in 2024.

3. Financial Results Snapshot

The following table provides a snapshot of the consolidated financial results reported in accordance with generally accepted accounting principles (GAAP). The 2024 figures are presented also in constant currency (2024CC)¹, for convenience purposes and for more meaningful comparisons, as the foreign exchange fluctuation during 2025, especially the strengthening of the Israeli Shekel, had an effect on the consolidated financials.

Consolidated Profit & loss for the years 2024–2025, in thousands of USD:

<i>USD ('000)</i>	2025	2024	<i>change %</i>	2024 CC	<i>change %</i>
Revenues	\$ 58,694	\$ 56,779	3%	\$ 60,479	(3%)
Cost of revenues	\$ 31,122	\$ 30,986	0%	\$ 33,005	(6%)
Gross profit	\$ 27,572	\$ 25,793	7%	\$ 27,474	0%
<i>% of revenues</i>	47%	45%		45%	
R&D costs	\$ 4,681	\$ 5,357	(13%)	\$ 5,649	(17%)
S&M expenses	\$ 9,772	\$ 10,450	(6%)	\$ 10,918	(11%)
<u>G&A expenses</u>	<u>\$ 17,630</u>	<u>\$ 17,052</u>	<u>3%</u>	<u>\$ 18,058</u>	<u>(2%)</u>
EBIT Before other expenses	(\$ 4,511)	(\$ 7,066)	0%	(\$ 7,152)	0%
Other expenses	\$ 8,857	\$ 19,727		\$ 20,629	
EBIT	(\$ 13,368)	(\$ 26,793)	(50%)	(\$ 27,782)	(52%)
<i>% of revenues</i>	(23%)	(47%)		(46%)	
Financial expenses (income)	\$ 1,124	\$ 21		\$ 21	
Tax expenses / (Tax benefit)	\$ 885	\$ 939		\$ 1,008	
Net Loss	(\$ 15,377)	(\$ 27,753)	(45%)	(\$ 28,811)	(47%)
Adjusted EBITDA	\$ 3,385	\$ 846	300%	\$ 1,243	172%
<i>% of revenues</i>	6%	1%		2%	0%
EBIT To Adjusted EBITDA Bridge					
EBIT	(\$ 13,368)	(\$ 26,793)		(\$ 27,782)	
Depreciation & Amortization	\$ 7,644	\$ 7,545		\$ 8,002	
Other expenses	\$ 8,857	\$ 19,727		\$ 20,629	
ESOP	\$ 252	\$ 367		\$ 394	
Adjusted EBITDA	\$ 3,385	\$ 846		\$ 1,243	

The average USD/NIS exchange rates in 2025 and 2024 were 3.45 and 3.70, respectively, representing a 6.8% change between the two years. As of 31 December 2025, and 2024, the USD/NIS exchange rates were 3.19 and 3.65 respectively, a change of 12.5%.

¹ Constant Currency – To enable meaningful comparison between 2024 and 2025 results, 2024 results are also presented in 2024 currency exchange rates which are calculated as annual average based on the average monthly exchange rates of each of the USD and the EUR versus the NIS, as published by the Bank of Israel.

Revenue

2025 annual revenue totaled USD 59 million compared with USD 57 in 2024. The increase is driven by the change in the exchange rate of the Israeli Shekel (ILS) against the USD. On an annual average basis, the ILS got stronger by about 7%. On a Constant Currency basis, 2025 annual revenue decreased from USD 60 million to USD 59 million as a result of a revenue decrease of USD 2 million in the German operation from about USD 13 million in 2024 to about USD 11 million in 2025. Revenues from Israeli operations remained stable and a minor increase in the B2B segment was offset by a decrease in the B2C.

Geographically, Israeli operations contributed 79% to total revenues, while the German business accounted for 19%. The remaining share came from the U.S. This compares with 77% and 22% respectively in 2024.

Gross Profit

2025 gross profit increased by USD 2 million. It grew from USD 26 million in 2024 to 28 USD million in 2025, representing 47% of revenues compared with 45% on 2024. On a Constant Currency basis, gross profit in USD remained the same however, the improvement in gross margin remained

Research and Development Costs

SHL has developed a cutting-edge heart monitoring technology, SmartHeart™, and continues to invest in its advancement. In addition, in Germany, the IT operational platform of the Company was developed in-house. Accordingly, portions of the annual gross R&D expenses are capitalized and subsequently amortized. The investments support both the SmartHeart™ technology platform and the development of the service platform in Germany.

Reducing R&D costs is part of the overall cost reduction efforts of the Company. The net R&D costs in 2025 amounted to USD 4.7 million, compared with USD 5.4 million in the prior year. It is a 13% reduction or a 17% reduction on a constant currency basis. It is important to note the reduction in the brut costs involved with actual cash Flow spending (i.e. organic labor costs or outsourced labor costs) reduced significantly in 2025 and totaled in USD 3.8 million, 29% lower compared with USD 5.3 million spent in 2024.

Selling and Marketing Expenses

Selling and marketing expenses totaled USD 9.8 million in 2025, compared with USD 10.5 million in 2024. The USD 0.7 million reduction represents the net effect between lower S&M costs in the US and higher it in Israel compared with previous year. In the US, we reorganized our S&M efforts and methodology, resulted in about USD 2 million lower costs. In Israel, on the other hand, advertising costs in 2025 were higher compared to 2024, as part of one of the company's' main business goals, to regenerate growth in the Israeli activity. Selling and marketing expenses represented approximately 17% of revenue, in 2025.

General and Administrative Expenses

General and administrative expenses for 2025 were USD 17.7 million, compared to USD 17.0 million in 2024. On a constant currency basis, there was no increase in G&A, but a 2% decrease. As most of the Group's G&A costs are in Israeli Shekels, the 12.5% change in the exchange rate to the USD affected the G&A expenses in USD terms.

Operating profit (loss) before other expenses

Operating loss before “other expenses” was USD 4.5 million in 2025, improving from a USD 7.1 million loss in 2024. The decrease in loss is attributed mainly to the increase in gross profit and reduced R&D and Sales and marketing costs

Other Expenses

One-time extraordinary expenses totaled USD 8.9 million in 2025, compared with USD 19.7 million in 2024. Over 74% of the 2025 other expenses consist of one-off accounting write-off of intangible assets (mainly software development for the German and the US markets) and hence, it is not involved with any Cash flow impact.

In 2024, write-offs were largely attributable to goodwill linked to the German subsidiary. The write-offs in 2025 mainly relate to previously capitalized software development costs. As reported previously the Company plan to turnaround the German operations involve with replacing the IT operational platform. The existing platform was developed, over the years, in-house and some of the costs were capitalized. The new platform is a 3rd party of self-software, modified to meet the Company's needs, which the Company will use in exchange for an annual license fee. In light of the progress in implementing the new system and the approaching end of life of the legacy platform, the associated intangible assets were written off. Furthermore, certain patient-facing equipment used to connect to the legacy platform is also reaching the end of its useful life. Overall, the one-time other expenses in the German operation driven mainly by the IT USD 4.7 million.

The other costs include also about USD 2.4 million write-off of intangible assets (capitalized software development costs) related to developments done for the Us market. As the growth in the US market is significantly slower than expected, it impacts the economic value of these assets, resulting in a write-off.

Operational Loss (EBIT)

Operating loss (EBIT) was USD 13.4 million, significantly lower than the USD 26.8 in 2024. The USD 13.4 million gap consists of USD 10.9 million lower other (one-time) expenses and USD 2.5 million lower operating loss before the other expenses.

Adjusted EBITDA

The table below details the Adjusted EBITDA calculation for the years 2024 and 2025:

EBIT To Adjusted EBITDA Bridge			
USD - Million	2025	2024	2024 CC
EBIT	(\$ 13.4)	(\$ 26.8)	(\$ 27.8)
Depreciation & Amortization	\$ 7.6	\$ 7.5	\$ 8.0
Other expenses	\$ 8.9	\$ 19.7	\$ 20.6
ESOP	\$ 0.3	\$ 0.4	\$ 0.4
Adjusted EBITDA	\$ 3.4	\$ 0.8	\$ 1.2

Adjusted EBITDA offers a good indication to the Company representative operating profitability and its cash generating potential.

2025 adjusted EBITDA total USD 3.4 million. It is a sizable improvement compared to USD 0.8 million, or USD 1.2 million on a constant currency basis, in 2024. The improved adjusted EBITDA was achieved despite of a USD 2 million decrease in the adjusted EBITDA loss in Germany (due to revenue erosion), and thanks to an improved EBITDA in the additional activities.

In the US, the reorganization of the S&M methodology, rightsizing it and reducing advertising costs, along with additional costs cutting out of the S&M expenses, resulted in a significant lower loss, in adjusted EBITDA terms, compared to 2024 by about USD 2 million.

In Israel, higher adjusted EBITDA in the B2B segment, significant costs cutting in the B2C segment and in the group R&D expense, derived the improvement in the consolidated adjusted EBITDA, supported also by USD 0.4 million positive effect of the strengthening of the Israeli Shekel against the USD.

Financial Income/Expenses

Net financial expenses in 2025 amounted to USD 1.1 million. The increase of about USD 1 million compared to previous year is a result of lower financial income in 2025 compared to 2024. The financial income in 2024 was generated by the Company's investment portfolio. During 2025, management implemented a more conservative liquidity management approach, with funds held mainly in cash and short-term bank deposits. Interest expenses and other finance costs in 2025 were broadly unchanged compared with the prior year.

Taxes on Income

Tax expense for 2025 was USD 0.9 million, similar to 2024.

Net Income (Loss)

The net loss for 2025 was USD 15.4 million, compared to a loss of USD 27.8 million in 2024. The improvement was driven mainly by USD 10.8 million lower other expenses (one-time costs).

Significant Changes in Assets, Liabilities and Equity

Balance Sheet

The table below details main balance sheet items as of 31 December 2025 and 2024:

Consolidated Balance sheet			
USD - Million	December 31,		
	2025	2024	Diff.
ASSETS			
Current Assets	\$36	\$27	\$9
Non-Current Assets	\$11	\$13	-\$3
Property & Equipment, Net	\$5	\$5	\$0
Goodwill	\$22	\$19	\$3
Intangible Assets	\$11	\$16	-\$5
Total assets	\$85	\$81	\$4
LIABILITIES AND EQUITY			
Current liabilities	\$29	\$27	\$2
Non-Current liabilities	\$12	\$15	-\$3
Total liabilities	\$41	\$42	-\$1
EQUITY:	\$44	\$39	\$4
<i>% of total Balance sheet</i>	52%	49%	
Total liabilities and equity	\$85	\$81	\$4

The Company continues to maintain a robust and stable balance sheet. It operates without leverage and retains a cash surplus relative to its financial liabilities. The capital raise of USD 15 million in December 2025, strengthen, the balance sheet even more.

The increase in **current assets** by USD 9 million consist mainly of USD 8 million increase in cash and cash equivalents, from USD 17.5 (including short term investments) as of 31.12.24 to USD 25.3, at the end of 2025.

The decrease in **non-current assets** is mainly due to the expiry of Mediton lease at its current premises as part of the plan to relocate to new offices. **Goodwill** remained unchanged, although its reported value was influenced by currency movements as it is fully denominated in Israeli Shekels. The decrease in **intangible assets** is mainly due to the write-off of software and technology and described in detail above in the paragraph related to other expenses.

The increase in **current liabilities** was also driven by the strengthening of the Israeli Shekels, as most of the liabilities are in Shekels, including bank loan, the liability for the acquisition of non-controlling interest and the lease liabilities. In this connection, it is important to note, that also most of Company revenue and cashflow are generated and Israeli Shekels.

The decrease in **non-current liabilities** is mainly due to the expiry of Mediton lease at its current premises as part of the plan to relocate to new offices.

Equity grew from USD 39 million as of year-end 2024, to USD 44 million as of 31.12.25. The increase in equity thanks to the capital rais was partially offset by the net loss for the period.

Cash Flow

The table below details main CF categories items for the years ending 31 December 2025 and 2024:


Consolidated CF statement		
USD millions		
	2025	2024
Net cash used in operating activities	\$ -1.8	\$ -0.4
Net cash provided by investing activities	\$ 7.6	\$ 6.0
Net cash provided by (used in) financing activities	\$ 10.5	\$ -4.9
Effect of exchange rate changes on cash	\$ 1.3	\$ 0.2
Increase in cash and cash equivalents	<u>\$ 17.6</u>	<u>\$ 1.0</u>
Cash, Cash equivalents & Short term investments as of 31.12	<u>\$ 25.3</u>	<u>\$ 17.5</u>

Cash flow used in **operational activity** in 2025 was USD 1.8 million, compared to USD 0.4 million used in 2023. The decrease is a result of a change in working capital, mainly a decrease in accounts payable.

Net cash provided from **investing activities** totaled USD 7.5 million in 2025, including USD 10.5 million proceed from short-term deposit. The investments of the Company in 2025 total USD 3 million. About half of the amount was invested in fixed assets and half in intangible assets. In 2024 net cash provided from investing activities totaled USD 6.0 million, including USD 9.7 million proceed from short-term deposit and USD 3.7 investments.

Net cash generated from **financing activities** in 2025 was USD 10.5 million. About USD 15 million was received from the capital raise and about USD 4.4 used to repay bank loan (USD 2.3 M) and to pay lease liabilities (USD 2.1 M). In 2024 cash flow used for financing activity was about USD 5 million used for lease liabilities and the annual repayment of a bank loan.

As of December 31, 2025, cash and cash equivalents are USD 25.3 million. As of December 31, 2024, cash and cash equivalents along with short-term bank deposits, totaled USD 17.5 million. The capital raise contributed to an improved liquidity profile, reinforced the Company's financial strength and stability, and supported lower financial leverage.



Lior Haalman,
CFO

SHL TELEMEDICINE LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2025

U.S. DOLLARS IN THOUSANDS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of

SHL TELEMEDICINE LTD.

Opinion

We have audited the consolidated financial statements of SHL Telemedicine Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025 and 2024, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards (IESBA Code)), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. 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.



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The Key Audit Matters we identified are:

Description of Key Audit Matter and why a matter of most significance in the audit	How our audit addressed the Key Audit Matter
<p>Existence and measurement of medical devices</p> <p>As of December 31, 2025, the total carrying amounts of telemedicine devices in property and equipment and inventory are approximately \$1.2 million and \$3.7 million, respectively. These amounts are comprised of thousands of devices that are on loan to customers (property and equipment) and that are being held by the Group (inventory). The Group's monitoring of the existence and measurement (as described in Notes 2e and 2i in the consolidated financial statements) of these devices involves a complex interface among automated and non-automated accounting records distributed among various entities within the Group. The aforementioned factors led us to conclude that the existence and measurement of telemedicine devices is a key audit matter.</p>	<p>Our audit procedures included testing of physical counts of the devices and extensive detailed testing of the accounting records, including checking mathematical accuracy, to support the carrying amounts of the devices. We also performed substantive testing and examination of underlying documentation to support the costs comprising the carrying amounts, including the appropriate elimination of intercompany profit for transfers of devices between entities in the Group. We evaluated the realizability of the carrying amounts based on analysis and testing of invoices issued subsequent to the reporting date. We also performed significant testing of cross-referencing of data between different systems to support the existence of the devices on loan.</p>
<p>Impairment of Goodwill</p> <p>As of December 31, 2025, the carrying amount of Goodwill is approximately \$21.9 million. Management performs a review of the Goodwill for impairment pursuant to IAS 36. This impairment review involves significant judgmental assumptions and estimates with respect to future cash flows from the Group's operations, as described in Note 11 to the consolidated financial statements. Due to the significance of the amount and the judgmental nature of management assumptions, we concluded that this is a key audit matter.</p>	<p>Our audit procedures included the assessment of the recoverability of Goodwill by auditing management's forecasts of revenues and cash flows to be generated from its cash generating units in Israel and Germany. As part of our audit of the goodwill, we compared management's forecast to actual results and future budget, as well as gaining an understanding and performing sensitivity analysis of reasonably possible changes in the significant assumptions underlying the forecast, including growth rates and discount rates. We were assisted by our internal valuation specialists in evaluating the methodology and significant assumptions used by management, in particular the discount rates. We identified and analyzed changes in significant assumptions from the prior year and evaluated the consistency of assumptions used.</p>
<p>Capitalized development costs.</p> <p>As of December 31, 2025, the carrying amount of capitalized development costs is \$1.7 million, as described in Note 11 to the consolidated financial statements. The assessment of whether development costs meet the criteria for recognition as an intangible asset requires significant management judgment, in particular with respect to technical feasibility and generation of future economic benefits. Due to the significance of the amount and the judgmental nature of management assumptions, we concluded that this is a key audit matter.</p>	<p>Our audit procedures included updating our understanding, via meetings with management, of the nature and composition of development costs capitalized in 2025. We evaluated whether the expenses capitalized during the current year meet the capitalization requirements according to IAS 38, Intangible Assets. We challenged the existence and value of capitalized development costs for them to have a valid business rationale as well as valid expectations for future economic benefits to the Group. Amongst our procedures we challenged the useful life of the capitalized development costs.</p>



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Other information included in the Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 Annual Report other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

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 management and the board of directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The board of directors is responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 management.
- ▶ Conclude on the appropriateness of management's 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 auditors' 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 auditors' 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 the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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 board of directors 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 board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' 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 partner in charge of the audit resulting in this independent auditors' report is Mr. Ofer Ben Ezra.

Tel-Aviv, Israel
March 30, 2026

Kost Forer Gabbay and Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	Note	December 31,	
		2025	2024
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	5	25,273	7,679
Short-term investments	6	-	9,843
Trade receivables	7	8,650	7,309
Inventory	2e	1,330	1,171
Other accounts receivable	9	992	1,470
		<u>36,245</u>	<u>27,472</u>
NON-CURRENT ASSETS:			
Inventory	2e	2,323	3,070
Prepaid expenses	8	3,160	2,850
Long-term deposits		217	301
Right-of-use assets	12	3,535	5,827
Deferred taxes	19d	1,527	1,448
		<u>10,762</u>	<u>13,496</u>
PROPERTY AND EQUIPMENT, NET	10	<u>5,054</u>	<u>4,961</u>
GOODWILL	11	<u>21,872</u>	<u>19,131</u>
INTANGIBLE ASSETS, NET	11	<u>10,687</u>	<u>15,699</u>
<u>Total assets</u>		<u><u>84,620</u></u>	<u><u>80,759</u></u>

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


CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	Note	December 31,	
		2025	2024
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks	13	2,590	2,206
Current maturities of lease liabilities	12	1,652	2,131
Deferred revenues	15	371	316
Income taxes payable	19	877	231
Trade payables		4,677	3,649
Liability for acquisition of non-controlling interests	20	9,764	8,540
Other payables	16	9,090	9,468
		<u>29,021</u>	<u>26,541</u>
NON-CURRENT LIABILITIES:			
Loans from banks	14	6,781	8,197
Deferred taxes	19d	1,944	2,000
Lease liabilities	12	2,067	3,584
Employee benefit liabilities	18	1,036	1,189
		<u>11,828</u>	<u>14,970</u>
<u>Total liabilities</u>		<u>40,849</u>	<u>41,511</u>
EQUITY:			
Attributable to equity holders of the Company:	23		
Issued capital		112	48
Additional paid-in capital		173,335	156,690
Treasury shares		(2)	(2)
Foreign currency translation reserve		(1,803)	(6,351)
Capital reserve for options		-	1,514
Capital reserve for remeasurement gains on defined benefit plans		1,349	1,192
Capital reserve from transactions with non-controlling interests		(5,618)	(5,618)
Accumulated deficit		(123,602)	(108,225)
		<u>43,771</u>	<u>39,248</u>
<u>Total liabilities and equity</u>		<u>84,620</u>	<u>80,759</u>

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

March 30, 2026
 Date of approval of the
 financial statements


 Itamar Offer
 Chairman of the Board


 David Arnon
 CEO

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Note	Year ended December 31,	
		2025	2024
Revenues	24a	58,694	56,779
Cost of revenues	24b	31,122	30,986
Gross profit		27,572	25,793
Research and development costs	24c	4,681	5,357
Selling and marketing expenses	24d	9,772	10,450
General and administrative expenses	24e	17,630	17,052
Operating loss before other expenses		(4,511)	(7,066)
Other expenses	24g	8,857	19,727
Operating loss		(13,368)	(26,793)
Financial income	24f(1)	484	1,447
Financial expenses	24f(2)	(1,608)	(1,468)
Loss before taxes on income		(14,492)	(26,814)
Tax expenses	19b	885	939
Net loss		(15,377)	(27,753)
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain on defined benefit plans	18	157	134
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		4,548	(1,124)
Total other comprehensive income		4,705	(990)
Total comprehensive loss		(10,672)	(28,743)
Net loss attributable to:			
Equity holders of the Company		(15,377)	(28,095)
Non-controlling interests		-	342
		(15,377)	(27,753)
Comprehensive loss attributable to:			
Equity holders of the Company		(10,672)	(29,018)
Non-controlling interests		-	275
		(10,672)	(28,743)
Earnings per share:			
Basic and diluted loss	25	(0.72)	(*) (1.39)

*) Restated, see Note 25

The accompanying notes are an integral part of the 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 re-measurement gains on defined benefit plans	Capital reserve from transactions with non-controlling interests	Accumulated deficit	Total	Non-controlling interests	Total equity
Balance as of January 1, 2024	48	156,334	(2)	(5,294)	1,514	1,058	-	(80,130)	73,528	2,933	76,461
Share-based payments	-	333	-	-	-	-	-	-	333	33	366
Equity component of transaction with non-controlling interest	-	23	-	-	-	-	-	-	23	(23)	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(279)	(279)
Acquisition of non-controlling interests	-	-	-	-	-	-	(5,618)	-	(5,618)	(2,939)	(8,557)
Net profit (loss)	-	-	-	-	-	-	-	(28,095)	(28,095)	342	(27,753)
Total other comprehensive income (loss)	-	-	-	(1,057)	-	134	-	-	(923)	(67)	(990)
Balance as of December 31, 2024	48	156,690	(2)	(6,351)	1,514	1,192	(5,618)	(108,225)	39,248	-	39,248
Issue of share capital (net of issue expenses of \$496 thousand)	64	14,881	-	-	-	-	-	-	14,945	-	14,945
Share-based payments	-	250	-	-	-	-	-	-	250	-	250
Share options expired (**)	-	1,514	-	-	(1,514)	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	(15,377)	(15,377)	-	(15,377)
Total other comprehensive income (loss)	-	-	-	4,548	-	157	-	-	4,705	-	4,705
Balance as of December 31, 2025	112	173,335	(2)	(1,803)	-	1,349	(5,618)	(123,602)	43,771	-	43,771

*) Represents an amount lower than \$1.

**) all options granted and outstanding to underwriters expired in March 2025. Accordingly, the related capital reserve in equity in the amount of \$1,514 was transferred to Additional paid in capital.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2025	2024
<u>Cash flows from operating activities:</u>		
Net loss	(15,377)	(27,753)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Income and expenses not involving operating cash flows:		
Depreciation and amortization	7,490	7,541
Impairment of Goodwill	-	13,450
Impairment of intangible assets	4,864	2,765
Impairment of property and equipment	994	164
Capital loss from disposals of property and equipment	154	25
Capital gain from amendment of lease liabilities	-	(6)
Change in employee benefit liabilities, net	(96)	(187)
Financial expenses, net	1,022	630
Valuation gain from short-term investments	(102)	(558)
Cost of share-based payments	250	366
Tax expenses	885	939
	<u>15,461</u>	<u>25,129</u>
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables, net	(273)	1,183
Decrease in inventory	359	625
Decrease in prepaid expenses	91	347
Decrease in other accounts receivable	636	310
Increase (decrease) in trade payables	467	(211)
Increase in deferred revenues	9	14
Increase (decrease) in other accounts payable	(2,382)	266
	<u>(1,093)</u>	<u>2,534</u>
Cash paid and received:		
Interest received	362	1,302
Interest paid	(640)	(1,165)
Income tax received	236	367
Income taxes paid	(767)	(786)
	<u>(809)</u>	<u>(282)</u>
Net cash used in operating activities	<u>(1,818)</u>	<u>(372)</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2025	2024
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(1,504)	(950)
Investment in intangible assets	(1,557)	(2,714)
Investment in short-term deposits	(2,899)	-
Proceeds from short-term deposits	3,049	10,023
Proceeds from sale of property and equipment	-	27
Purchase of short-term investments	(5,978)	(3,015)
Proceeds from sale of short-term investments	16,460	2,662
Net cash provided by investing activities	7,571	6,033
<u>Cash flows from financing activities:</u>		
Issue of share capital	14,945	-
Dividend paid to non-controlling interests	-	(279)
Payment of lease liabilities	(2,088)	(2,468)
Payment of long-term loans	(2,333)	(2,118)
Net cash provided by (used in) financing activities	10,524	(4,865)
Effect of exchange rate changes on cash and cash equivalents	1,317	190
Increase in cash and cash equivalents	17,594	986
Cash and cash equivalents at the beginning of the year	7,679	6,693
Cash and cash equivalents at the end of the year	25,273	7,679
<u>Non-cash transactions:</u>		
Right-of-use asset recognized with corresponding lease liability	680	1,184
Incurrence of liability for acquisition of non-controlling interests	-	(8,557)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 1:- GENERAL**

- a. SHL Telemedicine Ltd. ("SHL" and/or "the Company") was incorporated in Israel. The registered office is located at Ashdar Building, Yigal Alon St. in Tel Aviv. Its shares are publicly traded on the SIX Swiss Exchange under the symbol SHLTN.

SHL and its subsidiaries ("the Group") develop and market advanced personal telemedicine solutions. Personal telemedicine is the transmission of medical data by an individual, from a remote location to a medical call center or to an expert, via telecommunication networks. SHL's personal telemedicine systems are designed to improve quality of care and life for people suffering from various health conditions ranging from the high-risk and chronically ill to ordinary users of healthcare products and services who wish to take a more active role in managing their own health. In addition, the Group provides B2B healthcare services in Israel in the field of diagnostics, preventive medicine, and medical opinions to institutional customers. The German subsidiary serves on behalf of leading German sick funds, private patients, in various chronic disease and medical services.

The Smartheart technology developed by the company offers customers a compact personal ECG monitor, with 12 lead capabilities, that enables them to perform, remotely, a "hospital grade" ECG. It may indicate a need for emergency hospitalization or, in many cases, to avoid unnecessary hospitalization.

Delisting from Nasdaq

On March 11, 2025 the Company announced its intention to voluntarily delist its American Depositary Receipts ("ADRs") from the Nasdaq Capital Market ("Nasdaq"), terminate its ADR program and deregister from, and terminate its reporting obligations under, the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"). The reason for the delisting was cost reduction. The delisting and termination of its ADR program and Securities Exchange Act registration and reporting will not affect the Company's listing on the SIX Swiss Exchange, where its ordinary shares will continue to trade. The delisting date was April 2, 2025.

Upon filing the Form 15F on February 2, 2026, SHL's reporting obligations under the Exchange Act, including the filing and submission of annual reports on Form 20-F and reports on Form 6-K, suspended. The termination of the registration of the ordinary shares under the Exchange Act and of its reporting obligations thereunder is expected to become effective 90 days after the filing of the Form 15F if there are no objections from the SEC.

Capital raise

On December 3, 2025 the company successfully completed a capital raise of CHF 12.4 million (USD 15 Million) on the SIX Swiss exchange, by means of non-tradable right issuance to its shareholders. 20,667,192 new shares were issued against payment of the offer price of CHF 0.60 generating gross proceeds of around CHF 12.4 million. The capital increase has led to a new total number of 37,059,946 issued registered shares of the Company with a nominal value of NIS 0.01 each. The successful capital increase was intended to support SHL's business turn-around process, with the primary objective of restoring sustainable profitability, i.e. by upgrading the operational information systems of SHL Telemedizin GmbH (the German subsidiary of SHL), and by significantly increasing the sales and marketing budget in the U.S. to penetrate this market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 1:- GENERAL (Cont.)**Other

A large customer of material subsidiary ("Mediton") issued during 2025 a tender for a service currently supplied exclusively by the company. The outcome of the tender process, if held, a failure to win the tender, or a win under significantly less favorable commercial terms compared to the current agreement, may result in a decline in SHL's profitability.

- b. The effects of the October 7th. War and other military campaign:

On October 7, 2023, war broke out in Israel ("The War"). The War led to a slowdown in business activity throughout the Israeli economy, as a result, among others, of the shutdown of enterprises in the south and north of Israel, the damage to local infrastructures, the nationwide military reserve draft for an indefinite period and the disruption of economic activity in the entire country.

Following the start of the War, at the beginning of 2024, international rating agencies such as S&P, Moody's downgraded Israel's credit rating. Additional downgrading was announced later during the year. With the progress towards a political settlement and the ceasefire at the end of 2025, there was some improvement in market expectations, and in November 2025 (P&S) and in January 2026 (Moody's), the rating forecast was updated from negative to stable. However, the credit rating itself has not yet been raised to its level on the eve of the War. The above-mentioned downgrading of the credit rating of the State of Israel may have a potential negative impact on the Israeli economy and on the Company. It also has a possible negative impact on interest rates, and hence of the Company's finance costs, as well as on a potential future debt raising, if any.

The War officially came to an end with the signing of a ceasefire agreement on October 9, 2025. Despite the end of the intense fighting, the security situation remains sensitive and there is high uncertainty regarding the long-term stability of the settlement. On February 28, 2026, a new military campaign against Iran (Operation Lion's Roar) began, which led to a renewal of high-intensity security tensions and renewed uncertainty regarding geopolitical stability. At this stage it is impossible to assess the full effect of the War and the military campaign on the Company and its results in the medium term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES**

a. Basis of presentation of the financial statements:

1. These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Group's financial statements have been prepared on a cost basis, except for marketable securities, which are measured at fair value through profit or loss and employee benefit assets and liabilities.

The Group has elected to present the statement of comprehensive income using the function of expense method.

2. Consistent accounting policies:

The accounting policies adopted in the financial statements have been applied consistently for all periods presented, unless otherwise stated.

b. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company 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.

The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a change in equity by adjusting the carrying amount of the non-controlling interests with a corresponding adjustment of the equity attributable to equity holders of the Company less/plus the consideration paid or received.

c. Functional currency and presentation currency:

1. Functional currency and presentation currency:

The presentation currency of the financial statements is the U.S. dollar.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

The functional currency, which is the currency that best reflects the economic environment in which the Company operates and conducts its transactions, is separately determined for each Group entity and is used to measure its financial position and operating results. The functional currency of the Company and its subsidiaries in Israel is the NIS.

When a Group entity's functional currency differs from the presentation currency, that entity's financial statements are translated so that they can be included in the consolidated financial statements as follows:

- a) Assets and liabilities of foreign operations, including goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition of said foreign operation, are translated at the closing rate at the end of the reporting period.
- b) Income and expenses for each period presented in the statement of income are translated at average exchange rates for the presented periods.
- c) Share capital, capital reserves and other changes in capital are translated at the exchange rate prevailing at the date of incurrence.
- d) Retained earnings are translated based on the opening balance translated at the exchange rate at that date and other relevant transactions (such as dividend) during the period are translated as described in b) and c) above.
- e) All resulting translation differences are recognized as a separate component of other comprehensive income (loss) in equity "foreign currency translation reserve".

2. Index-linked monetary items:

Monetary assets and liabilities linked to the changes in the Israeli Consumer Price Index ("Israeli CPI") are adjusted at the relevant index at the end of each reporting period according to the terms of the agreement. Linkage differences arising from the adjustment, as above, other than those capitalized to qualifying assets or carried to equity in hedge transactions, are recognized in profit or loss.

d. Short-term deposits:

Short-term bank deposits are deposits with an original maturity of more than three months from the date of investment and which do not meet the definition of cash equivalents. The deposits are presented according to their terms of deposit.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

e. Inventory:

Inventory of telemedicine devices for sale is presented at the lower of cost or net realizable value. Cost is determined using the "first-in, first-out" method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

f. Financial instruments:

1. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

Equity instruments and other financial assets held for trading:

Investments in equity instruments do not meet the above criteria and accordingly are measured at fair value through profit or loss.

Other financial assets held for trading, including derivatives, are measured at fair value through profit or loss unless they are designated as effective hedging instruments.

2. Impairment of financial assets:

The Company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss. The Company has short-term financial assets such as trade receivables in respect of which the Company applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit loss.

3. Financial liabilities:

a) Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest rate method, except for financial liabilities at fair value through profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

- b) Financial liabilities measured at fair value through profit or loss:

Financial liabilities measured at fair value through profit or loss include liabilities held for trading, including derivatives, and financial liabilities that meet certain criteria which are designated upon initial recognition to fair value through profit or loss.

At initial recognition, the Company measures these financial liabilities at fair value. Transaction costs are recognized in profit or loss.

After initial recognition, changes in fair value are recognized in profit or loss.

4. Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

- g. Leases:

The Group accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

1. The Group as a lessee:

For leases in which the Group is the lessee, the Group recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Group has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Group has elected to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

Leases which entitle employees to a company car as part of their employment terms are accounted for as employee benefits in accordance with the provisions of IAS 19 and not as subleases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- ACCOUNTING POLICIES (Cont.)

On the commencement date, the lease liability includes all unpaid lease payments (excluding variable lease payments) discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate. After the commencement date, the Group measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life and the lease term.

Following are the periods of depreciation of the right-of-use assets by class of underlying asset:

	<u>Years</u>	<u>Mainly</u>
Motor vehicles	1.5 - 3.5	3
Buildings	4 - 11	10

The Group tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

2. Variable lease payments that depend on an index:

On the commencement date, the Group uses the index rate prevailing on the commencement date to calculate the future lease payments.

For leases in which the Group is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

3. Lease extension and termination options:

A non-cancellable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Group remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

4. Lease modifications:

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Group remeasures the lease liability based on the modified lease terms using a revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Group recognizes a gain or loss arising from the partial or full reduction of the carrying amount of the right-of-use asset and the lease liability. The Group subsequently remeasures the carrying amount of the lease liability according to the revised lease terms, at the revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

h. Business combinations and goodwill:

Business combinations are accounted for by applying the acquisition method. The cost of the acquisition is measured at the fair value of the consideration transferred on the date of acquisition with the addition of non-controlling interests in the acquiree.

Direct acquisition costs are carried to the income statement as incurred.

A put option granted by the Group to non-controlling interests and concurrently a call option received by the Group from the non-controlling interests that can be settled in cash or by the delivery of a variable number of shares are accounted for as a derivative financial liability or asset presented on a net basis and measured at fair value. The non-controlling interests continue to be recognized in equity until the put or call options are exercised. See Note 20 for further information.

Goodwill is initially measured at cost which represents the excess of the acquisition consideration and the amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of evaluation of impairment of goodwill, goodwill purchased in a business combination is evaluated and attributed to the cash-generating units to which it had been allocated.

i. Property and equipment:

Property and equipment are measured at cost, including directly attributable costs, less accumulated depreciation and accumulated impairment losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 2:- ACCOUNTING POLICIES (Cont.)

Depreciation is calculated at constant annual rates on a straight-line basis over the useful life of the assets at annual rates as follows:

	<u>%</u>	
Medical equipment	10 - 15	(mainly 15%)
Motor vehicles and ambulances	15 - 20	(mainly 20%)
Office furniture and equipment	6 - 7	(mainly 6%)
Computers and peripheral equipment	15 - 33	(mainly 20%)
Leasehold improvements	see below	
Telemedicine devices on loan to customers	10	

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including any extension option held by the Group and intended to be exercised) and the expected life of the improvement.

j. Intangible assets:

Intangible assets acquired in a business combination are included at fair value at the acquisition date. After initial recognition, intangible assets are carried at their cost less any accumulated amortization and any accumulated impairment losses. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

According to management's assessment, intangible assets have a finite useful life. The assets are amortized over their useful life using the straight-line method and reviewed for impairment whenever there is an indication that the asset may be impaired.

The useful life of intangible assets is as follows:

	<u>Years</u>
Developments costs	5 - 10
Customer relations	10
Information technology	6

Research and development expenditures:

Research expenditures are recognized in profit or loss when incurred.

An intangible asset arising from development or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the

intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the Company's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the Company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

The asset is measured at cost less any accumulated amortization and any accumulated impairment losses. Costs recognized as intangible assets include directly attributable costs of preparing the asset for its intended use such as cost of materials, direct labor costs and overhead.

Amortization of the asset begins when development is complete and the asset is available for use. As for the testing of impairment, see k below.

k. Impairment of non-financial assets:

The Group evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

The following criteria are applied in assessing impairment of these specific assets:

1. Goodwill related to subsidiaries:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated, at the acquisition date, to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

The Company reviews goodwill for impairment once a year or more frequently if events or changes in circumstances indicate that there is impairment.

Goodwill is tested for impairment by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill has been allocated. An impairment loss is recognized if the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is less than the carrying amount of the cash-generating unit (or group of cash-generating units). Any impairment loss is allocated first to goodwill. Impairment losses recognized for goodwill cannot be reversed in subsequent periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

2. Development costs capitalized during the development period:

The impairment test is performed annually, on December 31, or more frequently if events or changes in circumstances indicate that there is impairment.

1. Taxes on income:

Taxes on income in the statement of comprehensive income comprise current and deferred taxes. Current or deferred taxes are recognized in the statement of income except to the extent that the tax arises from items which are recognized directly in other comprehensive income or in equity. In such cases, the tax effect is also recognized in the relevant item.

1. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the taxes are reversed in profit or loss, comprehensive income or equity, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to items recognized outside of profit or loss.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. Also, temporary differences (such as carry forward losses) for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability has become probable. Any resulting reduction or reversal is recognized in the line item, "taxes on income". Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Group's policy not to initiate distribution of dividends that triggers an additional tax liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

m. Share-based payment transactions:

The Company's employees are entitled to remuneration in the form of equity-settled share-based payment transactions (see details in Note 23).

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using a standard option pricing model, additional details are given in Note 23d

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

If the Group modifies the conditions on which equity-instruments were granted, an additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee/other service provider at the modification date.

n. Employee benefit liabilities:

The Group has several employee benefit plans:

1. Short-term employee benefits:

Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made. The short-term employee benefit liability in the statement of financial position is measured on an undiscounted basis.

2. Post-employment benefits:

The plans are normally financed by contributions to insurance companies or funds and classified as defined contribution plans or as defined benefit plans.

a) Defined contribution plans:

The Group has defined contribution plans pursuant to section 14 to the Severance Pay Law under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to a defined contribution plan in respect of severance or retirement pay are recognized as an expense when contributed concurrently with performance of the employee's services.

b) Defined benefit plans:

The Group operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law in Israel. According to the Law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employee-employer relation is measured using the projected unit credit method. The actuarial assumptions include rates of employee turnover and future salary increases 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 with term of the benefit 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"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

The liability for employee benefits presented in the balance sheet reflects the present value of the defined benefit obligation less the fair value of the plan assets (see details in Note 18).

Remeasurements of the net liability are recognized as other comprehensive income (loss) in the period in which they occur.

o. Revenue recognition:

Revenue recognition:

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

Revenue from rendering of services:

Revenue from rendering of services is recognized over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenue is recognized in the reporting periods in which the services are

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

rendered. Revenues from the installation fees are recognized as the installation is performed.

The Company charges its customers based on payment terms agreed upon in specific agreements. When payments are made before or after the service is performed, the Company recognizes the resulting contract asset (income receivable) or liability (deferred revenues) and recognizes revenue in profit or loss when the work is performed. The Company has elected to apply the practical expedient allowed by the Standard and does not separate the financing component in transactions in which the period between receipt of the advance payment and the performance of the service is expected to be less than one year.

Revenue from the sale of telemedicine devices:

Revenue from sale of telemedicine devices is recognized in profit or loss at the point in time when the control of the goods is transferred to the customer, generally upon delivery of the goods to the customer.

Costs of obtaining a contract:

Costs incurred in obtaining subscription contracts which would not have been incurred if the contract had not been obtained (incremental costs) and which the Company expects to recover are recognized as an asset (prepaid expenses). The asset is amortized over the estimated average service period of subscriber contracts, adjusted for cancellations.

p. Interest income:

Interest income on financial assets is recognized as it accrues using the effective interest method.

q. Earnings per share:

Basic earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period.

For diluted earnings per share, the weighted average of shares outstanding is adjusted, assuming conversion of potential dilutive shares (employee options), except when such conversion has an anti-dilutive effect.

r. Fair value measurement:

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.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

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.

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 minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

s. Exchange rates and linkage basis:

Data regarding Israeli CPI and exchange rates of the U.S. dollar, the Euro and the Swiss Franc in relation to the NIS is as follows:

<u>For the year ended</u>	Israeli CPI Points *)	<u>Exchange rate of</u>		
		€	U.S. \$	CHF
		<u>NIS</u>		
December 31, 2025	263.4	3.75	3.19	4.02
December 31, 2024	256.6	3.8	3.65	4.03
December 31, 2023	248.6	4.01	3.63	4.31
<u>Change during the year</u>		<u>%</u>		
2025	2.6	(1.3)	(12.5)	(0.2)
2024	3.2	(5.8)	0.1	(6.5)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 2:- ACCOUNTING POLICIES (Cont.)**

- t. Changes in accounting policies - initial application of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards:

Amendments to IAS 21, "The Effects of Changes in Foreign Exchange Rates":

In August 2023, the IASB issued Amendments to IAS 21: Lack of Exchangeability ("the Amendments") to clarify how an entity should assess whether a currency is exchangeable and how it should measure and determine a spot exchange rate when exchangeability is lacking.

The Amendments set out the requirements for determining the spot exchange rate when a currency lacks exchangeability. The Amendments require disclosure of information that will enable users of financial statements to understand how a currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The Amendments are effective for annual reporting periods beginning on or after January 1, 2025.

The adoption of the Amendments did not have a material effect on the Company's consolidated financial statements.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN PREPARATION OF THE FINANCIAL STATEMENTS

Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements:

- a. Judgments:

In the process of applying the significant accounting policies, the Group has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

- Capitalization of development costs

Development costs are capitalized in accordance with the accounting policy described in Note 2k, which is based on the criteria set forth in IAS 38. The assessment of whether development costs meet the criteria for recognition as an intangible asset requires significant management judgment, in particular with respect to technical feasibility, generation of future economic benefits, and ability to measure reliably the costs attributable to the intangible asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS
USED IN PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)**

b. Estimates and assumptions:

The preparation of these financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. In determining its accounting estimates, management relies on past experience, various underlying facts, external factors and reasonable assumptions, based on the relevant circumstances. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Impairment of goodwill:

The Group reviews goodwill for impairment at least once a year. This requires management to make an estimate of the projected future cash flows from the continuing use of the cash-generating unit to which the goodwill is allocated and also to choose a suitable discount rate for those cash flows. Further details are given in Note 11.

- Deferred tax assets:

Deferred tax assets are recognized for unused carry forward tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in Notes 2m and 19c.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

- a. Amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures":

On May 30, 2024, the IASB issued "Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7" ("the Amendments"). The Amendments clarify certain aspects of the classification and measurement of financial instruments.

The Amendments address the following:

Derecognition of a financial liability settled through an electronic transfer system - an entity is permitted to make an accounting policy election to derecognize a financial liability (or part of it) that is settled in cash using an electronic payment system before the settlement date if certain conditions are met. An entity that makes this accounting policy election is required to apply it to all financial liabilities settled using the same electronic payment system.

Assessing contractual cash flow characteristics for the classification of financial assets - the Amendments clarify how to assess the characteristics of contractual cash flows of financial assets with features linked to environmental, social and corporate governance (ESG) targets and other similar contingent features. The Amendments also enhance the description of the term 'non-recourse' and clarify the characteristics of contractually linked instruments (CLIs).

Disclosures – the Amendments to IFRS 7 introduce new disclosure requirements for financial assets and liabilities with contractual terms that include contingent features (including ESG-related) and new disclosures for investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

The Amendments are to be applied retrospectively commencing from annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted subject to disclosure. An entity is permitted to early adopt only the Amendments that relate to the classification of financial assets and the related disclosures. An entity is not required to restate prior periods, but may do so if, and only if, it is possible to do so without the use of hindsight.

The Amendments are not expected to have a material effect on the Company's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION (Cont.)**

- b. IFRS 18, "Presentation and Disclosure in Financial Statements":

In April 2024, the International Accounting Standards Board ("the IASB") issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18") which replaces IAS 1, "Presentation of Financial Statements".

IFRS 18 is aimed at improving comparability and transparency of communication in financial statements.

IFRS 18 retains certain existing requirements of IAS 1 and introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

IFRS 18 does not modify the recognition and measurement provisions of items in the financial statements. However, since items within the statement of profit or loss must be classified into one of five categories (operating, investing, financing, taxes on income and discontinued operations), it may change the entity's operating profit. Moreover, the publication of IFRS 18 resulted in consequential narrow scope amendments to other accounting standards, including IAS 7, "Statement of Cash Flows" and IAS 34, "Interim Financial Reporting".

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively. Early adoption is permitted, subject to disclosure.

The Company is evaluating the effects of IFRS 18, including the effects of the consequential amendments to other accounting standards, on its consolidated financial statements.

NOTE 5:- CASH AND CASH EQUIVALENTS

	December 31,	
	2025	2024
Cash in banks (mainly in NIS)	3,822	3,005
Short-term deposits (mainly in NIS)	21,451	4,674
	<u>25,273</u>	<u>7,679</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 6:- SHORT-TERM INVESTMENTS**

	December 31,	
	2025	2024
Marketable securities:		
Financial assets at fair value through profit or loss (mainly in USD)		
Corporate bonds	-	3,415
Government bonds and loans	-	1,564
Shares	-	578
Exchange Traded Funds	-	4,286
	<u>-</u>	<u>9,843</u>

NOTE 7:- TRADE RECEIVABLES

	December 31,	
	2025	2024
Accounts receivable (1)	8,731	7,169
Other	54	140
Allowance for doubtful accounts	(135)	-
	<u>8,650</u>	<u>7,309</u>

(1) The terms of billed accounts receivable are generally 30-90 days (mainly 60 days) As of December 31, 2025 and 2024, there were no material billed receivables that were past due.

NOTE 8:- PREPAID EXPENSES

Amortization of prepaid expenses (costs of obtaining contracts – see Note 2o) amounted to \$721 in the year ended December 31, 2025 (2024- \$746).

NOTE 9:- OTHER ACCOUNTS RECEIVABLE

	December 31,	
	2025	2024
Government authorities	207	173
Advances to supplies	184	584
Prepaid expenses	490	606
Others	111	107
	<u>992</u>	<u>1,470</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 10:- PROPERTY AND EQUIPMENT

	Computers and peripheral equipment	Medical equipment	Office furniture and equipment	Motor vehicles and ambulances	Leasehold improvements	Devices on loan	Total
Cost:							
Balance as of January 1, 2024	13,932	5,308	1,865	2,285	3,951	36,003	63,344
Additions during the year	513	34	25	201	82	95	950
Disposals during the year	(12,521)	(5,102)	(895)	(933)	(2,611)	(229)	(22,291)
Transfer from inventory, net	-	-	-	-	-	462	462
Currency translation differences	(230)	(102)	(27)	(23)	(72)	(153)	(607)
Balance as of December 31, 2024	1,694	138	968	1,530	1,350	36,178	41,858
Additions during the year	1,041	15	16	402	30	-	1,504
Disposals during the year	(48)	-	(1)	(322)	-	(629)	(1,000)
Transfer from inventory, net	-	-	-	-	-	749	749
Currency translation differences	246	20	110	219	193	5,295	6,083
Balance as of December 31, 2025	2,933	173	1,093	1,829	1,573	41,593	49,194
Accumulated depreciation:							
Balance as of January 1, 2024	12,693	5,225	1,363	1,878	3,001	34,292	58,452
Additions during the year	337	25	88	109	147	329	1,035
Disposals during the year	(12,521)	(5,102)	(895)	(933)	(2,611)	(182)	(22,244)
Impairment	-	-	-	-	-	164	164
Currency translation differences	(224)	(101)	(26)	(21)	(58)	(80)	(510)
Balance as of December 31, 2024	285	47	530	1,033	479	34,523	36,897
Additions during the year	569	29	96	181	468	285	1,628
Disposals during the year	(39)	-	(1)	(323)	-	(483)	(846)
Impairment	-	-	-	-	-	994	994
Currency translation differences	126	9	55	137	99	5,041	5,467
Balance as of December 31, 2025	941	85	680	1,028	1,046	40,360	44,140
Depreciated cost as of December 31, 2025	1,992	88	413	801	527	1,233	5,054
Depreciated cost as of December 31, 2024	1,409	91	438	497	871	1,655	4,961

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 11:- GOODWILL AND INTANGIBLE ASSETS, NET

	<u>Development costs</u>	<u>Customer relations</u>	<u>Information Technology</u>	<u>Total other intangible assets</u>	<u>Goodwill (1)</u>
As of January 1, 2025, net of accumulated amortization	7,003	8,696	-	15,699	19,131
Additions during the year	1,087	-	470	1,557	-
Amortization during the year	(2,095)	(1,379)	-	(3,474)	-
Impairment, see Note 24g	(4,864)	-	-	(4,864)	-
Currency translation differences	597	1,134	38	1,769	2,741
As of December 31, 2025, net of accumulated amortization	<u>1,728</u>	<u>8,451</u>	<u>508</u>	<u>10,687</u>	<u>21,872</u>
As of December 31, 2025:					
Cost	53,537	18,206	1,153	72,896	21,872
Accumulated amortization	<u>(51,809)</u>	<u>(9,755)</u>	<u>(645)</u>	<u>(62,209)</u>	<u>-</u>
Net carrying amount	<u>1,728</u>	<u>8,451</u>	<u>508</u>	<u>10,687</u>	<u>21,872</u>
	<u>Development costs</u>	<u>Customer relations</u>	<u>Information Technology</u>	<u>Total other intangible assets</u>	<u>Goodwill (1)</u>
As of January 1, 2024, net of accumulated amortization	9,878	10,056	323	20,257	32,965
Additions during the year	2,714	-	-	2,714	-
Amortization during the year	(2,794)	(1,286)	(104)	(4,184)	-
Impairment, see Note 24g	(2,553)	-	(212)	(2,765)	(13,450)
Currency translation differences	(242)	(74)	(7)	(323)	(384)
As of December 31, 2024, net of accumulated amortization	<u>7,003</u>	<u>8,696</u>	<u>-</u>	<u>15,699</u>	<u>19,131</u>
As of December 31, 2024:					
Cost	45,950	15,964	606	62,520	19,131
Accumulated amortization	<u>(38,947)</u>	<u>(7,268)</u>	<u>(606)</u>	<u>(46,821)</u>	<u>-</u>
Net carrying amount	<u>7,003</u>	<u>8,696</u>	<u>-</u>	<u>15,699</u>	<u>19,131</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 11:- GOODWILL AND INTANGIBLE ASSETS, NET (Cont.)

The carrying amount of the goodwill has been allocated to the following cash generating units:

	December 31,	
	2025	2024
Israel - Telemedicine	3,554	3,109
Israel – Mediton	18,318	16,022
	<u>21,872</u>	<u>19,131</u>

The recoverable amount of each of the cash generating units has been determined based on calculation using cash flow projections from financial budgets and forecasts approved by senior management covering a five-year period. The key assumptions used in the calculations are the (i) discount rate (ii) growth rate of revenues in the 5 year forecast period subsequent to end of the reporting period, and (iii) growth rates used to extrapolate cash flows beyond the forecast period.

The pre-tax discount rate applied to cash flow projections are as follows:

	December 31,	
	2025	2024
Israel - Telemedicine	18.3%	19.3%
Israel – Mediton	16.6%	17.6%

The average growth rate of revenues in the 5 year forecast period subsequent to the end of the reporting period, are as follows:

	December 31,	
	2025	2024
Israel - Telemedicine	2.2%	3%
Israel – Mediton	3.4%	3.6%

The cash flows beyond the 5-year period are extrapolated using the following growth rates:

	December 31,	
	2025	2024
Israel - Telemedicine	3.2%	3.2%
Israel – Mediton	3.2%	3.2%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 11:- GOODWILL AND INTANGIBLE ASSETS, NET (Cont.)**

The recoverable amounts of each of the two cash generating units exceeds their carrying amounts.

As of December 31, 2025, management of the Group believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amount of the CGUs Telemedicine and Mediton materially exceed their recoverable amounts.

In 2025 the Group recognized in profit and loss an impairment loss of \$4,864 in respect of capitalized development costs (2024 - \$2,553). This impairment loss related mainly to service applications, developed in the past, which are not in use any more or are not advanced or efficient enough to be used in a profitable way.

In 2024 the Group recognized in profit or loss an impairment loss of \$13,450 in respect of goodwill allocated to the cash generating unit of Germany. This impairment loss related to lower than expected business performance in the German market, combined with an ongoing need to continue investing in adjusting the IT service platform.

NOTE 12:- LEASES

Disclosures for leases in which the Company acts as lessee:

The Company has entered into leases of buildings and motor vehicles which are used for the Company's operations.

Leases of buildings have lease terms of between 4 and 11 years whereas leases of vehicles have lease terms of 3 years.

Some of the leases entered into by the Company include extension and/or termination options and variable lease payments.

On December 18, 2025, Mediton group entered into six-year lease agreement for new offices with two options for an additional five years each, starting April, 2026.

The company will record, during 2026, leased property for 11 years (including the first option) at the amount of \$ 4,867 thousand, to be amortized over 11 years.

a. Information on leases:

	Year ended December 31,	
	2025	2024
Interest expense on lease liabilities	273	319
Total cash outflow for leases	2,088	2,787

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 12:- LEASES (Cont.)

b Lease extension and termination options:

The Company has leases that include extension and termination options. These options provide flexibility in managing the leased assets and align with the Company's business needs.

The Company exercises significant judgement in deciding whether it is reasonably certain that the extension and termination options will be exercised.

The Company generally includes in the lease term the exercise of extension options existing in the lease agreements when it is reasonably certain that the extension option will be exercised. In these leases, the Company usually exercises the extension option to avoid a significant adverse impact to its operating activities in the event that an alternative asset is not available immediately upon termination of the noncancelable lease period.

In leases of motor vehicles, the Company does not include in the lease term the exercise of extension options since the Company does not ordinarily exercise options that extend the lease period beyond 5 years.

Lease terms that include termination options will include the period covered by the termination option when it is reasonably certain that the termination option will not be exercised.

Following are details of potential future undiscounted lease payments for periods covered by extension or termination options that were not included in the measurement of the Company's lease liabilities:

	More than 5 years	
	December 31,	
	2025	2024
Lease payments applicable in extension option periods which as of the end of the reporting period are not reasonably certain to be exercised	<u>2,398</u>	<u>2,217</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 12:- LEASES (Cont.)

c. Disclosures in respect of right-of-use assets:

	Buildings	Motor vehicles	Total
Cost:			
Balance as of January 1, 2025	10,767	2,031	12,798
Additions during the year:			
New leases	36	558	594
Adjustments for indexation	79	7	86
Disposals	(2,427)	(469)	(2,896)
Currency translation differences	777	35	812
Balance as of December 31, 2025	<u>9,232</u>	<u>2,162</u>	<u>11,394</u>
Accumulated depreciation:			
Balance as of January 1, 2025	5,340	1,631	6,971
Additions during the year:			
Depreciation and amortization	2,031	357	2,388
Disposals	(1,313)	(425)	(1,738)
Currency translation differences	225	13	238
Balance as of December 31, 2025	<u>6,283</u>	<u>1,576</u>	<u>7,859</u>
Depreciated cost at December 31, 2025	<u><u>2,949</u></u>	<u><u>586</u></u>	<u><u>3,535</u></u>
	Buildings	Motor vehicles	Total
Cost:			
Balance as of January 1, 2024	10,432	2,036	12,468
Additions during the year:			
New leases	1,105	47	1,152
Adjustments for indexation	115	15	130
Disposals	(683)	(40)	(723)
Currency translation differences	(202)	(27)	(229)
Balance as of December 31, 2024	<u>10,767</u>	<u>2,031</u>	<u>12,798</u>
Accumulated depreciation:			
Balance as of January 1, 2024	3,933	1,321	5,254
Additions during the year:			
Depreciation and amortization	1,972	350	2,322
Disposals	(522)	(23)	(545)
Currency translation differences	(43)	(17)	(60)
Balance as of December 31, 2024	<u>5,340</u>	<u>1,631</u>	<u>6,971</u>
Depreciated cost at December 31, 2024	<u><u>5,427</u></u>	<u><u>400</u></u>	<u><u>5,827</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 13:- CREDIT FROM BANKS

	Interest rate (1)	December 31,	
	%	2025	2024
Current maturities of long-term loans (see Note 14)	Prime +1.05	2,590	2,206
		<u>2,590</u>	<u>2,206</u>

(1) The Prime rate as of December 31, 2025 – 5.75% (December 31, 2024 – 6.00%).

NOTE 14:- LONG-TERM LOANS

- a. On August 29, 2021, the Company signed an agreement with a bank in Israel to obtain a long-term loan in the amount of NIS 59 million (approximately \$18,000) for a period of 7 years and 9 months. The loan is denominated in NIS and bears an annual interest rate of prime + 1.05% (2.65% as of the signing date). The loan will be repaid in 28 quarterly installments following an initial moratorium period of 9 months.

The loan agreement includes certain financial covenants related to the Company's Israeli operations, as follows: (i) tangible equity of at least NIS 40 million; (ii) tangible equity to total tangible assets of at least 40%; and (iii) net debt to EBITDA of 3.5 at the maximum. As of December 31, 2025 the Company is in compliance with these covenants. The Company expects that it will be in compliance with these covenants in the next 12 months.

After the reporting date on February 9, 2026, the Company repaid NIS 16.7 million (approximately \$5.4 million) of the loan on account of the next future principal's installments, originally scheduled to be paid during 2026 and 2027. Accordingly, no additional principal payments will be required through the end of 2027.

- b. Composition:

	December 31,	
	2025	2024
Long-term loan	9,371	10,403
Less – current maturities	<u>2,590</u>	<u>2,206</u>
Balance	<u>6,781</u>	<u>8,197</u>

NOTE 15:- DEFERRED REVENUES

Deferred revenues are in respect of contracts in which the period between receipt of the advance payment and the performance of the service is expected to be less than one year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 16:- OTHER PAYABLES

	December 31,	
	2025	2024
Employees and payroll accruals	5,168	5,023
Accrued expenses	2,516	3,075
Government authorities	1,021	973
Other	385	397
	<u>9,090</u>	<u>9,468</u>

NOTE 17:- FINANCIAL INSTRUMENTS

Financial assets and liabilities:

	Carrying amount	
	December 31,	
	2025	2024
Financial assets at amortized cost:		
Cash and cash equivalents	25,273	7,679
Trade receivables	8,650	7,309
Other accounts receivable	992	1,470
Long term deposits	217	301
Total	<u>35,132</u>	<u>16,759</u>
Financial assets at fair value through profit or loss:		
Short term investments	-	9,843
Total	<u>-</u>	<u>9,843</u>
Financial liabilities at amortized cost:		
Credit from banks and others	2,590	2,206
Trade payables	4,677	3,649
Liability for acquisition of non-controlling interests	9,764	8,540
Other payables	2,901	3,470
Loans from banks	6,781	8,197
Lease liabilities	3,719	5,715
Total	<u>30,432</u>	<u>31,777</u>

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk, interest rate risk, market risk and liquidity risk. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

a. Concentration of credit risks:

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, cash equivalents, and trade receivables. Cash and cash equivalents are deposited with major banks. Management believes that the financial institutions that hold the Group's investments are financially sound, and, accordingly, minimal credit risk exists with respect to these investments.

The Group's trade receivables mainly derived from sales to customers in Germany and Israel. The Group has adopted credit policies and standards intended to accommodate industry growth and inherent risk. Management believes that credit risks are moderated by the diversity of its end customers. The Group performs ongoing credit evaluations of its customers' financial condition and requires collateral as deemed necessary. An estimate for doubtful accounts is made when collection of the full amount is no longer probable.

b. Foreign currency risk:

The Group is subject to foreign exchange risk as it holds cash and cash equivalents and short-term investments in foreign currency as the Group purchases its devices in foreign currency. Group management regularly monitors its foreign exchange risk and attempts to limit such risks by making adequate decisions regarding cash and credit positions.

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity test to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets. The Company's exposure to foreign currency changes for all other currencies is immaterial.

	<u>Change in USD rate</u>	<u>Effect on profit tax</u>
2024	+5%	(159)
	-5%	159
2025	+5%	(213)
	-5%	213
	<u>Change in EUR rate</u>	<u>Effect on profit tax</u>
2024	+5%	(32)
	-5%	32
2025	+5%	(275)
	-5%	275

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

- c. Fair value of financial instruments not measured at fair value:

The carrying amounts of cash and cash equivalents, trade and other receivables, short-term credit from banks, trade payables and other payables approximate their fair value due to the short-term maturity of such instruments. The carrying amount of long-term bank loan approximates the fair value as the interest rate is variable.

Management believes that the carrying amount of long-term deposits approximates their fair value.

- d. Interest rate risk:

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.

The effect of reasonably possible increase of 5% of the interest rate on the Group's profit before tax is not material.

- e. Liquidity risk:

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets and projected cash flows from operations.

The Group has long-term lease liabilities repayable in monthly equal installments until June 2029.

Total aggregate contractual undiscounted payments including interest amounts to approximately \$4,005.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

December 31, 2025:

	<u>Less than one year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
Trade payables	4,677	-	-	-	-	-	4,677
Accrued expenses	2,516	-	-	-	-	-	2,516
Liability for acquisition of non-controlling interests	9,764	-	-	-	-	-	9,764
Lease liabilities	1,797	1,369	640	199	-	-	4,005
Loans from bank	3,181	3,067	2,949	1,429	-	-	10,626
	<u>21,935</u>	<u>4,436</u>	<u>3,589</u>	<u>1,628</u>	<u>-</u>	<u>-</u>	<u>31,588</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

December 31, 2024:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
Trade payables	3,649	-	-	-	-	-	3,649
Accrued expenses	3,075	-	-	-	-	-	3,075
Liability for acquisition of non-controlling interests	8,540	-	-	-	-	-	8,540
Lease liabilities	2,116	1,653	1,287	767	123	-	5,946
Loans from bank	2,880	2,782	2,682	2,579	1,250	-	12,173
	<u>20,260</u>	<u>4,435</u>	<u>3,969</u>	<u>3,346</u>	<u>1,373</u>	<u>-</u>	<u>33,383</u>

(*) Estimated gross cash outflow assuming that option will be exercised at earliest possible date.

g. Changes in liabilities arising from financing activities:

	January 1, 2025	Cash flows	Foreign exchange movement	Other	December 31, 2025
Lease liabilities (including current maturities)	5,715	(2,088)	568	(476)	3,719
Liability for acquisition of non- controlling interests	8,540	-	1,224	-	9,764
Long term bank loan	10,402	(2,333)	1,302	-	9,371
Total liabilities from financing activities	<u>24,657</u>	<u>(4,421)</u>	<u>3,094</u>	<u>(476)</u>	<u>22,854</u>

	January 1, 2024	Cash flows	Foreign exchange movement	Other	December 31, 2024
Lease liabilities (including current maturities)	7,239	(2,468)	(152)	1,096	5,715
Liability for acquisition of non- controlling interests	-	-	(17)	8,557	8,540
Long term bank loan	12,620	(2,118)	(100)	-	10,402
Total liabilities from financing activities	<u>19,859</u>	<u>(4,586)</u>	<u>(269)</u>	<u>9,653</u>	<u>24,657</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 18:- EMPLOYEE BENEFIT LIABILITIES

a. Changes in the defined benefit obligation and fair value of plan assets:

2025:

	Expenses recognized in profit or loss				Total expense recognized in profit or loss for the period	Payments from the plan	Gain (loss) from remeasurement in other comprehensive income		Effect of changes in foreign exchange rates	Balance at December 31, 2025	
	Balance at January 1, 2025	Current service cost	Net interest expense	Past service cost and effect of settlements			Actuarial gain (loss) arising from changes in financial assumptions	Actuarial gain (loss) arising from experience adjustments			Total effect on other comprehensive income for the period
Defined benefit obligation	(8,088)	(245)	(411)	-	(656)	1,905	(46)	(459)	(1,096)	-	(8,440)
Fair value of plan assets	6,899	-	367	-	367	(1,622)	-	708	953	99	7,404
Net defined benefit liability (asset)	(1,189)	(245)	(44)	-	(289)	283	(46)	249	(143)	99	(1,036)

2024:

	Expenses recognized in profit or loss				Total expense recognized in profit or loss for the period	Payments from the plan	Gain (loss) from remeasurement in other comprehensive income		Effect of changes in foreign exchange rates	Balance at December 31, 2024	
	Balance at January 1, 2024	Current service cost	Net interest expense	Past service cost and effect of settlements			Actuarial gain (loss) arising from changes in financial assumptions	Actuarial gain (loss) arising from experience adjustments			Total effect on other comprehensive income for the period
Defined benefit obligation	(8,492)	(282)	(416)	(14)	(712)	1,281	8	(235)	62	-	(8,088)
Fair value of plan assets	6,919	-	359	-	359	(912)	-	401	(39)	172	6,899
Net defined benefit liability (asset)	(1,573)	(282)	(57)	(14)	(353)	369	8	166	23	172	(1,189)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 18:- EMPLOYEE BENEFIT LIABILITIES (Cont.)

- b. Disaggregation of the fair value of the plan assets:

	Year ended December 31,	
	2025	2024
Insurance contracts	7,404	6,899

- c. The principal assumptions underlying the defined benefit plan:

	2025	2024
	%	
Discount rate	4.74	5.53
Expected rate of salary increase	2.0-5.01	2.0-5.45

- d. Amount, timing and uncertainty of future cash flows:

Below are reasonably possible changes at the end of the reporting period in each actuarial assumption assuming that all other actuarial assumptions are constant:

	Change in defined benefit obligation	
	Year ended December 31,	
	2025	2024
Sensitivity test for changes in the expected rate of salary increase:		
The change as a result of:		
Salary increase of 5.5% (instead of 5.0%) (2024-6.1% instead of 5.5%)	(37)	(38)
Sensitivity test for changes in the discount rate of the plan assets and liability:		
The change as a result of:		
Increase of 1% in discount rate	(116)	(132)
Decrease of 1% in discount rate	186	185

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 19:- TAXES ON INCOME**

a. Tax rates applicable to the income of the Group companies:

1. Companies in Israel:

The Israeli corporate income tax rate was 23% in 2025 and 2024.

The deferred taxes are computed at the average tax rate of 23% based on the tax rates that are expected to apply upon realization.

2. Foreign subsidiaries:

The principal tax rates applicable to the major subsidiaries whose place of incorporation is outside Israel are:

The U.S. - tax at the rate of 21%.

Germany - tax at the rate of 31.4%.

b. Taxes on income included in the statements of comprehensive income:

	Year ended	
	December 31,	
	2025	2024
Current taxes	950	716
Deferred taxes	(204)	253
Taxes in respect of prior years	139	(30)
	<u>885</u>	<u>939</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 19:- TAXES ON INCOME (Cont.)

- c. Deferred tax assets (liabilities):

Composition and changes in deferred taxes, as presented in the consolidated balance sheet, are as follows:

	Fixed and intangible assets	Employee benefit liabilities	Short term investments	Carry- forward tax losses	Total
Balance at January 1, 2024	(2,919)	632	(195)	2,224	(258)
Amount included in statement of comprehensive income (*)	334	(111)	104	(619)	(292)
Currency translation differences	21	(5)	3	(21)	(2)
Balance at December 31, 2024	(2,564)	516	(88)	1,584	(552)
Amount included in statement of comprehensive income (*)	779	(98)	94	(571)	204
Currency translation differences	(307)	66	(6)	178	(69)
Balance at December 31, 2025	(2,092)	484	-	1,191	(417)

(*) \$43 presented in other comprehensive income (2024 - \$39).

- d. The deferred taxes are reflected in the balance sheet as follows:

	December 31,	
	2025	2024
Non-current assets	1,527	1,448
Non-current liabilities	1,944	2,000
	(417)	(552)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 19:- TAXES ON INCOME (Cont.)

- e. A reconciliation of the theoretical tax expense assuming all income is taxed at the statutory rate applicable to the income of companies in Israel, and the actual tax expense is as follows:

	Year ended December 31,	
	2025	2024
Loss before taxes on income	(14,492)	(26,814)
Statutory tax rate in Israel	23%	23%
Tax computed at the statutory tax rate	(3,333)	(6,167)
Increase (decrease) in taxes resulting from:		
Taxes in respect of previous years	139	(30)
Non-deductible expenses	190	2,519
Different tax rates	46	88
Loss for which deferred taxes were not recognized	3,843	4,529
Total tax expenses reported in the consolidated statements of comprehensive income	885	939

- f. Carry forward tax losses:

The carry forward losses for tax purposes as of December 31, 2025 amount to NIS 258,542,000 (\$81,047) (2024 – NIS 242,826,000 (\$66,582)) in Israel (which may be carried forward indefinitely) and EUR 36,835,000 (\$43,250) (2024 – EUR 32,116,000 (\$33,432)) in Europe. In the U.S., SHL USA has federal and state net operating losses and credits of \$20,059 (2024 - \$19,679), which expire at various times.

Deferred tax assets in the amount of \$32,993 (2024 - \$26,188) relating to carry forward tax losses as described above, and deductible temporary differences, are not included in the consolidated financial statements as management presently believes that it is not probable that these deferred taxes will be realized in the foreseeable future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 19:- TAXES ON INCOME (Cont.)**

g. The expiry dates for carry forward tax losses which are not recognized are as follows:

	Year ended	
	December 31,	
	2025	2024
First year	413	762
Second year	153	413
Third year	993	153
Fourth year	364	959
Fifth year	277	730
Sixth - Fifteen	2,595	3,864
Unlimited	134,374	105,924
	<u>139,169</u>	<u>112,805</u>

NOTE 20:- LIABILITY FOR ACQUISITION OF NON-CONTROLLING INTERSTS

In 2021 the Company acquired a 70% interest in the Medical Centers Network Ltd. and MediSure Ltd. (hereinafter: "Mediton Group"). As part of the acquisition, the Company granted Perluk – Medical Holdings Ltd., Haim Perluk, and Orna Perluk (collectively, the "Sellers") a put option, and concurrently the Company received a call option from the Sellers, regarding the remaining 30% interest (include 2.5% held by former CEO of Mediton. See also Note 22) As described in Note 2h, the put and call options had been accounted for as a derivative and measured at their net fair value until their exercise.

In September 2024, the Sellers notified the Company of their exercise of the put option. As a result, the Company is currently accounting for the notice of exercise as the acquisition of the Sellers.

Considering disputes between the parties regarding the exercise price of the option, the parties turned to arbitration. An arbitral award regarding the method of calculating the exercised price was given on November 24, 2024, following agreed CPA decision (a decision that is not part of the arbitrator's award) which determined that the Company should pay to the Sellers the sum of NIS 31.1 million (\$8,540 thousands) which was recorded as a current liability as of December 31, 2024. The Company derecognized the carrying amount of the non-controlling interests ("NCI") as of the date of exercise, and the difference between the carrying amount and the liability in the amount of \$5,618 was recorded in equity as a capital reserve from transactions with NCI.

The arbitrator's award was approved by the court with the consent of the parties.

On April 3, 2025, the Company informed the sellers of its intention to close the purchase of the 30% stake of Mediton Group, and pay the NIS 31.1 million according to the decisions above, by using its right and to partial offset of an amount (that the Company believes it deserves from the minority shareholders) based on alleged misrepresentations made by the Sellers in the Share Purchase Agreement dated August 25, 2021. The Sellers have responded by rejecting the Company's offset claims.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 20:- LIABILITY FOR ACQUISITION OF NON-CONTROLLING INTERSTS (Cont.)

From this point on, the parties began to file reciprocal legal proceedings both in court and in arbitral proceedings which are still pending, and which focus on whether the Company has a right to offset from the option consideration and the seller's request for interest and linkage difference.

All the proceedings will be heard jointly in court on May 11, 2026.

In addition, the sellers filed a claim against the Company, Mediton Group and officers of the companies in connection with various management decisions that were made. That claim is currently stayed.

According to the Company's legal advisors, given the early stage of the proceedings, it is not possible to estimate the likelihood the plaintiff's requests and claims to be accepted and the result of all pending proceedings.

As a result, as of the report's publication date, the transaction was not closed yet. This proceeding does not affect the purchase of the first 70% in Mediton Group and the Company expects the acquisition of the remaining stake to be closed in due course.

The balance of the liability as of December 31, 2025 is \$9,764 (increase in the liability of \$1,224 due to currency translation differences).

NOTE 21:- COMPENSATION OF KEY MANAGEMENT PERSONNEL (INCLUDING DIRECTORS)

		December 31,	
		2025	2024
a.	Balances:		
	Other accounts payable	54	101
		Year ended	
		December 31,	
		2025	2024
b.	Transactions:		
	Short-term employee benefits	982	2,323
	Share-based payment benefits	248	197
	Total	1,230	2,520

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 22:- COMMITMENTS AND CONTINGENT LIABILITIES**

a. Charges:

As collateral for the Group's liabilities, fixed charges have been placed on specific accounts receivable.

b. Contingent liabilities:

The Group, from time to time, is party to various claims and disputes associated with its ongoing business operations. In management's opinion, based on the opinion of its legal counsels, none of these claims or disputes is expected, either individually or in the aggregate, to have a material adverse effect on the Group's financial position, results of operations or cash flows - see also Note 20.

c. In March 2025, a financial claim was filed with the Tel Aviv Regional Labor Court against fully owned subsidiary company and against Mediton, and Dr. Haim Perlock (who held 100% of Mediton shares until August 2021 and currently holds 30%) by the former CEO of Mediton. According to the plaintiff, various amounts to which she is entitled for the period of her employment and its termination, including retirement bonuses, compensation payments and payment of her shareholding, were not paid.

The total amount of the claim is approximately NIS 7.6 million (approximately \$2,300 thousands). (see Note 20).

SHL and Mediton filed a statement of defense and Mediton filed on March 1, 2026 a counterclaim in the amount of NIS 0.6 million (approximately \$188 thousands), claiming that the plaintiff had breached her obligation not to compete with Mediton in the period following the termination of its employment.

A preliminary hearing on the proceeding is set at this stage for May 12, 2026

According to the assessment of SHL and Mediton's legal advisors and the Company management, there are good defenses on the factual and legal levels regarding most of the amounts claimed by the plaintiff and the likelihood of the claim being rejected, in connection with these amounts, is higher than the likelihood of being accepted (more likely than not).

The Company has included an appropriate provision in the balance sheet as of December 31, 2025, in accordance with the opinion of its legal advisors.

d. On December 16, 2025, Perluk – Medical Holdings Ltd., Haim Perluk, and Orna Perluk filed a claim against the company, Medical Centers Network Ltd., MediSure Ltd. and officers of the companies in connection with various management decisions that were made. That claim is currently stayed (see also Note 20).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 23:- EQUITY

- a. Composition of share capital:

	December 31, 2025		December 31, 2024	
	Authorized	Issued and outstanding (*)	Authorized	Issued and outstanding (*)
	Number of shares			
Ordinary shares of NIS 0.01 par value each	<u>100,000,000</u>	<u>37,058,574</u>	<u>25,000,000</u>	<u>16,391,382</u>

*) Net of treasury shares – see (c).

- b. Movement in share capital:

On November 21, 2025, the Company launched rights offering to raise gross proceeds of up to CHF 29.5 million. The rights offering refers to an offering to the existing shareholders of the Company of up to 49,178,262 newly issued ordinary shares (the “Offered Shares”), each with a par value of NIS 0.01, to be issued by way of an ordinary capital

On December 3, 2025, the Company issued 20,667,192 new Ordinary Shares as a result of the Rights Offering. The new Ordinary Shares were delivered against payment of the offer price of CHF 0.60 generating gross proceeds of around CHF 12.4 million (approximately \$ 15.4 million).

Issued and outstanding share capital (net of treasury shares):

	Number of shares
Balance at January 1, 2024	16,391,382
Exercise of share options	-
Exercise of employees share options	-
Balance at December 31, 2024	16,391,382
Issue of share capital	20,667,192
Exercise of share options	-
Exercise of employees share options	-
Balance at December 31, 2025	<u>37,058,574</u>

- c. Treasury shares:

The Company holds 1,372 shares at a total cost of \$2 as of December 31, 2025 and 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 23:- EQUITY (Cont.)

d. Share option plans:

On February 13, 2025 the Company's Board of Directors approved the grant of 320,000 options to a Senior Manager, under the 2021 Executive and Key Employee Israeli Share Incentive Plan. The options shall vest over a period of 4 years in equal annual installments (80,000 options for each installment). The weighted average fair value of options granted is CHF 0.425-0.527 (\$0.467-\$0.578). The weighted average fair value was estimated based on the binomial model using the following data and assumptions: share price - CHF 2.01; exercise price – CHF 5.34-7.12; expected volatility – 60.2%; risk free interest rate – 0.26%; expected dividend – 0%; and expected average life of options – 4.92-5.02 years.

On July 24, 2025, the Company's Board of Directors approved the grant of 170,000 options to Senior Managers, under the 2021 Executive and Key Employee Israeli Share Incentive Plan. The options shall vest over a period of 4 years in equal annual installments (42,500 options for each installment). The weighted average fair value of options granted is CHF 0.658-0.682 (\$0.828-\$0.858). The weighted average fair value was estimated based on the binomial model using the following data and assumptions: share price - CHF 1.84; exercise price – CHF 2.75-3.25; expected volatility – 62.23%; risk free interest rate – 0.19%; expected dividend – 0%; and expected average life of options – 4.19-4.66 years

On September 16, 2025 the Company's Board of Directors approved the grant of 100,000 options to the Chairman of the board, under the 2021 Executive and Key Employee Israeli Share Incentive Plan. The options shall vest over a period of 4 years in equal annual installments (25,000 options for each installment). The weighted average fair value of options granted is CHF 0.35-0.398 (\$0.442-\$0.503). The weighted average fair value was estimated based on the binomial model using the following data and assumptions: share price - CHF 1.35;

exercise price – CHF 2.75-3.25; expected volatility – 63.85%; risk free interest rate – 0.1%; expected dividend – 0%; and expected average life of options – 4.09-4.12 years.

On July 24, 2025, the Company's Board of Directors approved the repricing of 800,000 options by reducing the exercise price from CHF 5.04-7.12 to CHF 2.75-3.25. The updated weighted average fair value of options granted is CHF 0.576-0.649 (\$0.724-\$0.817). The updated weighted average fair value was estimated based on the binomial model using the following data and assumptions: share price - CHF 1.84; exercise price – CHF 2.75-3.25; expected volatility – 63.34%- 63.8; risk free interest rate – 0.15%-0.17%; expected dividend – 0%; and expected average life of options – 3.14-3.7 years. Following the repricing, the Company recorded in 2025 amount of \$ 34 thousands and expected to record over the future vesting period additional \$ 214 thousands.

All options are exercisable for a period of 6 years from grant date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands****NOTE 23:- EQUITY (Cont.)**

On October 31, 2021, the Board of Directors approved to amend and rename the share options plan as "The SHL Telemedicine LTD. 2021 Executive and Key Employee Israeli Share Incentive Plan", and to extend the term of the Plan until the Board decides otherwise.

The maximum number of shares which may be issued under the plan and under any other existing or future share incentive plans of the Company shall not exceed 4,077,346 Shares.

In the years ended December 31, 2025 and 2024, the Group recorded share-based compensation in the statements of comprehensive income in the amount of \$250 and \$366, respectively.

- e. The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year.

	2025		2024	
	No. of options	WAEP (CHF)	No. of options	WAEP (CHF)
Outstanding at the beginning of the year	1,402,963	10.81	1,220,241	12.27
Granted during the year	590,000	3	500,000	6.26
Expired during the year	(575,544)	12.88	(317,278)	9.26
Exercised during the year	-		-	
Outstanding at the end of the year	<u>1,417,419</u>	5.65	<u>1,402,963</u>	10.81
Exercisable at the end of the year	<u>473,689</u>	10.59	<u>738,664</u>	13.46

The weighted average remaining contractual life for the share options outstanding as of December 31, 2025 was 4.15 years (as of December 31, 2024 – 3.46 years).

NOTE 24:- SUPPLEMENTARY INFORMATION TO STATEMENTS OF COMPREHENSIVE INCOME

- a. Revenues:

	Year ended December 31,	
	2025	2024
Revenues for services performed during the period	57,309	55,861
Revenues from sale of devices	1,385	918
	<u>58,694</u>	<u>56,779</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 24:- SUPPLEMENTARY INFORMATION TO STATEMENTS OF COMPREHENSIVE INCOME (Cont.)

b. Cost of revenues:

Salaries and related benefits	14,313	14,364
Medical services	10,238	9,727
Rental fees and maintenance	1,233	1,062
Depreciation and amortization	1,919	1,391
Cost of devices	654	778
Others	2,765	3,664
	<u>31,122</u>	<u>30,986</u>

c. Research and development costs:

Salaries and related benefits	3,379	3,091
Amortization of development costs	1,994	2,794
Sub-contractors and others	395	2,186
	<u>5,768</u>	<u>8,071</u>
Less - capitalization of development costs	<u>1,087</u>	<u>2,714</u>
	<u>4,681</u>	<u>5,357</u>

d. Selling and marketing expenses:

Salaries and related benefits	4,049	4,039
Marketing and related expenses	2,974	3,020
Depreciation and amortization	1,816	1,620
Rental fees and maintenance	143	317
Maintenance of vehicles	223	256
Others	567	1,198
	<u>9,772</u>	<u>10,450</u>

e. General and administrative expenses:

	Year ended December 31,	
	<u>2025</u>	<u>2024</u>
Salaries and related benefits	8,291	8,789
Rental and office expenses	3,601	2,615
Professional fees	2,752	3,233
Depreciation and amortization	1,915	1,741
Others	1,071	674
	<u>17,630</u>	<u>17,052</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 24:- SUPPLEMENTARY INFORMATION TO STATEMENTS OF COMPREHENSIVE INCOME (Cont.)

f.	Financial income (expenses):		
1.	Financial income:		
	Exchange rate differences	20	166
	Gain on marketable securities, net	102	558
	Interest	362	723
		<u>484</u>	<u>1,447</u>
2.	Financial expenses:		
	Exchange rate differences	(428)	(5)
	Interest	(973)	(1,122)
	Call & Put options	-	(144)
	Others	(207)	(197)
		<u>(1,608)</u>	<u>(1,468)</u>
g.	Other expenses:		
	Impairment of Goodwill	-	13,450
	Impairment of intangible assets	4,864	2,765
	Impairment of property and equipment	994	164
	Restructuring expenses *)	1,732	1,747
	Other expenses	1,267	1,601
		<u>8,857</u>	<u>19,727</u>

*) Including expenses related to employee benefits and other direct expenditures arising from IT operational platform replacement process in the German market and expenses resulted from the Nasdaq delisting process.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 25:- NET EARNINGS PER SHARE

- a. Details of the number of shares and net loss used in the computation of net earnings per share:

	Year ended December 31,			
	2025		2024	
	Weighted average number of shares <u>In thousands</u>	Net loss	Weighted average\ number of shares <u>In thousands</u>	Net loss
For the computation of basic net earnings	21,432	(15,377)	(*) 20,134	(28,095)
Effect of dilution - share options	-	-	-	-
For the computation of diluted net earnings	<u>21,432</u>	<u>(15,377)</u>	<u>20,134</u>	<u>(28,095)</u>

*) Earnings per share for 2024 have been restated to reflect adjustment for effect of bonus component in the rights issuance in December 2025 (see also Note 1 – Capital raise).

- b. To compute diluted net earnings per share, the following options (dilutive potential Ordinary shares), have not been taken into account since their conversion has an anti-dilutive effect: 1,417,419 (2024 – 1,636,546) options to employees under share-based payment plans and options to investors and others.

NOTE 26:- SEGMENT INFORMATION

The Group operates in three geographical segments: Israel, Europe (principally Germany) and Rest of the world (mainly USA) ("ROW").

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 26:- SEGMENT INFORMATION (Cont.)

a. Segment revenues:

	Individuals and communities	Institutions and payers	Others	Total
Year ended December 31, 2025:				
Europe	-	10,898	-	10,898
Israel	20,441	25,896	-	46,337
ROW	-	-	1,459	1,459
	<u>20,441</u>	<u>36,794</u>	<u>1,459</u>	<u>58,694</u>
Year ended December 31, 2024:				
Europe	-	12,673	-	12,673
Israel	20,325	23,126	-	43,451
ROW	-	-	655	655
	<u>20,325</u>	<u>35,799</u>	<u>655</u>	<u>56,779</u>

b. Reporting on geographic segments:

	Year ended December 31,	
	2025	2024
Segment profit (loss):		
Europe	(5,230)	(4,139)
Israel	10,478	8,346
ROW	(1,806)	(4,158)
	<u>3,442</u>	<u>49</u>
Unallocated income and expenses:		
Corporate and R&D expenses	(7,953)	(7,115)
Other expenses	(8,857)	(19,727)
Operating loss	(13,368)	(26,793)
Financial expenses, net	(1,124)	(21)
Loss before taxes on income	<u>(14,492)</u>	<u>(26,814)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 26:- SEGMENT INFORMATION (Cont.)

c. Additional information:

	<u>Europe</u>	<u>Israel</u>	<u>Others</u>	<u>Total</u>	
Year ended December 31, 2025					
Cost of revenues (*)	5,804	21,774	1,625	29,203	
Depreciation and amortization	2,108	5,495	42	7,645	
Impairment of property and equipment	507	241	246	994	
Impairment of intangible assets	2,410	2,454	-	4,864	
	<u>Europe</u>	<u>Israel</u>	<u>ROW</u>	<u>Unallocated assets</u>	<u>Total</u>
Non-current assets	2,140	39,247	216	1,868	43,471
Year ended December 31, 2024					
Cost of revenues (*)	6,299	22,385	911	29,595	
Depreciation and amortization	3,015	4,496	30	7,541	
Impairment of goodwill and intangible assets	15,098	1,117	-	16,215	
	<u>Europe</u>	<u>Israel</u>	<u>ROW</u>	<u>Unallocated assets</u>	<u>Total</u>
Non-current assets	5,359	35,445	3,206	4,678	48,688

(*) excluding depreciation and amortization

NOTE 27:- SUBSEQUENT EVENTS

- a. After the reporting date on February 9, 2026, the Company repaid NIS 16.7 million (approximately \$5.4 million) of the loan, see also Note 14.
- b. Regarding filing Form 15F to voluntarily terminate its SEC registration and reporting obligations, see also Note 1a.
- c. Regarding Mediton's new lease agreement, see Note 12.