UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to _____

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

Commission File No.: 001-40614

INTERCURE LTD.

(Exact name of registrant as specified in its charter)

Not Applicable
(*Translation of Registrant's name into English*)

Israel
(*Jurisdiction of incorporation or organization*)

85 Medinat ha-Yehudim Street
Herzliya, 4676670, Israel
(*Address of principal executive offices*)

Amos Cohen
85 Medinat ha-Yehudim Street
Herzliya, 4676670, Israel
Tel: +972 77 460 5012
Amos@intercure.co
(*Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person*)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	*Trading Symbol:*	*Name of each exchange on which registered or to be registered*
Ordinary Shares	**INCR**	**Nasdaq Global Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2025: 54,681,335.

Indicate by check mark whether Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "accelerated filer", "large accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated Filer ☐ Accelerated Filer ☐ Non-accelerated Filer ☒ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under

Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the Registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been check in response to the previous question, by check mark which financial statement item Registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

INTRODUCTION

InterCure Ltd. is an Israeli public corporation whose shares are listed for trading on the Nasdaq Global Market ("Nasdaq") under the symbol "INCR" and on the Tel Aviv Stock Exchange ("TASE") under the symbol "INCR".

Unless indicated otherwise by the context, all references in this Annual Report on Form 20-F ("Annual Report") to *"InterCure",* the *"Company", "our Company", "we", "us", "our"* or the "*Registrant*" are to InterCure Ltd. and its subsidiaries.

Our functional currency and reporting currency is the New Israeli Shekel, and all references to "NIS" are to New Israeli Shekels. Unless otherwise noted, all monetary amounts are in NIS. References to "U.S. dollars" or "$" are to currency of the United States of America and references the Euros or "€" are to currency of the European Union. References to "ordinary shares" are to our ordinary shares, no par value.

PRESENTATION OF FINANCIAL INFORMATION

We have included in this Annual Report on Form 20-F our audited consolidated financial statements as of December 31, 2025 and 2024, and for each of the years in the three-year period ended December 31, 2025. Our consolidated financial statements appearing in this Annual Report are prepared in NIS and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and are audited in accordance with the standards of the PCAOB.

MARKET, INDUSTRY AND OTHER DATA

This Annual Report on Form 20-F includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information as well as industry data prepared by management on the basis of its knowledge of the industry in which InterCure operates (including management's estimates and assumptions relating to the industry based on that knowledge). Management's knowledge of the cannabis industry has been developed through its experience and participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Although management believes it to be reliable, InterCure has neither independently verified any of the data from management or third-party sources referred to in this Annual Report, nor analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Item 3.D "Risk Factors" below.

Statements made in this Annual Report on Form 20-F concerning the contents of any contract, agreement or other document are summaries of such contracts, agreements or documents and are not complete descriptions of all of their terms. If we filed any of these documents as an exhibit to this Annual Report, you may read the document itself for a complete description of its terms, and the summary included herein is qualified by reference to the full text of the document which is incorporated by reference into this Annual Report.

NON-IFRS FINANCIAL MEASURES

In this Annual Report on Form 20-F, InterCure uses certain non-IFRS financial measures to measure, compare and explain the operating results and financial performance of InterCure. These measures are commonly used by companies operating in the cannabis industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. InterCure defines such financial measures as follows:

"Adjusted EBITDA" means EBITDA adjusted for changes in the fair value of inventory, share-based payment expense, impairment losses (and gains) on financial assets, and other expenses (or income). Other income, net includes war-related damage compensation from the tax authorities, changes to allowance for credit risk, impairment of inventory and excludes non-cannabis sector expenses.; and

"EBITDA" means net income (loss) before interest, taxes, depreciation and amortization.

We present Adjusted EBITDA and EBITDA in this Annual Report because these are measures that our management and board of directors utilize as a measure to evaluate our operating performance. Accordingly, we believe that Adjusted EBITDA and EBITDA provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

These measures should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. For a reconciliation of net income (loss) from continuing operations to EBITDA and Adjusted EBITDA, please see "Item 5. Operating and Financial Review and Prospects – A. Operating Results".

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for the historical information contained in this Annual Report on Form 20-F, the statements contained in this Annual Report are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995, as amended, and other federal securities laws with respect to our business, financial condition and results of operations. All information other than statements of current and historical fact are forward-looking statements. The use of the words "anticipate", "believe", "budget", "continue", "could", "estimate", "expect", "forecasts", "intends", "may", "might", "outlook", "plan", "possible", "potential", "predict", "project", "scheduled", "should", "target", "would", and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not a forward-looking statement. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated or implied in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Report should not be unduly relied upon. Any forward-looking statements are qualified in their entirety by reference to the risk factors discussed throughout this Annual Report. Some of the risks, uncertainties and assumptions that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include but are not limited to:

- our ability to obtain, and the timing of, regulatory approvals to produce, manufacture, distribute, export and import pharmaceutical-grade cannabis and cannabis-based products;
- our partners' ability to obtain, and the timing of, regulatory approvals to produce, manufacture, distribute, export and import pharmaceutical-grade cannabis and cannabis-based products;
- the development and regulation of cannabis and, more specifically, the medical-use cannabis industry;
- the outcomes of preclinical studies, clinical trials and other research regarding the safety and efficacy of cannabis and the ability of such trials to increase acceptance of cannabis in the medical community;
- the commercialization and pricing of our products;
- our competitors' development, marketing and sale of products that compete with our products;
- our expectations regarding future growth, including our ability to complete the expansion of our facilities in northern Israel, southern Israel, the European Union, the United States and Canada, as well as the overall expansion of our pharmacy chain in 2026 and onwards;
- our estimates regarding the growth of the Israeli medical cannabis market (including the number of patients);

- our ability to enter into arrangements with distributors, including any required regulatory approvals;
- our ability to maintain an active trading market for our ordinary shares and whether the market price of our ordinary shares is volatile;
- our ability to execute our growth strategies;
- our competitive position within the industry;
- expectations for regulatory and competitive factors related to the cannabis industry generally, including the permanent export permit from the Israeli Medical Cannabis Agency (the "IMCA") and Israeli authorities, as well as the ability to obtain import permits into Israel for future cannabis shipments;
- our ability to comply with continued listing requirements and standards of Nasdaq;
- the effects of geopolitical events, including instability or the escalation of armed conflicts in the Middle East, including between Israel and Hamas in the Gaza Strip and with other terror organizations and other regional countries hostile to Israel in the region;
- our expectations regarding our ability to complete the recovery from war damage and rehabilitation of our facility in southern Israel;
- our expectations regarding our revenue, expenses and operations;
- expectations regarding future director and executive compensation levels and plans;
- the time and attention each executive officer and director will devote to our business;
- expected industry trends;
- general economic trends;
- fluctuations in foreign exchange rates; and
- fluctuations in interest rates.

The foregoing list sets forth some, but not all, of the factors that could affect our ability to achieve results described in any forward-looking statements. You should read this Annual Report on Form 20-F and the documents that we reference herein and have filed as exhibits to the Annual Report completely and with the understanding that our actual future results may be materially different from what we expect. You should assume that the information appearing in this Annual Report is accurate as of the date of this Annual Report. Because the risk factors referred to in Item 3.D. "Risk Factors" of this Annual Report, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the information presented in this Annual Report, and particularly our forward-looking statements, by these cautionary statements.

TABLE OF CONTENTS

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Reserved.

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

Investing in our ordinary shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below, in addition to the other information set forth in this Annual Report on Form 20-F, including the consolidated financial statements and the related notes included elsewhere in this Annual Report, before purchasing our ordinary shares. If any of the following risks actually occurs, our business, financial condition, cash flows and results of operations could be negatively impacted. In that case, the trading price of our ordinary shares would likely decline and you might lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Summary Risk Factors

Investing in our ordinary shares involves a high degree of risk, as fully described below. The principal factors and uncertainties that make investing in our ordinary shares risky, include, but are not limited to:

- The medical-use cannabis industry in Israel and other countries is highly regulated.
- We are dependent upon regulatory approvals and licenses for our ability to produce and distribute our pharmaceutical-grade cannabis products.
- Research on the effects of cannabis has been limited.
- We compete for market share with companies that may have longer operating histories, more financial resources, and greater manufacturing and marketing experience than us.
- Potential anti-dumping and tariff duties on imports from Canada could increase costs and affect our business.
- Legal and illegal use of cannabis for non-medical purposes may have a significant negative effect on the medical-use cannabis industry and our pharmaceutical-grade cannabis business.
- Our business is subject to, or may become subject to, a variety of U.S. and foreign laws relating to the production and distribution of cannabis, many of which are unsettled and still developing, and which could subject us to claims or otherwise harm our business.
- We are subject to risks inherent in an agricultural business, which include the risk of crop failure.
- We have a limited operating history upon which investors can evaluate our future prospects.
- We may be adversely impacted by the failure of any of our joint ventures.
- We may be unable to comply with all safety, health and environmental regulations applicable to our operations and the medical-use cannabis industry.
- Our pharmaceutical-grade cannabis-based products may be subject to recalls and we may be subject to product liability claims.

- We may experience breaches of security at our facilities or losses as a result of, but not limited to, theft.
- If we sustain cyber-attacks or other privacy or data security incidents that result in security breaches that disrupt our operations or result in the unintended dissemination of protected personal information or proprietary or confidential information, or we are found by regulators to be non-compliant with statutory requirements for protection and storage of personal data, we could suffer a loss of revenue and increased costs, exposure to significant liability, reputational harm and other serious negative consequences.
- Third-party manufacturers and distributors may not successfully carry out their contractual duties or meet regulatory requirements.
- We may not be able to secure adequate or reliable sources of funding required to operate our business or increase our production to meet patient demand for our products.
- We could fail to regain compliance and maintain the listing of our securities on Nasdaq, which could seriously harm the liquidity of our shares and our ability to raise capital.
- We incur increased costs as a result of operating as a public company in the U.S.
- We follow the reduced disclosure requirements applicable to emerging growth companies.
- We are a "foreign private issuer" and follow certain home country corporate governance practices.
- We may not be able to successfully execute strategic alliances or transactions.
- International expansion of our business exposes us to business, regulatory, political, operational, financial, economic and other potential risks associated with doing business outside of Israel.
- Tax and accounting requirements may change in ways that are unforeseen to us and we may face difficulty or be unable to implement or comply with any such changes.
- A breakdown in our information technology systems could result in a significant disruption to our business.
- Future sales or distributions of our securities could cause the market price for our ordinary shares to fall.
- We may be subject to risks related to the protection and enforcement of intellectual property rights, and may become subject to allegations that we or our joint venture partners are in violation of intellectual property rights of third parties.
- A competitor may discover or misappropriate our trade secrets and other intellectual property.
- Intellectual property rights of third parties could adversely affect our ability to commercialize our products.
- We may not realize the full benefit of preclinical studies or clinical trials using our GMP-certified products for various indications.
- We may not own intellectual property developed under joint venture arrangements.
- Conditions in the Middle East and in Israel, including implications of political, economic and military instability arising from the multi-front war Israel has faced, may harm our operations and results and may limit our ability to raise additional funds.
- Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.
- Provisions of Israeli law may delay, prevent or otherwise impede a merger with us, or an acquisition of us, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.
- We may not be able to enforce covenants not to compete under applicable laws, and therefore we may be unable to prevent our competitors from benefiting from the expertise of some of our former employees. In addition, employees may be entitled to seek compensation for their inventions irrespective of their agreements with us, which in turn could impact our future profitability.
- Investors may have difficulties enforcing a U.S. judgment against us or our executive officers and directors, or asserting U.S. securities laws claims in Israel.
- Our results of operations may be harmed by currency fluctuations and inflation.
- Political, military conditions or other risks in Israel could materially and adversely affect our business.
  Our operations may be affected by negative labor conditions in Israel.
- Under our amended and restated articles of association, if any person acquires, holds, or has control of or direction over more than 4.99% of our outstanding ordinary shares at any time without receiving prior approval from the IMCA, the ordinary shares held by that person in excess of such limit will automatically become dormant shares.
- We have not paid dividends on our ordinary shares and, therefore, our investors may not rely on us as a source for any future dividend income.
- Our U.S. shareholders may suffer adverse tax consequences if we are characterized as a passive foreign investment company, for U.S. federal income tax purposes.
- The development of and international responses to Russian's military action against Ukraine commenced in February 2022 may negatively affect our sales and earnings or otherwise have an adverse effect on our operations.

Risks Related to Our Pharmaceutical-Grade Cannabis Business and the Medical-Use Cannabis Industry

The medical-use cannabis industry in Israel and other countries is highly regulated and new laws or regulations, or changes to existing laws or regulations, or changes in their enforcement or application could materially and adversely affect our business.

The successful execution of our pharmaceutical-grade cannabis business objectives is contingent upon our compliance with all applicable laws and regulatory requirements in Israel and other jurisdictions, including our ability to obtain all required regulatory approvals for our production and distribution activities involving our pharmaceutical-grade cannabis and cannabis-based products.

The administration, application and enforcement of the IMCA regulations or the administration, application and enforcement of the laws of other countries by the appropriate regulators in those countries, on us and our business may significantly delay or impact our ability to participate in the Israeli medical-use cannabis market or medical-use cannabis markets outside of Israel, and to produce and distribute pharmaceutical-grade cannabis and cannabis-based products for medical use.

Further, the medical-use cannabis industry is a relatively new industry globally and regulation of cannabis for medical use is likely to evolve significantly. The regulatory authorities in the countries in which we operate through our joint ventures, or to which we may export our pharmaceutical-grade cannabis or cannabis-based products, and those in which we plan to operate in in the future, may change the administration, interpretation or application of applicable regulations or their compliance or enforcement procedures at any time. Any such changes could require us to revise our business operations, including our compliance procedures or planned procedures, requiring us to incur increased costs and expend additional resources. There is no assurance that we will be able to comply or continue to comply with the laws and regulations of all of the jurisdictions in which we currently operate or plan to have operations in in the future.

We are, and will continue to be, dependent upon regulatory approvals and licenses for our ability to produce, import and distribute our pharmaceutical-grade cannabis products, and these regulatory approvals are subject to ongoing compliance requirements, reporting obligations and fixed terms requiring renewal.

Our ability to produce, import and distribute our pharmaceutical-grade cannabis products for medical use in Israel is dependent on licenses and certifications issued by the IMCA to us. We or our business partners hold the following licenses related to the breeding, cultivation, manufacturing, distribution and security of pharmaceutical-grade cannabis in Israel: Israel Medical Cannabis—Good Agriculture Practices ("IMC-GAP"); Israel Medical Cannabis—Good Manufacturing Practices ("IMC-GMP"); Israel Medical Cannabis—Good Distribution Practices ("IMC-GDP"); and Israel Medical Cannabis—Good Security Practices ("IMC-GSP").

We hold licenses to breed and cultivate pharmaceutical-grade cannabis in Israel. In addition, in our primary facilities in southern and northern Israel, the production processes implemented are certified under the IMC-GAP and IMC-GSP standards. In addition, inspectors routinely assess our facilities for compliance with applicable regulatory requirements. For example, our facility in northern Israel is subject to at least one inspection each calendar quarter.

In January 2019 the Israeli government has approved the export of pharmaceutical-grade cannabis and cannabis products. We are required, where applicable, to obtain and maintain certain permits, licenses or other approvals from regulatory agencies in Israel in order to export our products out of Israel. In addition, the import of our pharmaceutical-grade cannabis products into other jurisdictions, such as Germany, the United Kingdom ("UK") and other European Union member states, is subject to the regulatory requirements of each respective jurisdiction. Regulations in the jurisdictions in which we operate, or intend to operate, such as in Germany, may not be beneficial to our business as we expect. In addition, the export and import of pharmaceutical-grade cannabis is subject to United Nations treaties establishing country-by-country quotas and our export and import permits are subject to these quotas, which could limit the amount of pharmaceutical-grade cannabis we can export to any particular country.

As a result, until the regulatory requirements are met, none of our products will be distributed through any of our partnerships. In addition, the continuation or expansion of our international operations depends on our ability to renew or secure permits, licenses or other approvals. In the event that we, or our partners, are found not to be in compliance with any applicable authorities, regulations, or conditions, we and our partners' existing licenses and any new licenses that we may obtain may be revoked or restricted. Should we fail to qualify for licenses or certifications under any of these authorities, should we fail to comply with any applicable regulatory requirements or with conditions set out under our licenses, or should our licenses not be renewed when required, or be renewed on different terms, or should our licenses be revoked, we may be unable to execute our business plan. This would have a broad impact on us and could have a material adverse effect on our businesses, reputation, financial condition, results of operations and prospects and, as a result, investors could lose all or most of their investment.

In addition, if we fail to comply with applicable regulatory requirements, we may be subject to enforcement proceedings in any jurisdiction in which we conduct our business, which may result in damage awards, a suspension of our existing approvals, a withdrawal of our existing approvals, the denial of the renewal of our existing licenses or any future approvals, recalls of our products, product seizures, the imposition of future operating restrictions on our business or operations or the imposition of civil or criminal fines or penalties against us, our officers and directors and other parties. These enforcement actions could divert management's attention and resources away from our business operations and delay or entirely prevent us from continuing our business as planned.

Furthermore, our strategic partnerships with leading brands (Tilray Inc. (Nasdaq: TLRY) ("Tilray"), Organigram, Inc. (Nasdaq: OGI) (TSX: OGI) ("Organigram"), The Flowery (which is related to our acquisition of Botanico Ltd., also known as ISHI ("ISHI"), an Israeli cannabis technology and brand company), Aphria, Fotmer Corporation S.A. ("Fotmer") and Binske) depend on our ability to obtain the required import/export permits of cannabis and cannabis-based products into Israel and/or other countries. Any regulatory decision to postpone such permits may negatively impact our ability to operate our partnerships effectively and profitably.

Furthermore, our pharmacy operations (via Cannolam Ltd. ("Cannolam") and via Leon Pharm Ltd.) are operating in accordance with the IMCA regulations as of the date of this Annual Report, which limit a patient's ability to fill their prescriptions to only those authorized pharmacies. Any changes to this regulation that will revoke and change the place of issuance and sales of the medical cannabis products can impact our pharmacy operations and expansion plans for the future.

Our operations at the production facilities in northern and southern Israel involve a partnership with two kibbutz entities that have provided their lease to the land as part of the partnership. These leases to the land are subject to certain regulatory approvals.

In both our production facilities in northern and southern Israel (the "Northern Facility" and "Southern Facility", respectively) our partners are Kibbutz entities that were granted a lease for their land by the Israel Land Authority (formerly the Israel Land Administration) (the "Land Administration"). The leases authorize use of the land for agricultural purposes. In order to verify that the Kibbutz does not use the land for other purposes, every such partnership must to be approved in advance and, pursuant to the Agricultural Settlement (Restrictions on Use of Agricultural Land and Water) Law, 5727-1967, must obtain an excessive use permit. With respect to the Southern Facility, located in Kibbutz Nir Oz, which sustained severe damage in the October 7, 2023 attack, the existing partnership and lease arrangements with the Kibbutz remain in effect, and the rehabilitation of the site is being conducted in coordination with the Kibbutz and the relevant Israeli authorities, including the Land Authority and the Tkuma administration.

We hold such excessive use permits for both facilities, with the one applicable to the Northern Facility valid until December 2027 and the one applicable to the Southern Facility valid until November 2029. We currently believe that those permits will be renewed when they expire. However, the renewal of these permits is subject to approval, which may or may not be granted and may be subject to additional restrictions, in each case, potentially impacting our ability to operate the facilities' profitably.

Since October 7, 2023, Israel has been subject to several attacks, heightened hostilities and periodic escalations, including in the Gaza Strip and along Israel's northern border. In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets including our Southern Facility, located in Nir Oz that suffered devastating damage. Following these events, the area in and around the Southern Facility was designated by the Israeli authorities as a closed military area and has been used by the Israeli Defense Forces (the "IDF"), including, among others, the IDF Medical Corps. As of the date of this Annual Report, the Company remains in the process of restoring the Southern Facility, as part of its war recovery plan. The Company is continuing to engage with the Israeli authorities to obtain full compensation for the damages arising from the hostilities while concurrently pursuing the rehabilitation of the site, a process that remains ongoing and essential for its recovery. However, there is no certainty that we will be able to restore our Southern Facility and to obtain any compensation from the Israeli authorities. For additional information, see "Item 3.D — Risk Factors — Risks Related to Our Incorporation and Operations in Israel — Conditions in the Middle East and in Israel may harm our operations".

Research on the effects of cannabis has been limited and future clinical trials may be expensive, time consuming, uncertain, susceptible to change, delay or termination, and may lead to conclusions that dispute or conflict with our understanding and belief regarding the medical benefits, viability, safety, efficacy and dosing of cannabis.

Research regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or specific cannabinoids such as cannabidiol ("CBD"), and tetrahydrocannabinol ("THC"), remains in relatively early stages and there have been only a few clinical trials that have been conducted on these topics. We have not completed any clinical trials using cannabis or cannabis-based products to date. We have received IMCA feasibility approval to initiate nine clinical trials and we have commenced one phase 3 clinical trial. We initiated a phase 3 clinical trial in a leading Israeli medical center to study our product's influence on cognitive and adjacent capabilities on children who are on the autistic spectrum. The patient recruitment for the trial was initiated but was stopped due to COVID-19 challenges and as a result of significant delays resulting from the COVID-19 pandemic, it has not been clear since then when the Company will be able to conduct and complete any of its clinical trials.

Clinical trials are expensive, time consuming and difficult to design and implement. We may not be able to complete all or any of the clinical trials that we have planned. Further, the results of preclinical testing and clinical trials are uncertain, and a product can fail at any stage of clinical development. Even if the results of our clinical trials are favorable, clinical trials for a number of our products may continue for several years and may take significantly longer to complete. The testing process can take many years and may include post-marketing studies and surveillance, which could result in substantial additional expense.

The results contained in the articles, reports and studies referenced in this Annual Report are not necessarily predictive of future results. Future research and clinical trials may draw opposing conclusions or may reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to the use of cannabis as a treatment for a medical indication. This could result in restrictions on the distribution of our products, the loss of regulatory approval for an approved medical indication, or an adverse effect on the social acceptance of cannabis for medical use or the demand for our pharmaceutical-grade cannabis products.

Our business, operating results and growth rates may be adversely affected by current or future unfavorable economic and market conditions and adverse developments with respect to financial institutions and associated liquidity risk.

Our business depends on the economic health of the global economies. If the conditions in the global economies remain uncertain or continue to be volatile, or if they deteriorate, including as a result of the impact of military conflict, such as the war between Russia and Ukraine, military conditions in Israel, terrorism or other geopolitical events, our business, operating results and financial condition may be materially adversely affected. Economic weakness, inflation and increases in interest rates, limited availability of credit, liquidity shortages and constrained capital spending have at times in the past resulted, and may in the future result, in challenging and delayed sales cycles, slower adoption of new technologies and increased price competition, and could negatively affect our ability to forecast future periods, which could result in an inability to satisfy demand for our products and a loss of market share.

In addition, increases in inflation raise our costs for commodities, labor, materials and services and other costs required to grow and operate our business, and failure to secure these on reasonable terms may adversely impact our financial condition. Additionally, increases in inflation, along with the uncertainties surrounding geopolitical developments and global supply chain disruptions, have caused, and may in the future cause, global economic uncertainty and uncertainty about the interest rate environment, which may make it more difficult, costly or dilutive for us to secure additional financing. A failure to adequately respond to these risks could have a material adverse impact on our financial condition, results of operations or cash flows.

Additionally, the implementation of tariffs on imports from the vast majority of the U.S.'s trading partners, including Israel, by the Trump Administration, as well as President' Donald's Trump executive order signed in December 2025, which directs the Attorney General to expedite the rescheduling of marijuana from Schedule I to Schedule III under the Controlled Substances Act, may have certain impacts on our business.

There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly, more onerous with respect to financial and operating covenants and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to alter our operating plans. In addition, there is a risk that one or more of our service providers, financial institutions, manufacturers, suppliers and other partners may be adversely affected by the foregoing risks, which could directly affect our ability to attain our operating goals on schedule and on budget.

Environmental, social and corporate governance ("ESG") issues, including those related to climate change and sustainability, may have an adverse effect on our business, financial condition and results of operations and damage our reputation.

There is an increasing focus from certain investors, customers, consumers, employees and other stakeholders concerning ESG matters. Additionally, public interest and legislative pressure related to public companies' ESG practices continue to grow. If our ESG practices fail to meet regulatory requirements or investor, customer, consumer, employee or other shareholders' evolving expectations and standards for responsible corporate citizenship in areas including environmental stewardship, support for local communities, board of Directors and employee diversity, human capital management, employee health and safety practices, product quality, supply chain management, corporate governance and transparency, our reputation, brand and employee retention may be negatively impacted, and our customers and suppliers may be unwilling to continue to do business with us.

Customers, consumers, investors and other shareholders are increasingly focusing on environmental issues, including climate change, energy and water use, plastic waste and other sustainability concerns. Concern over climate change may result in new or increased legal and regulatory requirements to reduce or mitigate impacts to the environment. Changing customer and consumer preferences or increased regulatory requirements may result in increased demands or requirements regarding plastics and packaging materials, including single-use and non-recyclable plastic products and packaging, other components of our products and their environmental impact on sustainability, or increased customer and consumer concerns or perceptions (whether accurate or inaccurate) regarding the effects of substances present in certain of our products. Complying with these demands or requirements could cause us to incur additional manufacturing, operating or product development costs.

If we do not adapt to or comply with new regulations, which may require us to incur significant additional costs to comply and impose increased oversight obligations on our management and board of directors, or fail to meet evolving investor, industry or stakeholder expectations and concerns regarding ESG issues, investors may reconsider their capital investment in our Company, we may become subject to penalties, and customers and consumers may choose to stop purchasing our products, if approved for commercialization, which could have a material adverse effect on our reputation, business or financial condition.

The medical-use cannabis industry and market may not continue to exist or develop as we anticipate and we may ultimately be unable to succeed in this industry and market.

We are operating our current business in a relatively new industry, and our success depends on the continued growth of this market as well as our ability to attract and retain patients. Demand for pharmaceutical-grade cannabis and cannabis-based products is dependent on a number of social, political and economic factors that are beyond our control. Our projections on the number of people who have the potential to benefit from treatment with pharmaceutical-grade cannabis or cannabis-based products are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, and market research, and may prove to be incorrect. There is no assurance that an increase in existing demand will occur, that we will benefit from any such increased demand, or that our business will remain profitable even in the event of such an increase in demand.

In addition to being subject to the general business risks applicable to a business involving an agricultural product and a regulated medical product, we need to continue to build brand awareness within the medical-use cannabis industry and make significant investments in our business strategy and production capacity. These investments include introducing new pharmaceutical-grade cannabis and cannabis-based products into the markets in which we operate, adopting quality assurance protocols and procedures, building our international presence and undertaking regulatory compliance efforts. These activities may not promote our pharmaceutical-grade cannabis and cannabis-based products as effectively as intended, or at all, and we expect that our competitors will undertake similar investments to compete with us for market share.

Competitive conditions, physician preferences, patient requirements and spending patterns in the medical-use cannabis industry and market are relatively unknown and may have been uniquely impacted by circumstances unlike those in other existing industries and markets. Our target patient population may be smaller than expected, may not be otherwise amenable to treatment with our products, or may become increasingly difficult to identify and access. Further, we may not be successful in our efforts to attract and retain patients, develop new pharmaceutical-grade cannabis and cannabis-based products, produce and distribute these products to the markets in which we operate or to which we export in time to be effectively commercialized. In order to be successful in these activities, we may be required to expend significantly more resources than we currently anticipate, which could adversely affect our business, financial condition, results of operations and prospects.

We compete for market share with companies that may have longer operating histories, more financial resources, and greater manufacturing and marketing experience than us.

We face competition from many different sources, including companies that produce and distribute cannabis for medical use, as well as major pharmaceutical, specialty pharmaceutical and biotechnology companies. We anticipate intensifying competition in the medical-use cannabis industry as new jurisdictions allow for the production and distribution of cannabis products, new therapies are approved and advanced technologies become available.

We currently compete directly with other licensed producers of pharmaceutical-grade cannabis and cannabis-based products in Israel. In the future, we expect to compete with licensed producers who choose to distribute pharmaceutical-grade cannabis products in fully regulated jurisdictions, such as European Union member states. In Canada, we plan to compete with licensed producers who decide to market their products in the medical-use market. Many of our competitors have substantially greater financial, technical and human resources than us. Competitors may also have more experience developing, obtaining regulatory approval for, and marketing products or treatments in the markets where we operate or where we are planning to operate. These factors could give our competitors an advantage in their ability to recruit and retain qualified personnel, produce products that meet regulatory standards, and commercialize their products.

It is possible that the medical-use cannabis industry will undergo consolidation, creating larger companies with financial resources, production, manufacturing, distribution and commercialization capabilities and product offerings that are greater than ours. As a result of any of these factors, we may be unsuccessful in conducting our business as we currently envision, or at all.

Potential anti-dumping and tariff duties on imports from Canada could increase costs and affect our business

There is an ongoing regulatory uncertainty regarding a proposed imposition of anti-dumping duties specifically on medical cannabis products imported from Canada to Israel. On January 18, 2024, we were notified that the Trade Levies Commissioner (the "Commissioner") of the Israeli Ministry of Economy and Industry had initiated a public investigation into alleged dumping of medical cannabis imports from Canada to Israel. On November 10, 2024, the Commissioner announced a final determination proposing the imposition of a 175% anti-dumping duty on imports of Canadian licensed producers. Following the Commissioner's determination, in April 2025, the Israeli Minister of Economy and Industry accepted the recommendation to impose the proposed duty. However, on April 24, 2025, the Israeli Minister of Finance submitted a formal objection to the Minister of Economy and Industry regarding the imposition of the duty. On April 29, 2025, the Israeli Minister of Economy and Industry submitted a formal response opposing the Minister of Finance's position, reaffirming his decision to proceed with the anti-dumping duty process. In July 2025, following a request by the Israeli Ministry of Economy and Industry to review and potentially annul the Minister of Finance's decision not to approve the anti-dumping duty, the Israeli Attorney General issued a formal legal opinion concluding that the Minister of Finance's decision from April 2025 was adopted within the scope of his statutory authority under the Trade Levies Law and did not present a material legal defect warranting its cancellation.

As one of the largest medical cannabis cultivators in Israel, we have the infrastructure and capacity to significantly expand our local cultivation operations, and we are actively pursuing expansion plans to support future demand; however, such duties could still increase the cost of importing medical cannabis from Canada to Israel, which may impact the pricing and competitive dynamics in the Israeli medical cannabis market and could adversely affect certain aspects of our business and results of operations.

The legal and illegal use of cannabis for non-medical purposes may have a significant negative effect on the medical-use cannabis industry and our pharmaceutical-grade cannabis business.

The jurisdictions in which we plan to operate may legalize the production, manufacturing, distribution and purchase of cannabis for non-medical use. As a result, individuals who currently rely upon the medical-use cannabis market to supply pharmaceutical-grade cannabis and cannabis-based products for their medical treatment may instead seek cannabis and cannabis-based products through alternative-use cannabis markets. In addition, many regulatory regimes permit patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis on their behalf for such purposes. Widespread use of these markets or methods for obtaining cannabis or cannabis-based products could reduce the current or future consumer demand for our pharmaceutical-grade cannabis and cannabis-based products.

We also compete with unlicensed and unregulated cannabis market participants, including individuals or groups that are able to produce cannabis without a license, illegal dispensaries and black market participants selling cannabis and cannabis-based products. These competitors may be able to offer products with higher concentrations of certain cannabinoids than we are authorized to produce and may sell and use delivery methods, including edibles, concentrates and extract vaporizers, that we are currently prohibited from offering in the medical-use cannabis market. The competition presented by these unregulated participants, the willingness of patients to purchase unregulated products in lieu of purchasing from licensed producers for any reason, or any inability of law enforcement authorities to enforce existing laws prohibiting the unlicensed production and distribution of cannabis and cannabis-based products, could adversely affect our market share, result in increased competition through the black market for cannabis or have an adverse impact on the public perception of the medical-use cannabis industry and licensed cannabis producers and distributors. As a result of the alternative avenues available for the production and sale of cannabis, we may incur reduced sales and revenue.

We are exposed to risks related to the laws of various countries as a result of our international operations.

We currently plan to expand our operations across multiple countries. As a result, we will be exposed to political, economic, legal and other risks and uncertainties associated with operating in or exporting to various jurisdictions. These risks and uncertainties include, but are not limited to, changes in the laws, regulations and policies governing the production, sale and use of pharmaceutical-grade cannabis and cannabis-based products, political instability, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation and changing political conditions and governmental regulations relating to foreign investment and the medical-use cannabis industry more generally.

Any changes to the laws, regulations and policies, general economic policies, or political attitude related to the advertising, production, sale and use of cannabis and cannabis-based products for medical use may adversely affect the operations or profitability of our international operations. Specifically, our operations may be affected to varying degrees by government regulations with respect to, but not limited to, restrictions on advertising, production, price controls, export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment, land and water use restrictions and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Failure to comply strictly with applicable laws, regulations and local practices could result in additional taxes, costs, civil or criminal fines or penalties or other expenses being levied on our international operations, as well as other potential adverse consequences such as the loss of necessary permits or governmental approvals.

Furthermore, although we plan to facilitate the export of our pharmaceutical-grade cannabis-based products to countries in the European Union, there is no assurance that these countries will authorize the import of our pharmaceutical-grade cannabis and cannabis-based products, or that Israel or any location from which we produce our products will authorize or continue to authorize such exports. Each country in the European Union (or elsewhere) may impose restrictions or limitations on imports that require the use of, or confer significant advantages upon, producers within that particular country. As a result, we may be required to establish production facilities in those countries in the European Union in which we wish to distribute our pharmaceutical-grade cannabis and cannabis-based products in order to take advantage of any legislation that favors producers located in these countries. As a result, we may be required to utilize less efficient production methods and expend significantly more resources than we currently anticipate.

Our business is subject to, or may become subject to, a variety of U.S. and foreign laws relating to the production and distribution of cannabis, many of which are unsettled and still developing, and which could subject us to claims or otherwise harm our business.

We are subject to, or may become subject to, a variety of laws in the United States, Israel and elsewhere. In the United States, despite cannabis having been legalized at the state level for medical use in many states and for adult use in a number of states, cannabis continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act ("CSA"), and subject to the Controlled Substances Import and Export Act ("CSIEA"). We may engage in activities in the United States involving certain corporate and administrative matters, including accounting, legal and creative activities, as well as the offer and sale of our securities on the Nasdaq. We do not produce, manufacture or distribute any cannabis or cannabis-based products in the United States. Therefore, we do not believe that, as a result of our engaging in any of the aforementioned activities, we would be subject to the CSA or CSIEA. Nonetheless, violations of any U.S. federal laws and regulations, such as the CSA and the CSIEA, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either the U.S. federal government or private citizens or criminal charges, including, but not limited to, the disgorgement of profits, cessation of business activities or divestiture.

We are subject to, or may become subject to, a variety of laws and regulations in the United States, Israel and elsewhere that prohibit money laundering, including the Money Laundering Control Act (United States), as amended, and the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by governmental authorities in the United States, Israel or any other jurisdiction in which we have business operations or to which we export. Although we believe that none of our activities implicate any applicable money laundering statutes, in the event that any of our business activities, any dividends or distributions therefrom, or any profits or revenue accruing thereby are found to be in violation of money laundering statutes, such transactions may be viewed as proceeds of crime under one or more of the statutes described above or any other applicable legislation, and any persons, including such U.S.-based investors, found to be aiding and abetting us in such violations could be subject to liability. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and involve significant costs and expenses, including legal fees. We could also suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures.

We, or the medical-use cannabis industry more generally, may receive unfavorable publicity or become subject to negative patient, physician or investor perception.

We believe that the medical-use cannabis industry is highly dependent upon positive patient, physician or investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to patients for medical use. Perception of the medical-use cannabis industry, pharmaceutical-grade cannabis and cannabis-based products, currently and in the future, may be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) both in Israel and in other countries relating to the use of cannabis or cannabis-based products for medical purposes, including unexpected safety or efficacy concerns arising with respect to pharmaceutical-grade cannabis or cannabis-based products or the activities of medical-use cannabis industry participants.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical-use cannabis market or any particular pharmaceutical-grade cannabis or cannabis-based product or will be consistent with prior publicity. Adverse future scientific research reports, findings and regulatory proceedings that are, or litigation, media attention or other publicity that is, perceived as less favorable than, or that questions, earlier research reports, findings or publicity (whether or not accurate or with merit) could result in a significant reduction in the demand for our pharmaceutical-grade cannabis-based products or cannabis for medical use more generally. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes, or our current or future products specifically, or associating the use of cannabis with illness or other negative effects or events, could adversely affect us. This adverse publicity could arise even if the adverse effects associated with cannabis or cannabis-based products resulted from products that are not derived from pharmaceutical-grade cannabis or a patient's failure to use such products legally, appropriately or as directed.

We are subject to risks inherent to an agricultural business, which include but are not limited to the risk of crop failure.

We currently breed, cultivate and process pharmaceutical-grade cannabis for medical use at our facilities in southern and northern Israel. Our business is subject to the risks inherent to the agricultural business, including the risks of crop failure presented by weather, insects, plant diseases and similar agricultural factors. There can be no assurance that natural elements, such as insects and plant diseases, will not interrupt our production activities or have an adverse effect on our business. If such disruption of operations at our facilities should occur, it could significantly interfere with our ability to continue our development and production activities.

Additionally, generally, our dried inflorescences final products have a shelf life of 12 months, and our pharmaceutical-grade cannabis oil products have a shelf life of approximately one to two years. Supply chain disruptions or limited sales may lead to product spoilage or could impair our ability to meet future demand, which may cause harm to the reputation of our brand and our business.

General Business Risks and Risks Related to Our Financial Condition and Operations

We have a limited operating history upon which investors can evaluate our future prospects.

We have a limited operating history upon which investors may evaluate the future prospects of our business plan. Our business and prospects must be considered in light of the potential risks, problems, delays, uncertainties and complications encountered in connection with the development of a relatively new business and the creation of a new industry. The risks include, but are not limited to, the possibility that we will not be able to develop functional and scalable products, or that although functional and scalable, our products will not be economical to commercialize; that our competitors hold proprietary rights that preclude us from marketing such products; that our competitors commercialize a superior or equivalent product; that we are not able to upgrade and develop new technologies or enhanced products; or the failure to receive necessary regulatory clearances for our operations and products. To successfully introduce and distribute products at a profit, we must establish brand name recognition and competitive advantages for our products. There can be no assurance that we can successfully address these challenges. If we are unsuccessful, we and our business, financial condition and operating results could be materially and adversely affected.

Our current and future expense levels are based largely on estimates of planned operations and future revenues. It is difficult to accurately forecast future revenues because the medical-use cannabis market has not been fully developed, and we can give no assurance that our products will continue to fuel revenue growth. If our forecasts prove incorrect, our business, operating results and financial condition will be materially and adversely affected. Moreover, we may be unable to adjust our spending in a timely manner to compensate for any unanticipated reduction in the revenue we expect to generate from our products. Consequently, any failure to generate revenues may immediately and adversely affect our business, financial condition and operating results.

Although we had positive cash flow from operating activities for the year ended December 31, 2025 and 2022 we had negative cash flow for the years ended December 31, 2024 and December 31, 2023.

. The main reason for the negative cash flow for the years ended December 31, 2024 and 2023 was the impact of the October 7, 2023 attacks and the war in Gaza that began thereafter on our Southern Facility. There is no assurance that any of our operations will generate earnings, operate profitably or provide a return on investment in the future or that we will not have negative cash flows from operations in 2026 or future years..

We may be adversely impacted by the failure of any of our joint ventures or by our failure, or the failure of our joint venture partners, to fulfill obligations to the joint venture.

We are a party to several joint ventures, and may in the future enter into new joint ventures. We currently depend on our joint ventures to produce, manufacture and distribute our products outside of Israel. Our joint ventures face all of the inherent risks associated with production, manufacturing, distribution and operations. In addition, we face the risk that either we, or our joint venture partners, will not meet our obligations under the joint venture agreements. If one of our joint venture partners fails to fulfill its obligations due to strategic business interests, financial conditions or any other reason, we may be required to spend additional resources, or we may not be able to continue such operations, in which case we may suffer losses. Such expenses or losses may be significant and may have an adverse effect on our financial position or results of operations.

Our investments in our current or future joint ventures may be adversely affected by our lack of sole decision-making authority and disputes between us and our joint venture partners.

Under the terms of our joint venture agreements, we are not in a position to exercise sole decision-making authority regarding the joint venture. Our joint venture partners may have different economic or other business interests or goals that are inconsistent with our business interests and goals, and may take actions contrary to our policies or objectives, which may result in poor or delayed business decisions. The dissolution of a joint venture could lead to uncertainties, disputes or other issues with respect to each of the joint venture partners' rights.

If we are not able to comply with all safety, health and environmental regulations applicable to our operations and the medical-use cannabis industry, we may be held liable for any breaches of those regulations.

Safety, health and environmental laws and regulations affect nearly all aspects of our operations, including product development, working conditions, waste disposal, emission controls, the maintenance of air and water quality standards and land reclamation, and, with respect to environmental laws and regulations, impose limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Continuing to meet the standards for pharmaceutical-grade cannabis and cannabis-based products requires satisfying additional standards for the conduct of our operations and subjects us or our partners to ongoing compliance inspections in respect of these standards. Compliance with safety, health and environmental laws and regulations can require significant expenditures, and any failure to comply with such safety, health and environmental laws and regulations may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, the imposition of clean-up costs resulting from contaminated properties, the imposition of damages and the loss of or refusal of governmental authorities to issue permits or licenses to us or our partners or to certify us or our partners compliance with applicable standards, including the IMC-GAP, IMC-GMP, IMC-GDP or IMC-GSP standards in Israel. Exposure to these liabilities may arise in connection with our existing operations, our historical operations and operations that may in the future be closed or sold to third parties. We could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurance that we will at all times be in compliance with all safety, health and environmental laws and regulations notwithstanding our attempts to comply with such laws and regulations.

Changes in any applicable safety, health and environmental laws or regulations may impose stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. We are not able to determine the specific impact that any future changes in safety, health or environmental laws or regulations may have on our industry, operations and activities and our resulting financial position; however, we anticipate that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental laws and regulations. Further changes in safety, health and environmental laws and regulations, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits in relation thereto, may require increased compliance expenditures by us.

We may not be able to transport our pharmaceutical-grade cannabis-based products using methods that are safe, efficient and that comply with applicable regulations.

We depend on fast and efficient third-party transportation services to distribute our pharmaceutical-grade cannabis and cannabis-based products. Any prolonged disruption of third-party transportation services could have a material adverse effect on our sales volumes or our patients' satisfaction with our products. Rising costs associated with third-party transportation services used by us to transport our products may also adversely impact our profitability, and more generally our business, financial condition and results of operations.

Further, the transportation of our products is subject to strict security standards. As a result, we anticipate that as we expand our global distribution, we may be subject to the increase in costs associated with meeting these standards. A breach of security during transport or delivery could result in the loss of high-value products and forfeiture of import and export approvals, since such approvals are specific to each shipment. Any failure to take the steps necessary to ensure the safekeeping of our pharmaceutical-grade cannabis-based products could also have an impact on our ability to continue operating under our existing licenses, to renew or receive amendments to our existing licenses or to receive new licenses.

Our pharmaceutical-grade cannabis-based products may be subject to recalls for a variety of reasons, which could require us to expend significant management and capital resources.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, adulteration, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Although we have detailed procedures in place for testing our finished pharmaceutical-grade cannabis-based products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. If any of the cannabis-based products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. As a result of any such recall, we may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention or damage our reputation and goodwill or that of our products or our brand.

Additionally, product recalls may lead to increased scrutiny of our operations by regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Any product recall affecting the medical-use cannabis industry more broadly, whether or not involving us, could also lead consumers to lose confidence in the safety and quality of pharmaceutical-grade cannabis and cannabis-based products generally, including products sold by us.

We may be subject to product liability claims or regulatory action if our products are alleged to have caused significant loss or injury. This risk is exacerbated by the fact that cannabis use may increase the risk of serious adverse side effects.

We face the risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused loss or injury. We may be subject to these types of claims due to allegations that our products caused or contributed to injury or illness, failed to include adequate instructions for use or failed to include adequate warnings concerning possible side effects or interactions with other substances. This risk is exacerbated by the fact that cannabis use may increase the risk of developing schizophrenia and other psychoses, symptoms for individuals with bipolar disorder, and other side effects. Previously unknown adverse reactions resulting from human consumption of cannabis-based products alone or in combination with other medications or substances could also occur. In addition, the manufacture and sale of cannabis-based products, like the manufacture and sale of any product, involves a risk of injury to patients due to tampering by unauthorized third parties or product contamination.

We may in the future have to recall certain of our pharmaceutical-grade cannabis or cannabis-based products as a result of potential contamination or quality assurance concerns. A product liability claim or regulatory action against us could result in increased costs and could adversely affect our reputation and goodwill with our patients and consumers generally. There can be no assurance that we will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. Our inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in us becoming subject to significant liabilities that are uninsured and could also adversely affect our commercial arrangements with third parties.

Significant interruptions in our access to certain key inputs such as raw materials, electricity, water and other utilities may impair our cultivation of pharmaceutical-grade cannabis.

Our business is dependent on a number of key inputs and their related costs, including raw materials, supplies and equipment related to our operations, as well as electricity, water and other utilities. Any significant interruption, price increase or negative change in the availability or economics of the supply chain for key inputs and, in particular, rising or volatile energy costs could curtail or preclude our ability to continue production. In addition, our operations would be significantly affected by any such prolonged interruption.

Our ability to compete and produce pharmaceutical-grade cannabis is dependent on us having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of labor, equipment, parts and components.

We may be unable to attract or retain key personnel with sufficient experience in the cannabis industry, and we may be unable to attract, develop and retain additional employees required for our development and future success.

Our success is largely dependent on the performance of our management team and certain key employees and our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The loss of the services of any of our key personnel, including Alexander Rabinovich, our Chief Executive Officer and Chairman, or an inability to attract other suitably qualified persons when needed, could prevent us from executing on our business plan and strategy, and we may be unable to find adequate replacements on a timely basis, or at all. We do not currently maintain key-person insurance on the lives of any of our key personnel.

We may become subject to liability arising from any fraudulent or illegal activity by our employees, contractors, consultants and others.

We are exposed to the risk that our employees, independent contractors, consultants, and business partners may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on our behalf or in our service that violate: (i) government regulations, including, in Israel, the IMCA regulations; (ii) manufacturing standards; (iii) healthcare laws and regulations; (iv) laws that require the true, complete and accurate reporting of financial information or data; (v) U.S. federal laws banning the possession, sale or importation of cannabis into the U.S. and prohibiting the financing of activities outside the U.S. that are unlawful under Israeli or other foreign laws or (vi) the terms of our agreements with insurers. In particular, we could be exposed to class action and other litigation, increased regulatory inspections and related sanctions, the loss of current compliance certifications for our products, including, in Israel, IMC-GAP, IMC-GMP, IMC-GDP or IMC-GSP certifications, or the inability to obtain future certifications, lost sales and revenue or reputational damage as a result of prohibited activities that are being undertaken in the production or manufacturing processes of our products without our knowledge or permission and contrary to our internal policies, procedures and operating requirements.

We cannot always identify or prevent misconduct by our employees or other third parties, including service providers and business partners, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown, unanticipated or unmanaged risks or losses or in protecting us from government investigations or other actions or lawsuits stemming from such misconduct. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal or administrative penalties, damages, monetary fines and contractual damages, reputational harm, diminished profits and future earnings or curtailment of our operations.

We may experience breaches of security at our facilities or losses as a result of, but not limited to, theft.

Because of the nature of, the limited legal channels of distribution for, and the volume of inventory of our products in our facilities, we are subject to the risk of theft of our product as well as other security breaches.

In this regard, in December 2020, there was a theft attempt in our Southern Facility. The security systems at the facility worked well and prevented the incident, in addition, nearby forces of the army and the Israeli police arrived at the scene immediately after the incident began. No damage was caused to the Southern Facility in that incident, and nothing was stolen from it.

Since October 7, 2023, Israel has been subject to several attacks, heightened hostilities and periodic escalations, including in the Gaza Strip and along Israel's northern border. In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets including our Southern Facility, located in Nir Oz that suffered devastating damage. Following these events, the area in and around the Southern Facility was designated by the Israeli authorities as a closed military area and has been used by the IDF, including, among others, the IDF Medical Corps. As of the date of this Annual Report, the Company remains in the process of restoring the Southern Facility, as part of its war recovery plan. The Company is continuing to engage with the Israeli authorities to obtain full compensation for the damages arising from the hostilities while concurrently pursuing the rehabilitation of the site, a process that remains ongoing and essential for its recovery. However, there is no certainty that we will be able to restore our Southern Facility and to obtain any compensation from the Israeli authorities. For additional information, see "Item 3.D — Risk Factors — Risks Related to Our Incorporation and Operations in Israel — Conditions in the Middle East and in Israel may harm our operations".

A security breach at one of our facilities could result in a significant loss of available product, expose us to additional liability under applicable regulations and to potentially costly litigation or increase our expenses relating to the resolution and future prevention of similar thefts, any of which could have an adverse effect on our business, financial condition and results of operations.

We engage with third parties that provide us services as part of the production process, some of whom are our competitors, and as a result of our commercial relationship with them, we may disclose information that may be contrary to Israeli competition laws.

We rely on third parties to provide us with certain necessary services for the production of our branded products. Some of those parties are also our competitors with respect to several aspects of our business. We are sensitive to this issue and have internal policies and procedures that are designed to prevent the sharing of competitive information and our agreements with our competitors make this clear. However, despite our best efforts to safeguard this information, should we inadvertently disclose competitive information, we may be found to be in violation of the Israeli Economic Competition Law, 5748-1988 (formerly the Restrictive Trade Practices Law), and could be subject to sanctions and civil or criminal penalties, which will have a negative financial impact on us and harm our reputation.

If we sustain cyber-attacks or other privacy or data security incidents that result in security breaches that disrupt our operations or result in the unintended dissemination of protected personal information or proprietary or confidential information, or if we are found by regulators to be non-compliant with statutory requirements for the protection and storage of personal data, we could suffer a loss of revenue, increased costs, exposure to significant liability, reputational harm and other serious negative consequences.

We routinely process, store and transmit large amounts of data in our operations, including protected personal information as well as proprietary or confidential information relating to our business and third parties. We have programs in place to detect, contain and respond to data security incidents and provide employee awareness training around phishing, malware and other cyber risks to protect, to the greatest extent possible, against cyber risks and security breaches. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures. Experienced computer programmers and hackers may be able to penetrate our layered security controls and misappropriate or compromise our protected personal information or proprietary or confidential information or that of third parties, create system disruptions or cause system shutdowns. They also may be able to develop and deploy viruses, worms and other malicious software programs that attack our systems or otherwise exploit any security vulnerabilities. Hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Our facilities may also be vulnerable to security incidents or security attacks, acts of vandalism or theft, coordinated attacks by activist entities, misplaced or lost data, human errors, or other similar events that could negatively affect our systems and our customers' data.

There are a number of laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of such protected information. In particular, the privacy rules in Israel, and similar laws in other applicable jurisdictions, protect medical records and other personal health information by limiting the use and disclosure of such health information to the minimum level reasonably necessary to accomplish the intended purpose. We collect and store personal information about our patients and are responsible for protecting that information from privacy breaches. A privacy breach may occur through a procedural or process failure, a technology malfunction or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated through employee collusion or negligence or through deliberate cyber-attack. The costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cyber-incident could be material. Our remediation efforts may not be successful and could result in interruptions, delays, or cessation of services and the loss of existing or potential customers. In addition, breaches of our security measures and the unauthorized dissemination of sensitive personal information, proprietary information or confidential information about us or our customers or other third-parties, could expose our customers' private information and our customers to the risk of financial or medical identity theft, or expose us or other third-parties to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage to our brand and reputation, or otherwise harm our business.

We are further required to comply with requirements with respect to the storage, protection and access to personal data on our systems, as well as with respect to the registration of our databases containing personal information. Non-compliance with such requirements could result in sanctions, litigation and potential liability for us, damage to our brand and reputation, or otherwise harm our business.

We rely on third parties to conduct certain elements of our production and distribution and to perform other tasks for us. Such third parties owe us receivables on an ongoing basis. If these third parties do not successfully carry out their contractual duties towards us or towards other third parties, or if they do not meet expected deadlines or comply with regulatory requirements, we may not be successful in commercializing our products, and our own financial condition could be harmed.

We rely upon third-party vendors for our ongoing services including the manufacturing of our products. We also rely on third-party distributors, including pharmaceutical distributors and other courier services, and rely on other third parties, to distribute our products. These vendors are not our employees and we control only certain aspects of their activities. However, we may be responsible for ensuring that their services are performed in accordance with the applicable protocol, or in accordance with legal, regulatory and scientific standards, including, for manufacturers, the relevant GMP standards. Our reliance on these vendors may not relieve us of our responsibilities under applicable regulations, and if our vendors fail to meet these standards, we may suffer adverse consequences, including liability resulting from litigation, damage to our brand and reputation, or other harms to our business.

Further, such third-party vendors owe us receivables on an ongoing basis. If these third parties do not successfully carry out their contractual duties towards us or towards other third parties, and our own financial condition could be harmed.

Further, our vendors may fail to devote sufficient resources to the provision of services to us, including the manufacturing and distribution of our products, and the performance of such services may be delayed or interrupted. Failure to meet projected deadlines may delay or diminish the sale of our products. Damage to our products, such as product spoilage, could expose us to potential product liability, damage our reputation and the reputation of our brand or otherwise harm our business.

If any of our relationships with these third-party vendors terminate, we may not be able to enter into arrangements with alternative vendors or do so on commercially reasonable terms. Replacing or adding additional vendors involves additional cost and requires management time and focus. In addition, during the transition period when a new vendor commences work, delays may occur. Such delays can materially impact our ability to meet our desired development timelines. Though we carefully manage our relationships with our vendors, we may encounter similar challenges or delays in the future, which could have a material adverse impact on our business, financial condition and prospects. If these third-party service providers do not successfully perform their contractual duties, or if their performance is substandard, we may not be successful in commercializing our products and our revenue from product sales could be negatively impacted.

We may be unable to sustain our revenue growth and development.

Our revenue had grown in recent years prior to October 7, 2023 and the outbreak of the war in Gaza. Our ability to resume and sustain this growth will depend on a number of factors, many of which are beyond our control, including, but not limited to, the availability of sufficient capital on suitable terms, changes in laws and regulations respecting the production and distribution of our pharmaceutical-grade cannabis-based products, competition, the size of alternative markets, including the black market and the legal adult-use markets, and our ability to produce sufficient volumes of our pharmaceutical-grade cannabis-based products to meet patient demand. In addition, we are subject to a variety of business risks generally associated with developing companies. Future development and expansion could place significant strain on our management personnel and will likely require us to recruit additional management personnel, and there is no assurance that we will be able to do so.

We may be unable to expand our operations quickly enough to meet demand or manage our operations beyond their current scale.

There can be no assurance that we will be able to manage effectively our expanding operations, which may include increasing our production capabilities, adding manufacturing capabilities, adding distribution channels and entering into joint ventures or partnerships. We may be unable to sustain growth, and such growth, if achieved, may not result in profitable operations. We may be unable to attract and retain the management personnel necessary for continued growth or we may not be successful in our strategic investments in joint ventures or acquisitions.

We may not be able to secure adequate or reliable sources of the funding required to operate our business or increase our production to meet patient demand for our products.

The continued development of our business will require additional financing, and there is no assurance that we will obtain the financing necessary to be able to achieve our business objectives. Our ability to obtain additional financing will depend on investor demand, our performance and reputation, market conditions and other factors. Our inability to raise such capital could result in the delay or indefinite postponement of our current business objectives or in our inability to continue to carry on our business. Although in 2025 we completed a financing of approximately NIS 66 million (approximately $18.2 million) through equity and debt, there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to us.

In addition, from time to time, we may enter into transactions to acquire assets or the capital stock or other interests of other entities. Our continued growth has been, and may continue to be, financed with debt, which may increase our debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions that, if breached, may entitle lenders or their agents to accelerate repayment of loans, and there is no assurance that we will be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to any such debt financing.

We incur increased costs as a result of operating as a public company listed on both a U.S. and Israeli securities exchange, and our management is required to devote substantial time to new compliance initiatives.

As a public company listed on a U.S. and Israeli national securities exchange, we continue to incur significant legal, accounting and other expenses and will incur additional expenses after we are no longer an emerging growth company. The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and rules implemented by the U.S. Securities and Exchange Commission (the "SEC"), and the Nasdaq, impose various requirements on public companies, including requirements to file annual reports with respect to our business and financial condition and operations and establish and maintain effective disclosure and financial controls and corporate governance practices. Our management and other personnel have limited experience operating as a public company, which may result in operational inefficiencies or errors, or a failure to improve or maintain effective internal controls over financial reporting ("ICFR") and disclosure controls and procedures necessary to ensure the timely and accurate reporting of operational and financial results. Our existing management team needs to devote a substantial amount of time to these compliance initiatives, and we may need to hire additional personnel to assist us with complying with these requirements. Moreover, these rules and regulations have increased our legal and financial compliance costs and will continue to make some activities more time consuming and costly.

Pursuant to Section 404 of the Sarbanes-Oxley Act ("Section 404"), we are required to furnish a report by our management on our ICFR, which, after we are no longer an emerging growth company and unless we qualify for an exemption, must be accompanied by an attestation report on ICFR issued by our independent registered public accounting firm. To maintain compliance with Section 404, we have had to document and evaluate our ICFR, which is both costly and challenging. In this regard, we need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of our ICFR, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for ICFR. Despite our efforts, there is a risk that neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our ICFR is effective as required by Section 404. This could result in a determination that there are one or more material weaknesses in our ICFR, which could cause an adverse reaction in the financial markets due to a loss of confidence in the reliability of our consolidated financial statements.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some public company required activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and divert management's time and attention from revenue generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Being listed on Nasdaq and complying with applicable rules and regulations also makes it more expensive for us to obtain director and officer liability insurance These factors could also make it more difficult for us to attract and retain qualified executive officers and members of our board of directors.

We are an emerging growth company and the reduced disclosure requirements applicable to emerging growth companies may make our ordinary shares less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"), and we may take advantage of certain exemptions from various requirements that are applicable to other public companies that are not emerging growth companies. For as long as we remain an emerging growth company we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not "emerging growth companies". These exemptions include but are not limited to:

- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting; and
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board ("PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements.

We may take advantage of these provisions for up to five years ending December 31, 2026, or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earlier to occur of: (1) the last day of the fiscal year in which we have total annual gross revenue of $1.235 billion or more; (2) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (3) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. We may choose to take advantage of some but not all of these reduced burdens, and therefore the information that we provide holders of our ordinary shares may be different from the information you might receive from other public companies in which you hold equity. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies. However, given that we currently report and expect to continue to report under IFRS as issued by the IASB, the extended transition period available to emerging growth companies that report under GAAP is inapplicable to us.

When we are no longer deemed to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above. We cannot predict if investors will find our ordinary shares less attractive as a result of our reliance on exemptions under the JOBS Act. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares and our share price may be more volatile.

As a "foreign private issuer," we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable SEC and Nasdaq requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.

We are a "foreign private issuer" and are not subject to the same requirements that are imposed upon U.S. domestic issuers by the SEC. Under the Exchange Act, we are subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. For example, we are not required to issue quarterly reports or proxy statements that comply with the requirements applicable to U.S. domestic reporting companies. Furthermore, although under regulations promulgated under the Israeli Companies Law, 5759-1999, as amended, (the "Companies Law") as an Israeli public company listed overseas we are required to disclose the compensation of our five most highly compensated office holders on an individual basis (rather than on an aggregate basis), this disclosure is not as extensive as that required of U.S. domestic reporting companies. We also have four months after the end of each fiscal year to file our annual reports with the SEC and are not be required to file current reports as frequently or promptly as U.S. domestic reporting companies. Furthermore, our principal shareholders are exempt from the requirements to report transactions and our officers, directors, and principal shareholders are exempt from the short-swing profit recovery rules required under Section 16 of the Exchange Act. Also, as a "foreign private issuer," we are not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act. These exemptions and leniencies reduce the frequency and scope of information and protections available to investors in comparison to those applicable to a U.S. domestic reporting company.

In addition, as a "foreign private issuer," we are permitted to follow certain home country corporate governance practices instead of those otherwise required under the listing rules of the Nasdaq for domestic U.S. issuers. For instance, we follow home country practice in Israel instead of the listing rules of the Nasdaq requiring that a majority of a listed company's board of directors be comprised of independent directors. In addition, we will follow our home country law instead of the listing rules of the Nasdaq that require that we obtain shareholder approval for certain dilutive events, such as the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of our company, certain transactions other than a public offering involving issuances of a 20% or greater interest in the company, and certain acquisitions of the stock or assets of another company. We may in the future elect to follow home country corporate governance practices in Israel with regard to other matters. Following our home country corporate governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the Nasdaq may provide less protection to investors than what would otherwise be accorded to investors under the listing rules of the Nasdaq applicable to domestic U.S. issuers.

We would lose our foreign private issuer status if (i) a majority of our shares come to be owned by U.S. residents and (ii) a majority of our directors or executive officers are U.S. citizens or residents or we fail to meet the additional requirements necessary to avoid the loss of foreign private issuer status. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher than what we would otherwise incur as a foreign private issuer.

We may not be able to successfully identify and execute strategic alliances or other relationships with third parties or to successfully manage the impacts of acquisitions, dispositions or relationships on our operations.

We currently have, and may expand the scope of, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete further such strategic alliances is dependent upon, and may be limited by, among other things, the availability of suitable candidates, capital and our ability to maintain good relationships with such strategic alliances. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business and may involve risks that could adversely affect us, including the investment of significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. We may also encounter disputes or litigation with our existing or future strategic alliances (see "Item 8.A – Financial Information – Consolidated Statements and Other Financial Information – Legal Proceedings"). Future strategic alliances could result in the incurrence of debt, costs and contingent liabilities, and there can be no assurance that these future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all.

Although we currently are not in the process of commencing any other material strategic transactions, such as acquisitions, we may from time to time consider such transactions. Material strategic transactions involve a number of risks, including: (i) the potential disruption of our ongoing business; (ii) the distraction of management away from the ongoing oversight of our existing business activities; (iii) incurring additional indebtedness; (iv) the anticipated benefits and cost savings of those transactions not being realized fully, or at all, or taking longer to realize than anticipated; (v) an increase in the scope and complexity of our operations and (vi) the loss or reduction of control over certain of our assets. A strategic transaction may result in a significant change in the nature of our business, operations and strategy, and we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations.

International expansion of our business exposes us to the business, regulatory, political, operational, financial, economic and other potential risks associated with doing business outside of Israel.

Other than our headquarters, production facilities and other operations located in Israel, we currently have limited international operations, but our business strategy incorporates potentially significant international expansion. We plan to enter into both strategic relationships, such as joint ventures for the production and distribution of our products and third-party distribution arrangements, and to conduct general business activities outside of Israel. Conducting business internationally involves a number of risks, including, but not limited to:

- failure by us to obtain the regulatory approvals for the use of our products in various countries;
- multiple, conflicting and changing laws and regulations affecting the medical-use cannabis industry, such as governmental approvals, permits, and licenses, export and import restrictions, tax laws, privacy regulations, employment laws and other regulatory requirements;
- limits in our ability to penetrate international markets;
- difficulties in staffing and managing international operations;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial crises on demand and payment for our products and exposure to foreign currency exchange rate fluctuations;
- complexities and difficulties in obtaining protection and enforcing our intellectual property and risks associated with potential infringement of relevant third-party patent or other intellectual property rights;
- natural disasters, political and economic instability, including wars, terrorism, and political unrest, outbreak of disease, boycotts, curtailment of trade, and other business restrictions;
- certain expenses including, but not limited to, expenses for travel, translation and insurance; and
- regulatory and compliance risks that relate to maintaining accurate information and control over sales and activities that may fall within the purview of the books and records provisions or anti-bribery provisions or the U.S. Foreign Corrupt Practices Act, or within the purview of other similar laws.

Any of these factors could significantly harm our future international expansion and operations and, consequently, our results of operations.

Tax and accounting requirements may change in ways that are unforeseen to us and we may face difficulty or be unable to implement or comply with any such changes.

We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. We currently have international operations and plan to expand such operations in the future. These operations, and any expansion thereto, will require us to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we were to fail to comply.

A breakdown in our information technology systems could result in a significant disruption to our business.

Our operations are highly dependent on our information technology systems. If we were to suffer a breakdown in our systems, storage, distribution or tracing, we could experience significant disruptions affecting all our areas of activity, including our research, accounting and billing processes and potentially our production processes. We may also suffer from a partial loss of information or data due to such disruption.

We face operational risk.

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings. Management endeavors to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are constantly reviewed and if deemed necessary improvements are implemented.

Our performance is subject to fluctuations in foreign exchange rates.

As foreign exchange rates fluctuate, our financial results may be impacted as a material amount of our revenue is generated in NIS. However, since the Company engages in both purchases and sales in foreign currencies, we are unable to predict the net impact of exchange rate fluctuations on our financial statements.

We are subject to privacy and information security risks.

There are a number of laws protecting the confidentiality of certain patient health information and other personal information, including patient records, and restricting the use and disclosure of that protected information. In particular, the Israeli Protection of Privacy Law, 5741-1981, and the regulations promulgated thereunder (collectively, the "Israeli Privacy Law"), as recently amended by Amendment No. 13 to the Protection of Privacy Law, which entered into effect on August 14, 2025, and significantly expanded the enforcement powers of the Israeli Privacy Protection Authority, broadened the definition of "personal data" and enhanced the obligations of data controllers and processors and, once applicable, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) ("PIPEDA"), or the European Union's General Data Protection Regulation, and similar laws in other jurisdictions, protect medical records and other personal health information by limiting their use and disclosure to the minimum level reasonably necessary to accomplish the intended purpose. We collect and store personal information about our Israeli patients and are responsible for protecting that information from privacy breaches. As of the date of this Annual Report, we have three (3) registered databases pursuant to the Israeli Privacy Law, one for Canndoc's, one for Cannolam patients, and one for Kineret pharmacy which is a subsidiary of Cannolam. A privacy breach may occur through a procedural or process failure, an IT malfunction or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated through employee collusion, negligence or through a deliberate cyber-attack. If we are found to be in violation of the privacy or security rules under the Israeli Privacy Law or other laws protecting the confidentiality of patient health information, including as a result of data theft and privacy breaches, we could be subject to substantially increased administrative fines, sanctions and civil or criminal penalties under Amendment No. 13, which could have a negative financial impact and harm our reputation.

The market price for our shares may be volatile and could decline in value.

The market price of our shares could be subject to significant fluctuations. Some of the factors that may cause the market price of our shares to fluctuate include:

- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in operating results or in the expectations of market analysts;
- adverse market reactions to any indebtedness we may incur or securities we may issue in the future;
- short sales, hedging and other derivative transactions in our shares;
- litigation or regulatory action against us;
- investors' general perception of us and the public's reaction to our press releases, and other public announcements and our filings with securities regulators, including the filing of our financial statements;
- publication of research reports or news stories about us, our competitors or our industry;
- positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in general political, economic, industry and market conditions and trends;
- sales of our shares by existing shareholders;
- recruitment or departure of key personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- the other risk factors described in this "Item 3.D — Risk Factors" of this Annual Report.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses to us. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of our shares may be materially adversely effected.

In addition, broad market and industry factors may harm the market price of our shares. Hence, the price of our shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we become was involved in any similar litigation, we could incur substantial costs, its management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

Our equity compensation plan may adversely impact our financial results.

Under applicable accounting standards, we may be required to record a liability and a related expense in our financial statements for potential future cash settlements of equity compensation awards under our 2022 Israeli Option Plan. The recording of this liability could have an adverse impact on and create volatility in our financial results and, in turn, could adversely impact the trading price of our shares.

We may be subject to legal proceedings from time to time.

Legal proceedings have arose and may arise from time to time in the course of our business. All industries are subject to legal claims, with and without merit. Such legal claims have been and may be brought against us or one or more of our subsidiaries in the future from time to time. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. For example, we are currently a party to lawsuits in Israel. Summaries of all our ongoing material lawsuits are provided below in "Item 8.A. Consolidated Statements and Other Financial Information — Legal Proceedings." In addition, our audited consolidated financial statements as of December 31, 2025 include the relevant disclosures, as applicable.

Due to the inherent uncertainty of the litigation process, such processes could take away from management time and effort and the resolution of any particular legal proceeding to which we may become subject, including any compensation we may expect with respect to legal proceeding which we may not receive, could have a material adverse effect on our financial position and results of operations.

Certain events or developments in the regulated cannabis industry more generally and social media may impact our reputation.

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Cannabis has often been associated with various other narcotics, violence and criminal activities, the risk of which is that our business might attract negative publicity. There is also risk that the action(s) of other participants, companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact our reputation.

The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easy for individuals and groups to communicate and share opinions and views in regards to issuers and their activities, whether true or not and the cannabis industry in general, whether true or not. Negative posts or comments about us on any social network could damage our reputation. In addition, employees or others might disclose non-public sensitive information related to our business through external media channels. The continuing evolution of social media will present us with new challenges and risks.

We do not ultimately have direct control over how we specifically, or the cannabis industry generally, is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to our overall ability to advance our business strategy and realize on our growth prospects.

The war in Ukraine and the surrounding region could lead to disruption, instability, and volatility in global markets.

In February 2022, Russian military forces launched significant military action against Ukraine, and sustained conflict and disruption in the region is likely. The war in Ukraine and the surrounding region could lead to disruption, instability, and volatility in global markets, increase inflation and further disrupt supply chains, which may materially and adversely affect our business.

As a result of actions taken by Russia in Ukraine, actions have been taken by other countries and organizations, including new and stricter sanctions by Israel, Canada, the European Union and the U.S. against officials, individuals, regions, and industries in Russia, Ukraine and Belarus. While InterCure has no operations in, and does not rely on raw materials or revenue generated by, Russia or Ukraine, and it is difficult to anticipate the effect the sanctions announced to date may have on InterCure, and any further sanctions imposed or actions taken by Israel or other countries, the effect of current or further economic sanctions may reduce our sales and earnings or otherwise have an adverse effect on our operations.

Risks Related to Intellectual Property

We may be subject to risks related to the protection and enforcement of intellectual property rights and may become subject to allegations that we or our joint venture partners are in violation of the intellectual property rights of third parties.

Our intellectual property rights are important to our business. The Company relies on non-disclosure and confidentiality agreements to protect its intellectual property rights. We have submitted trademark applications for our brand and logo in Israel, Canada, the United States and member states of the European Union, and trademarks for the Canndoc brand have been registered in Israel, UK, Poland, Denmark, Germany, and the U.S.

We have also obtained protected breeding rights on five of our unique genetics in Israel and we are currently in the process of obtaining protected breeding rights for additional genetics. We intend to apply for protective breeding rights in any jurisdiction in which such rights may be registered, under the International Convention for the Protection of New Varieties of Plants (the "Plant Convention"), or any other applicable rules and regulations that provide legal protection, similar to the protection afforded to the owners of technological inventions, to the proprietary rights of breeders in the new plant varieties they breed.

We rely upon a combination of trade secret protection and confidentiality agreements to protect the intellectual property related to our technologies and products. We are also in the process of applying for protected breeding rights in Israel and seek to apply for protective rights in any jurisdiction in which such rights may be registered. Our success depends in large part on our ability to obtain and maintain intellectual property protection with respect to our proprietary technologies and products.

We may in the future seek to protect our proprietary position by filing patent applications in Israel and in other countries, with respect to our novel technologies and products, which are important to our business. Patent prosecution is expensive and time consuming. We may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner or in all jurisdictions. It is also possible that we will fail to identify patentable aspects of our research and development activities before it is too late to obtain patent protection for them.

In addition to the protection afforded by any patents that may be granted in the future, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of our product development and production processes that involve proprietary know-how, information or technology that is not covered by patents. We cannot assure investors that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques.

If we cannot obtain and maintain effective protections for our intellectual property rights, we may not be able to compete effectively, and our business and results of operations could be harmed. Misappropriation or unauthorized disclosure of our trade secrets and intellectual property could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets and intellectual property rights are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret or intellectual property right. Any of the foregoing could significantly harm our business, results of operations and prospects.

Our reliance on third parties requires us to share our trade secrets and other intellectual property, which increases the possibility that a competitor will discover them or that our trade secrets or other intellectual property will be misappropriated or disclosed.

We seek to protect our proprietary technologies and processes, in part, by entering into confidentiality agreements with our employees, consultants, contractors and partners. We also seek to preserve the integrity and confidentiality of our data, trade secrets and intellectual property by maintaining the physical security of our premises and physical and electronic security of our information technology systems. Despite our efforts to protect our trade secrets, our competitors or other third parties may discover our trade secrets, either through breach of confidentiality agreements, independent development or the publication of information including our trade secrets by third parties. A competitor's or other third party's discovery of our trade secrets would impair our competitive position and could have an adverse impact on our business, financial condition, results of operations and prospects.

Further, although we expect all of our employees, consultants and other third parties who may be involved in the development of intellectual property for us to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information, or technology enter into confidentiality agreements with us, we cannot provide any assurance that we have entered into such agreements with all applicable third parties or that all such agreements have been duly executed. Even if we have entered into such agreements, we cannot assure investors that our counterparties will comply with the terms of such agreements or that the assignment of intellectual property rights under such agreements is self-executing. We may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our senior management and scientific personnel. This could inflict significant harm to our business, results of operations and financial prospects.

Intellectual property rights of third parties could adversely affect our ability to commercialize our products, and we might be required to litigate or obtain licenses from third parties in order to develop or market our products. Such litigation or licenses could be costly or not available on commercially reasonable terms.

It is inherently difficult to assess conclusively our freedom to operate without infringing or otherwise violating on third party rights. Third party intellectual property rights may cover our products or elements thereof, our production, processes, or our trademark and brand. In such cases, we may not be in a position to develop or commercialize our products unless we successfully pursue litigation to nullify or invalidate the third party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may also be pending applications for rights that, if approved, could be alleged to be infringed by our products, processes or trademarks, and, as a result, third party intellectual property right holders may bring infringement claims against us. We cannot guarantee that we will be able to successfully defend, settle or otherwise resolve such infringement claims. If we are unable to settle future claims successfully on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in pursuing the development of and marketing of our products.

If such an infringement claim is brought and is successful, we may be required to pay substantial damages, including treble damages and attorneys' fees if we are found to have willfully infringed, we may be forced to cease the development and commercialization of and otherwise abandon our products, redesign our products so that we no longer infringe the third party intellectual property rights (which may not be commercially feasible), or we may need to seek a license from any holders of such intellectual property rights. No assurances can be given that a license will be available on commercially reasonable terms, if at all. Even if we were able to obtain such a license, it could be granted on non-exclusive terms, thereby providing our competitors and other third parties access to the same technologies licensed to us. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business and otherwise significantly harm our business, results of operations and prospects.

We may not realize the full benefit of preclinical studies or clinical trials using our GMP-certified products for various indications.

We are currently providing our products for use in one active clinical study, and in the future we plan to participate in preclinical studies and clinical trials. However, we are not the sponsor of this active study and our role in this study is limited to providing the pharmaceutical-grade product and supplying information derived from our database. Any intellectual property generated during this study will not belong to us and, other than receiving access to the results of such study, we do not have any proprietary rights in such study.

We may not be a sponsor of future studies or trials, and, as such, may not have full control over the design, conduct and terms of such studies or trials. Further, we may only act as the provider of pharmaceutical-grade cannabis for studies and trials that are designed and initiated by independent investigators within hospitals or other healthcare institutions. In such cases, we may not be able to acquire rights to all or any of the intellectual property generated by the studies or trials. For example, ownership of intellectual property that does not relate directly to the pharmaceutical-grade cannabis provided by us is often retained by the institution. As such, we are vulnerable to any dispute among the investigator, the institution and us with respect to classification and therefore ownership of any particular piece of intellectual property generated during the study or trial. Such a dispute may affect our ability to make full use of intellectual property generated by a preclinical study or clinical trial.

Where intellectual property generated by a study or trial is owned by the institution, we may be granted a right of first negotiation to obtain an exclusive license to such intellectual property. If we exercise such a right, there is a risk that the parties will fail to come to an agreement on the license, in which case such intellectual property may be licensed to other parties or commercialized by the institution.

We may not own intellectual property developed under joint venture arrangements.

Intellectual property generated, or that will be generated, under research and development activities conducted under certain of our joint venture arrangements may be owned by the joint venture entity and not by us. We may not be able to acquire exclusive rights to all such intellectual property, and we may be subject to disputes with our joint venture partners with respect to the ownership, use and exploitation of such intellectual property rights. Such disputes may lead to a breakdown of our relationship with our joint venture partner and termination of the joint venture.

Risks Related to Our Incorporation and Operations in Israel

Conditions in the Middle East and in Israel may harm our operations.

A large part of our cultivation facilities, pharmacies, research and development facilities, offices and treated patients are located in Israel. All of our officers and directors are residents of Israel. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries, and between Israel and the Hamas (an Islamist militia and political group in the Gaza Strip) and Hezbollah (an Islamist militia and political group in Lebanon).

In particular, in October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on the Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in thousands of deaths and injuries, and Hamas additionally kidnapped many Israeli civilians and soldiers.

In particular, our Southern Facility, one of Israel's largest and most advanced medical cannabis cultivation sites, located adjacent to Nir Oz, sustained severe damage during the terrorist attack of October 7, 2023.

Approximately 500 Hamas terrorists infiltrated Nir Oz and its surroundings, executing a sustained campaign of murder, destruction, and looting over a period of several hours, without immediate intervention by Israeli military forces. Members of the kibbutz's emergency response team fought bravely against overwhelming odds until exhausting their ammunition, and many were murdered or taken hostage. The attack resulted in the killing of 47 kibbutz residents and 76 hostages — more than a quarter of the kibbutz's population — including several partners and employees who were integral to the construction and operation of our Southern Facility. Among them were Aviv Atsili, a metalwork expert and key contributor to the facility's construction, who fought as a member of the emergency response team and whose body remains were held in Gaza, and our employees Ilana Grichevsky and Matan Tsangawker, who were taken hostage. The attack specifically targeted critical infrastructures, including the kibbutz's dining hall, agricultural enterprises, industrial facilities, and our Southern Facility. The Southern Facility was subjected to extensive destruction, resulting in the near-total devastation of its cultivation areas, greenhouses, irrigation systems, electrical infrastructure, security systems and water supply. The facility was rendered completely inoperative and uninhabitable. Following the arrival of the IDF and before full clearance of terrorist threats, a rescue operation was conducted to extract survivors, including two of our employees who hid in a secure room for many hours. Subsequently, under special authorization from IMCA, a highly complex and dangerous mission was conducted to salvage what remained of our proprietary genetic bank, a unique and irreplaceable asset developed over years of research and cultivation, under hostile conditions and continuing security threats, with the support of elite IDF units. As a result of the events of October 7, 2023, on October 8, 2023, the Security Cabinet of the State of Israel declared war on Hamas and a military campaign ensued, then Hamas and other armed groups have continued to conduct attacks, including rocket, missile and drone attacks and other hostile activity, from multiple fronts. As a result, the Israeli government declared that the country was at a state of war and the Israeli military began to call-up reservists for active duty. In the period that followed, the Southern Facility was requisitioned by the IDF and temporarily converted into a military base supporting operations in southern Gaza. In March 2024, following the IDF's withdrawal from the area, we commenced an extensive and challenging process of restoration and restructuring.

Since the beginning of the war, during October 2023, we have been impacted by absence of personnel in Israel. However, as of the date of this Annual Report, except for the personnel employed at our Southern Facility in Nir Oz, all of our personnel and the personnel at our service providers or counterparties located in Israel have returned to full capacity, and we are not currently impacted by any absences of personnel for active reserve duty service or other wise. Military service call-ups that result in absences of personnel from us for an extended period of time may materially and adversely affect our business, prospects, financial condition and results of operations.

Since October 7, 2023, the Southern Facility in Nir Oz was initially designated by the Israeli authorities as a closed military area. As of the date of this Annual Report, the Southern Facility is no longer a closed military area, and the Company continues its process of its restoration as part of its war recovery plan. The rehabilitation efforts are progressing according to the Company's plans and remain an essential part of its recovery. According to Israeli law, due to the location of the Company's Southern Facility, the Company is entitled to receive from Israeli authorities' full compensation for all the direct and indirect damages caused to the Southern Facility by the terrorist attack and the war in Gaza. Our management and advisers are working diligently with the Israeli authorities to obtain this full compensation. To date, the Company has already received tens of millions of shekels as advance payments from the Israeli authorities in relation to such compensation. Further, in February 2025, we announced the completion of our recent financing, securing NIS 66 million (approximately $18.2 million) to support the recovery of the Southern Facility. The financing also included the issuance of warrants which may further increase the proceeds up to a total of approximately NIS 107 million (approximately $29.8 million) if fully exercised, to support the post-war expansion of the facility, expected to take place in collaboration with the "Tkumah" administration. The completion of the financing included the receipt of funds under a loan agreement from a leading Israeli bank. However, there can be no assurance that the conflict will not continue, widen, or re-escalate, or that additional security restrictions, logistical disruptions, damage to facilities, interruptions to utilities or transportation, or further mobilizations will not occur. Any such developments could delay our restoration and expansion plans, increase costs, disrupt supply chains and distribution, adversely affect demand, and materially and adversely affect our business, financial condition and results of operations.

As of the date of this Annual Report, a ceasefire arrangement with Hamas has been reached in the southern front, and the overall level of hostilities has decreased. However, the broader regional instability are difficult to predict, as are its economic implications on the Company's business and operations and on Israel's economy in general. Since the October 2023 attacks and the ensuing hostilities, the conflict involved active military operations and heightened security conditions, including tensions and periodic exchanges of fire along Israel's northern border with Lebanon (including Hezbollah), continued volatility involving Iranian-backed groups in the region, and disruptions to regional trade and transportation routes, including in the Red Sea. If the conflict resumes, persists for a prolonged period or escalates further, our operations may be adversely affected.

Since the commencement of these events, there have also been hostilities along Israel's northern border with Lebanon (with the Hezbollah) and on other fronts from various extremist groups in the region, such as the Houthis in Yemen and various rebel militia groups in Syria and Iraq and Palestinian groups in the West Bank. The conflict has involved attacks and attempted attacks involving rockets, missiles, drones and other weapons, and intermittent disruptions to civilian and commercial activity. In addition, Iran has launched direct attacks on Israel involving drones and missiles, has threatened to continue to attack Israel and is the subject of international concern regarding its nuclear program. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza, Hezbollah in Lebanon, and the Houthi movement in Yemen and various rebel militia groups in Iraq. On June 13, 2025, Israel launched a strike against Iran, aimed to disrupt Iran's capacity to coordinate or launch hostilities against Israel. Iran has retaliated in response, firing missiles and drones at Israeli military and civilian infrastructure. As of the date of this Annual Report, a ceasefire agreement has been reached also with Lebanon (with respect Hezbollah), and with Iran; however, there is no assurance that such agreements will be upheld and military activity and hostilities may continue to exist at varying levels of intensity. The continuation of the conflict has led to heightened security concerns, potential disruptions to business operations, supply chains and logistics, and economic instability. Further military actions, restrictions, or government-imposed measures could adversely affect our operations, supply chains, and financial condition.

At this time, although hostilities have decreased, it remains difficult to predict whether and to what extent hostilities may resume or escalate, or to predict how this conflict will ultimately affect Israel's economy in general, including the potential for further credit rating actions, changes in foreign investment, currency volatility, inflationary pressures, or reduced economic activity. Credit rating agencies have previously taken actions with respect to Israel's credit rating and outlook, and additional actions or continued negative outlooks could further increase borrowing costs and contribute to market volatility. We continue to monitor the situation closely and examine the potential disruptions that could adversely affect our operations. These situations remain volatile and could escalate in the future to more violent events which may affect Israel and us. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions, could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business may decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements, when necessary, in order to meet our business partners face to face.

Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. In recent years, the hostilities involved missile strikes against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants are located, and negatively affected business conditions in Israel.

Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East. However, under Israeli Law, the Company is entitled to full compensation from the Israeli governmental authorities for all direct and indirect damages suffered to the Company's southern site. To date, we already received tens of millions of shekels as partial advanced payments from the Israeli authorities. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Finally, political conditions within Israel may affect our operations. We have operations and personnel in Israel, and a portion of our business activities, including certain key functions, are conducted there. In recent years, Israel has experienced periods of political uncertainty, including multiple election cycles, as well as significant public debate and protests relating to proposed changes to Israel's judicial system, some of which have been delayed or placed on hold. Actual or perceived political instability, changes in governmental policy or priorities, legislative or regulatory changes, civil unrest, or other adverse political developments could negatively affect the Israeli economy, investor and consumer confidence, and the general business environment and could disrupt our ability to operate effectively in Israel, including through delays in decision-making, increased costs, or reduced productivity. Any of these developments, individually or in the aggregate, could adversely affect our business, financial condition, results of operations and growth prospects.

Our operations may be disrupted as a result of the obligation of Israeli citizens to perform military service.

Many Israeli citizens, including some of our management team, are obligated to perform up to 36 days, and in some cases longer periods, of military reserve duty annually until they reach the age of 41 (or older, for citizens who hold certain positions in the Israeli armed forces reserves) and, in the event of a military conflict or emergency situation, could be called to immediate active duty for extended periods of time. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists.

It is possible that there will be large-scale military reserve duty call-ups in the future, similar to the call-ups after October 7, 2023. Our operations could be disrupted by such call-ups, which may include the call-up of our employees, which could materially adversely affect our business. Additionally, the absence of a significant number of the employees of our Israeli suppliers and third-party subcontractors related to military service or the absence for extended periods of one or more of their key employees for military service may disrupt their operations which may subsequently disrupt our operations.

The rights and responsibilities of our shareholders are governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

Since we are incorporated under Israeli law, the rights and responsibilities of our shareholders are governed by our amended and restated articles of association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders of U.S.-based corporations. In particular, a shareholder of an Israeli company, such as us, has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards us and other shareholders and to refrain from abusing its power in us, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to our articles of association, an increase of our authorized share capital, a merger and approval of related party transactions that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholders vote or to appoint or prevent the appointment of an office holder of ours or other power towards us has a duty to act in fairness towards us with regard to such vote or appointment.

Provisions of Israeli law may delay, prevent or otherwise impede a merger with us, or an acquisition of us, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date that a merger proposal was filed by each merging company with the Israel Registrar of Companies and at least 30 days from the date that the shareholders of both merging companies approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a full tender offer can only be completed if the acquirer receives at least 95% of the issued share capital; provided that, pursuant to an amendment to the Companies Law, a majority of the offerees that do not have a personal interest in such tender offer shall have approved the tender offer; except that, if the total votes to reject the tender offer represent less than 2% of our issued and outstanding share capital, in the aggregate, approval by a majority of the offerees that do not have a personal interest in such tender offer is not required to complete the tender offer, and the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, petition the court to alter the consideration for the acquisition (unless the acquirer stipulated in the tender offer that a shareholder that accepts the offer may not seek appraisal rights and the acquirer or the company published all required information with respect to the tender offer prior to the tender offer's response date).

Additionally, if any of our shareholders acquires, holds, or has control of or direction over 5% or more of our outstanding shares or a person obtains control of a 5% or more holder of our ordinary shares, without procuring the prior approval from the IMCA or other relevant regulatory authority, the licenses issued to us by the IMCA to conduct our cannabis-related activities in Israel may be suspended or revoked. Under our amended and restated articles of association, if any person acquires, holds, or has control of or direction over more than 4.99% of our outstanding ordinary shares at any time without receiving prior approval from the IMCA or other relevant regulatory authority, then in light of the provisions of the license granted to the Company by IMCA, the Company will have the right to decide whether to forfeit the shares without consideration, and/or to declare that come of the shares held by that shareholder shall be dormant so that following the process of forfeiture and/or declaration of such shares being dormant, such shareholder shall no longer be an interested party of the Company, which decision shall be made by the Company's Board of Directors.

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to those of our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no actual disposition of the shares has occurred.

These and other similar provisions could delay, prevent or impede an acquisition of us or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders.

We may not be able to enforce covenants not to compete under applicable laws, and therefore we may be unable to prevent our competitors from benefiting from the expertise of some of our former employees. In addition, employees may be entitled to seek compensation for their inventions irrespective of their agreements with us, which in turn could impact our future profitability.

We generally enter into non-competition agreements with our employees and key consultants. These agreements prohibit our employees and key consultants, if they cease working for us, from competing directly with us or working for our competitors or clients for a limited period of time. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work and it may be difficult for us to restrict our competitors from benefitting from the expertise our former employees or consultants developed while working for us. For example, Israeli courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the secrecy of a company's confidential commercial information or the protection of its intellectual property. If we cannot demonstrate that such interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished. Under the Israeli Patent Law, 5727-1967 (the "Patent Law"), inventions conceived by an employee during the scope of his or her employment with a company and as a result thereof are regarded as "service inventions," which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no agreement between an employer and an employee with respect to the employee's right to receive compensation for such "service inventions," the Israeli Compensation and Royalties Committee, a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for his or her service inventions and the scope and conditions for such remuneration. Although our employees have agreed to assign to us service invention rights, as a result of uncertainty under Israeli law with respect to the efficacy of waivers of service invention rights, we may face claims demanding remuneration in consideration for assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and former employees, or be forced to litigate such claims, which could negatively affect our business.

Investors may have difficulties enforcing a U.S. judgment, including judgments based upon the civil liability provisions of the U.S. federal securities laws, against us or our executive officers and directors, or asserting U.S. securities laws claims in Israel.

None of our directors or officers are residents of the United States. Most of our directors' and officers' assets and our assets are located outside the United States. Service of process upon us or our non-U.S. resident directors and officers and enforcement of judgments obtained in the United States against us or our non-U.S. directors and executive officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our officers and directors reasoning that Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our officers and directors.

Because a certain portion of our expenses is incurred in currencies other than NIS, our results of operations may be harmed by currency fluctuations and inflation.

Our reporting and functional currency is the NIS, but some portion of our operational expenses are in U.S. dollars, Euros and Canadian dollars. As a result, we are exposed to some currency fluctuation risks. We may, in the future, decide to enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rate of the currencies mentioned above in relation to the NIS. These measures, however, may not adequately protect us from adverse effects.

Our operations may be affected by negative labor conditions in Israel.

The threat of strikes and work stoppages occur relatively frequently in Israel. If Israeli trade unions threaten strikes or work stoppages and such strikes or work stoppages occur, those may, if prolonged, have a material adverse effect on the Israeli economy and on our business, including our ability to deliver our products and to receive raw materials from our suppliers in a timely manner.

Risks Related to Ownership of Our Ordinary Shares

There is no guarantee that our ordinary shares will earn any positive return in the short term or long term.

A holding of our ordinary shares is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of our ordinary shares is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

Dual listed shares may be exposed to increased volatility.

The Company's listing on each of the TASE and Nasdaq may increase volatility due to the ability to buy and sell ordinary shares in two places, different market conditions in different capital markets, and different trading volumes and trading times. This may result in less liquidity on each exchange, different liquidity levels, and different prevailing trading prices.

If any person acquires, holds, or has control of or direction over 5% or more of our outstanding shares or any person obtains control of a holder of 5% or more of our shares, without procuring the prior approval from the IMCA, the licenses issued to us by the IMCA to conduct our cannabis-related activities in Israel may be suspended or revoked. Under our amended and restated articles of association, if any person acquires, holds, or has control of or direction over more than 4.99% of our outstanding ordinary shares at any time without receiving prior approval from the IMCA, the ordinary shares held by that person in excess of such limit will automatically become dormant shares.

The directives and guidelines issued by the IMCA and the terms of the licenses issued to us by the IMCA to conduct our cannabis-related activities ("IMCA Licenses"), impose certain requirements that prohibit any person from directly or indirectly acquiring, holding or maintaining control of or direction over 5% or more of our issued share capital and voting power without first obtaining the prior approval of the IMCA (the "Approval Requirement"). The terms of our IMCA Licenses provide that the IMCA Licenses may be suspended or revoked in the event of a breach of the Approval Requirement.

We have implemented measures in our amended and restated articles of association in order to mitigate the risk of a contravention of the Approval Requirement and a resulting risk of expiry of our IMCA Licenses. Under our amended and restated articles of association, if any person acquires, holds, or has control of or direction over more than 4.99% of our outstanding ordinary shares at any time without having complied with the Approval Requirement, then in light of the provision of the license granted to the Company the IMCA, the Company will have the right to make the Decision through its Board of Directors. These measures are designed to ensure that the number of ordinary shares acquired or held by any person, or over which a person has the authority to exercise direction or control, is at all times no more than 4.99% of the issued and outstanding ordinary shares unless such holder has obtained prior approval from the IMCA.

There can be no assurance that the IMCA will consider these provisions of our amended and restated articles of association as sufficient to prevent the lapse of our IMCA Licenses in the event that a person exceeds the 4.99% limit in breach of the Approval Requirement. The directives and guidelines issued by the IMCA imposing limitations on the holdings of shares in license holders and certain other aspects of the Israeli cannabis laws have recently undergone changes and the restrictions applicable to license holders remain subject to interpretation. At this time, only limited guidance is available regarding the application thereof and, in particular, with respect to a publicly traded company. In the event a person exceeds the 4.99% limit or a person obtains control of a 5% or more holder of our ordinary shares, including whether passively, incrementally, or by any other means, without having complied with the Approval Requirement, the IMCA may take the position that our IMCA Licenses have automatically lapsed as a result. The suspension or revocation of the IMCA Licenses could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Further, there can be no assurance that the necessary approvals from the IMCA or other relevant regulatory authority for any of the above matters will be obtained in a timely manner, or at all. These provisions could delay, prevent or impede the acquisition of our shares, even if such an acquisition would be beneficial to us or to our shareholders.

Our management and a limited number of major shareholders have a substantial ownership interest, and the availability of the Company's ordinary shares to the investing public may be limited.

The Company's Chief Executive Officer and Chairman, Alexander Rabinovich, holds directly, or through indirect beneficial ownership, 30.21% of the Company's voting power and, with other executive officers, directors and their affiliates, Company insiders hold directly, or through indirect beneficial ownership, in the aggregate, approximately 30.97% of the Company's outstanding ordinary shares. These persons will have substantial control over the operations of the Company, including the election of directors and approval of significant corporate transactions such as acquisitions and approval of matters requiring stockholder approval. Due to the high concentration of ownership of the Company's ordinary shares among the Company's executive officers, directors and a limited number of major shareholders, the availability of InterCure's ordinary shares to the investing public could be limited, which could negatively impact the trading price of InterCure's and affect the ability of minority stockholders to sell their shares. Future sales by executive officers, directors and their affiliates of all or a portion of their shares could also negatively affect the trading price of our ordinary shares. This concentration of ownership could also have the effect of delaying or preventing a third party from acquiring control of the Company at a premium.

If securities or industry analysts do not public research or reports about our business, or if they downgrade our ordinary shares, the price of our ordinary shares could decline.

The trading market for our ordinary shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysists. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the price of our ordinary shares would likely decline. In addition, if our results of operations fail to meet the forecast of analysts, the price of our ordinary shares would likely decline. If one or more of these analysts cease to coverage of our company or fail to publish reports on us regularly, demand for our ordinary shares could decrease, which might cause the price and trading volume of our ordinary shares to decline.

Your percentage ownership in us may be diluted by future issuances of share capital, which could reduce your influence over matters on which shareholders vote.

Our board of directors has the authority, in most cases without action or vote of our shareholders, to issue all or any part of our authorized but unissued shares, including ordinary shares issuable upon the exercise of outstanding warrants and options or ordinary shares issued in future acquisitions. Any further issuances will result in immediate dilution to existing shareholders and may have an adverse effect on the value of their shareholdings. Issuances of additional shares would reduce your influence over matters on which our shareholders vote. As to the ability of shareholders to exert influence, see also "Item 3.b – Risk Factors- Risks Related to Ownership of Our Ordinary Shares"— Our management and a limited number of major shareholders have a substantial ownership interest, and the availability of the Company's ordinary shares to the investing public may be limited".

We have not paid dividends on our ordinary shares and, therefore, unless our traded securities appreciate in value, our investors may not benefit from holding our securities.

We have not paid any cash dividends on our ordinary shares since inception. We do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future. Moreover, the Companies Law imposes certain restrictions on our ability to declare and pay dividends. As a result, investors in our ordinary shares will not be able to benefit from owning these ordinary shares unless their market price becomes greater than the price paid by such investors and they are able to sell such ordinary shares. We cannot assure you that you will ever be able to resell our ordinary shares at a price in excess of the price paid.

We could fail to regain compliance and maintain the listing of our securities on Nasdaq, which could seriously harm the liquidity of our shares and our ability to raise capital.

Companies trading on Nasdaq, such as our company, must meet Nasdaq's listing requirements in order to maintain the listing of its shares on Nasdaq. If we do not meet these requirements, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of shareholders to sell their securities in the secondary market.

On February 25, 2026, we received a written notice from Nasdaq indicating that we are not in compliance with the minimum bid price requirement for continued listing set forth in Nasdaq Listing Rule 5550(a)(2), which requires listed securities to maintain a minimum bid price of $1.00 per share. Under Nasdaq Listing Rule 5810(c)(3)(A), we were granted a period of 180 calendar days to regain compliance with the minimum bid price requirement, or until August 24, 2026. There is a risk that we could be subject to additional notices of delisting for failure to comply with Nasdaq Listing Rule 5550(a)(2) or other Nasdaq Listing Rules and no assurance can be given that we will remain eligible to be listed on Nasdaq. If we do not regain compliance with Nasdaq Listing Rule 5550(a)(2), our ordinary shares will be subject to delisting.

A delisting from Nasdaq would likely result in a reduction in some or all of the following, each of which could have a material adverse effect on shareholders:

- the liquidity of our ordinary shares;
- the market price of our ordinary shares;
- the availability of information concerning the trading prices and volume of our ordinary shares;
- our ability to obtain financing or complete a strategic transaction;
- the number of institutional and other investors that will consider investing in our ordinary shares; and
- the number of market markers or broker-dealers for our ordinary shares.

Our U.S. shareholders may suffer adverse tax consequences if we are characterized as a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes.

We will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of our gross income is "passive income" or (ii) on average at least 50% of our assets by value produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. Based on our analysis of our income, assets, and operations, we do not believe that we were a PFIC for 2025. Because the PFIC determination is highly fact intensive, there can be no assurance that we will not be a PFIC for 2026 or for any other taxable year. If we were to be characterized as a PFIC in any taxable year, a U.S. Holder (as defined below in "*Material Tax Considerations—Certain United States Federal Income Tax Considerations*") may incur significantly increased U.S. income tax on gain recognized on the sale or other disposition of our ordinary shares and on the receipt of distributions on our ordinary shares to the extent such gain or distribution is treated as an "excess distribution" under the U.S. federal income tax rules and such holder may be subject to burdensome reporting requirements. Further, if we are a PFIC for any year during which a U.S. Holder holds our ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ordinary shares. A U.S. Holder may be able to alleviate some of these adverse tax consequences by timely making a "qualified electing fund" ("QEF"), election or a "mark-to-market" election. It is not expected that a U.S. Holder will be able to make a QEF election because we do not intend to provide U.S. Holders with the information necessary to make a QEF election.

U.S. Holders are urged to consult their own tax advisors regarding the application of the PFIC rules. For more information, see "Item 10.E. — Material Tax Considerations—Taxation of U.S. Holders—Passive Foreign Investment Company".

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company.

InterCure Ltd. is an Israeli public corporation incorporated in November 1994 under the Israeli Companies Ordinance [New Version] 5743-1983. Our shares are listed for trading on the Nasdaq under the symbol "INCR" and on the TASE under the symbol "INCR". Our principal executive offices are located at 85 Medinat ha Yehudim Street, 4676670 Israel. Our telephone number in Israel is +972 77 460 5012. Our website address is http://www.intercure.co. The information contained on our website or available through our website is not incorporated by reference into and should not be considered a part of this Annual Report, and the reference to our website in this Annual Report is an inactive textual reference only. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our filings with the SEC will also be available to the public through the SEC's website at www.sec.gov.

Previously, our shares were listed on the Toronto Stock Exchange ("TSX") under the symbol "INCR:U". In August 2023, following approval by the TSX of our request to delist our ordinary shares from trading on the TSX, our shares were delisted from trading on the TSX.

We currently own all of the issued and outstanding shares of Canndoc, Pharmazone, Leon Pharm and Cannolam and other holdings in additional pharmacies and trade houses.

We (more specifically through Canndoc) are a pioneer in the production (including the breeding, cultivating and processing), manufacturing and distribution of pharmaceutical-grade cannabis and cannabis-based products for medical use. For more than 18 years, we have been a leader in the licensed production and distribution of cannabis and cannabis-based products throughout Israel, one of the first countries with a governmentally-sanctioned regime for the production, manufacturing and distribution of cannabis for medical use. Our goal is to be a global leader in the production and distribution of high-quality pharmaceutical-grade cannabis-based branded products to patients in all territories that permit and regulate the distribution of pharmaceutical-grade cannabis, including Israel, the European Union and Australia.

Notwithstanding our plans for growth, we will operate only in countries where cannabis may be legally used for medical purposes and permitted under all applicable laws. Despite being authorized for medical and adult use by many U.S. states, we do not, nor do we plan to, produce, process or distribute cannabis in the U.S. while it remains a controlled substance with no currently accepted medical use under U.S. federal law.

We were an early leader in the global medical-use cannabis market and we were one of the first licensed producers of cannabis for medical use in Israel, where medical use of cannabis has been permitted and regulated since 2008. Our pharmaceutical-grade cannabis products are manufactured using processes that are certified and in compliance with the IMCA standards, including IMC-GMP standards, which are substantially similar to the Good Manufacturing Practice of the European Union ("EU-GMP") standards. GMP certification is an internationally recognized standard that is the primary quality standard that pharmaceutical companies must meet in their production processes. Leveraging our more than 18 years of experience in the medical cannabis business, we have developed production methods for consistent batches with well-defined cannabinoid profiles by following strict protocols, utilizing proprietary cannabis genetics and leveraging our scalable climatized greenhouse technology. All of our products are analyzed by IMCA-certified laboratories using established testing procedures that ensure standardized cannabinoid compound ratios and potency, or cannabinoid profiles.

In addition to our pharmaceutical-grade cannabis operations, we also maintain a biomed investment segment, which currently represents a non-material portion of our overall activities and includes strategic investments in life sciences and medical innovation opportunities.

We believe that our future growth is dependent upon our ability to further develop and commercialize our extensive know-how regarding the production of high-quality pharmaceutical-grade cannabis and on our success in implementing our plans to increase our production capabilities and to expand our global distribution network, enabling us to distribute our products in Israel, the European Union and Australia.

We have two main production facilities: the Northern Facility and the Southern Facility.

The Southern Facility is located in Nir Oz in southern Israel, with a gross area of 1.7 million square feet. Prior to October 7, 2023, this facility was operating in its first phase of development which used 600,000 square feet of which 300,000 square feet were fully developed and operational of the available space and produced seven to ten tons of cannabis annually.

Since October 7, 2023, Israel has been subject to several attacks, heightened hostilities and periodic escalations, including in the Gaza Strip and along Israel's northern border. In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets including our Southern Facility, located in Nir Oz that suffered devastating damage. Following these events, the area in and around the Southern Facility was designated by the Israeli authorities as a closed military area and has been used by the IDF, including, among others, the IDF Medical Corps. As of the date of this Annual Report, we remain in in the process of restoring the Southern Facility, as part of its war recovery plan. The Company is continuing to engage with the Israeli authorities to obtain full compensation for the damages arising from the hostilities while continuing the rehabilitation of the site, a process that remains ongoing and essential for its recovery. However, there is no certainty that we will be able to restore our Southern Facility and to obtain any compensation from the Israeli authorities. Our strategic plan not only envisions the restoration of the Southern Facility but also aims to triple its capacity, positioning it to become one of the largest and most advanced medical cannabis cultivation sites in the world.

For additional information, see "Item 3.D — Risk Factors — Risks Related to Our Incorporation and Operations in Israel — Conditions in the Middle East and in Israel may harm our operations".

In the event that the Southern Facility will become fully operational at its maximum capacity and all regulatory approvals are received, full operation of its facility will allow us to produce approximately 88 tons of pharmaceutical-grade cannabis per year in the Southern Facility. We plan to bring our facilities located in the Southern Facility to their full operational capacity subject to increased demand for our products, finalization of export regulations from Israel and the import regulations to the European Union and other regulatory approvals that are required for the expansion of production. The Company is currently in the initial stages of plans regarding the expansion of our capacity in the Southern Facility.

In addition, we also operate the Northern Facility, a production facility with a gross area of 55,000 square feet, which can produce up to three tons of pharmaceutical-grade cannabis per year. We have the option to expand our production area in this facility to a total of approximately 160,000 square feet, which would increase our total production capacity to up to 10 tons of pharmaceutical-grade cannabis per year.

In Israel, we distribute our products through licensed retail pharmacy locations, where patients may fill their prescriptions on site or have our products delivered directly to their residence. To diversify and expand our global production and distribution capabilities to meet current and future demand in our target markets, we have entered into agreements to establish joint ventures, supply and distribution arrangements in the European Union and Canada with local producers and distributors that have significant distribution networks. As of the day of this Annual Report, none of our products have been distributed through any of our distribution partnerships. We anticipate that we will be able to commence distributions after meeting local regulatory requirements and desired price range. While some of the distribution agreements we signed with partners in both Canada and the European Union are no longer valid, we continuously seek out for new strategic agreements with partners in the target markets.

We plan to have our products distributed globally under the "CANNDOC" brand, produced by us or through our partnerships, and manufactured under GMP standards. As of the date of this Annual Report, our products have not yet been distributed through our partnerships. Our ability to do so is impacted by various regulatory matters, as regulatory permits and licenses are currently required for the import, export and distribution of cannabis products in the jurisdictions where we operate. As such, the regulatory regime present in these jurisdictions has a direct impact on our business and our ability to grow it.

Through our subsidiaries, we operate the first and leading chain of private pharmacies focused on medical cannabis in Israel which includes 26 pharmacies and stores across Israel, the UK and Austria under different brands, including Givol™, Leon Pharm, Max Pharm and Cookies.

Out of the 26 pharmacies and stores, 25 already possess permits and licenses for distributing medical cannabis. The remaining one is at development stages, and there can be no assurance as to when, or if, such development of will be successfully completed and the necessary permits and licenses will be obtained.

In July 2024, we completed the purchase of Leon Pharm Ltd. ("Leon Pharm"), a leading, Israel-based pharmacy chain located in major cities throughout Israel specializing in dispensing medical cannabis in Israel, by way of a share purchase of all of the issued and outstanding share capital of Leon Pharm. Established in 1988, Leon Pharm is one of the leading private pharmacy chains in Israel, specializing in the customization of pharmaceutical products and cannabis for patients along with providing a high level of professional service. The transaction is accretive to the Company's business.

We have not completed any clinical trials using cannabis or cannabis-based products to date. We have received IMCA feasibility approval to initiate nine clinical trials and have commenced one phase 3 clinical trial. We initiated a phase 3 clinical trial in a leading Israeli medical center to study our product's influence on cognitive and adjacent capabilities on children who are on the autistic spectrum. Patients' recruitment for the trial was initiated but was stopped due to COVID-19 challenges, and as of the date of this Annual Report, the trial is not expected to be reinitiated.. Our clinical studies program experienced significant setbacks in 2020 and 2021 as a result of COVID-19, and at this point, we remain uncertain as to when the studies will be initiated. Additionally, due to significant delays in our clinical program timeline and changes in market conditions, we are currently considering the possibility of canceling the clinical program as it may no longer be relevant to our current operations.

B. Business Overview.

InterCure has 13 direct subsidiaries:

- Canndoc's operations are focused on the production (including the breeding, cultivating, importing and processing), manufacturing, exporting and distribution of pharmaceutical-grade cannabis and cannabis-based products for medical use.
- Cannolam's operations are focused on the establishing and operating of dedicated pharmacies for the distribution of pharmaceutical-grade cannabis under the brand name "Givol", including "Cookies"-branded location. In addition, Cannolam is looking to establish a distribution network for recreational cannabis and cannabis products throughout Israel, primarily through licensing and distribution agreements, to become effective once the recreational use of cannabis for adults over the age of 21 is legalized in Israel.
- Leon Pharm's operations are focused on managing and operating a leading private pharmacy chain across major cities in Israel, specializing in dispensing medical cannabis products and personalized pharmaceutical services.
- Pharma Zone's operations are focused on the management and operation of the Pharma Zone trade house which operates as a distributor of medical cannabis products to pharmacies across Israel.
- Bio Max Pharm's operations are focused on managing and operating two pharmacies in Holon and Rishon Lezion.

- Club Pharm Ltd.'s operations are focused on managing and operating a medical cannabis pharmacy in the commercial center (M-Haderh) in the Emek Hefer district.
- GreenLog Global Ltd.'s operations are focused on managing and operating the Greenlog trade house which operates as a distributor of medical cannabis products to pharmacies across Israel.
- Doron Pharmacy Ltd.'s operations are focused on managing and operating a medical cannabis pharmacy in the city of Ra'anana.
- Ahuza Pharmacy D.Y.'s operations are focused on managing and operating a pharmacy in the city of Ra'anana. The Ahuza pharmacy is yet to be approved for selling medical cannabis.
- Orni Pharmacy Ltd.'s operations are focused on managing and operating a pharmacy in the city of Tel-Aviv.
- Arihut Yamim Pharmacy Ltd.'s operations are focused on managing and operating a pharmacy in the city of Ashdod. As of the date of this Annual Report, we have asserted claims against the prior owners in relation to this company. A legal dispute is currently ongoing.
- Amidar Pharmacy Ltd.'s operations are focused on managing and operating a pharmacy in the city of Naharia.
- Medicine Center G.G Pharmacy Ltd.'s operations are focused on managing and operating a pharmacy in the city of Bnei Brak.

In addition, we hold shares of companies in the biomed segment, including F.O.R.E Biotherapeutics Ltd. and Cavnox Ltd. We also have equity investee in Cannassol Ltd., which operates in the cannabis research and development field.

Our Strengths

We believe our key competitive strengths include the following:

We have been a pioneer of cannabis for medical use for over 18 years. We have been producing cannabis for medical use since 2008 and are one of the first licensed producers and distributors of cannabis and cannabis-based products in Israel. We were the first to import cannabis for medical use into Israel for distribution in the Israeli market and we were the first to export cannabis for medical use to a country in the European Union.

Our products and processes meet the highest standards required by regulators for the whole value-chain of pharmaceutical-grade cannabis. We were one of the first cannabis companies in Israel to supply products that meet the GMP standards established by the IMCA. Our facilities and the production processes implemented in them are certified under the IMC-GAP standards and comply with the Good Agriculture Collection Practices ("GACP") following an audit made by an EU-GMP-certified entity. Finally, our distributors, including pharmacies, store and distribute our products using facilities and processes that meet the IMC-GDP standards. Our products comply with the highest standards, and we believe our products will be competitive in any medical-use cannabis market.

Strategic Partnerships. We have entered into long-term exclusive strategic partnerships with leading companies of the industry. We have exclusive long-term partnerships with Tilray, Organigram, Charlotte's Web Inc. (TSX: CWEB) (OTCQX: CWBHF) ("Charlotte's Web"), Cookies, Tyson, Binske and Helios brands. These partnerships provide us with product sources and access to our partner's facilities. This allows us to increase our global footprint and provide access to increased raw material if we need it to meet demand. Together with our local and EU production and distribution channels, we are able to create a dynamic international supply chain for our GMP-branded products.

Expansion into the CBD market. Our strategic partnership with the a global leader in hemp extracts, Charlotte's Web, was the first partnership we undertook in the CBD space. This agreement includes long-term exclusive distribution rights of Charlotte's Web's products in Israel and further non-exclusive distribution rights in the European market. This strategic partnership entails research and development, new product development in Israel, the supply of raw material for Israeli industrialists and manufacturing in Israel and Europe. The noted partnership is subject to the receipt of the required regulatory approvals and the removal of CBD from the Israeli Dangerous Drug Ordinance ("DDO"). Although the delisting of CBD from the illegal substance list has been a topic of discussion among various government officials in Israel, political changes in Israel since December 2022 has resulted in the uncertainty of when, or if, the legislation will proceed. In August 2023, the IMCA published a report titled "Comprehensive reform in the field of medical cannabis - enabling regulation". The report contemplated the possible exclusion of certain CBD products containing only trace amounts of tetrahydrocannabinol, or THC, from the DDO, and included indicative implementation timelines. Implementation of the broader reform has been gradual, and, as of the date of this Annual Report, the proposed exclusion of CBD from the Dangerous Drugs Ordinance has not been implemented. Accordingly, CBD remains classified as a dangerous drug under Israeli law and remains subject to the regulatory regime applicable to cannabis generally, including applicable licensing and oversight requirements. There can be no assurance as to the timing, scope or content of any future regulatory action in this area. Our ability to develop, import, market or sell CBD products in Israel will depend on the final form of any applicable regulations and our ability to comply with them.

We have developed rigorous, cultivation and harvest protocols to ensure consistency, quality and efficiency as we increase the scale of our operations globally. We pride ourselves on consistently delivering high-quality products with precise chemical compositions using scalable and efficient production techniques. We have leveraged our extensive production experience and proven protocols while expanding our production capabilities at our sites in Israel. We have entered into agreements to establish joint ventures, supply and distribution arrangements in the European Union and Canada with local producers and distributors that have significant distribution networks. We have developed production techniques that enable us to maintain a low-cost structure as we further scale our operations. We currently utilize climatized greenhouses instead of more costly indoor facilities in order to produce GMP-certifiable products at a lower cost.

We are developing a global distribution network. We distribute pharmaceutical-grade cannabis products in Israel (using authorized distributors that are IMC-GDP certified) to all of the pharmacies in Israel that are authorized to distribute cannabis products. In addition, through our subsidiaries, we operate the first and leading chain of private pharmacies focused on medical cannabis in Israel which includes 26 pharmacies and stores across Israel the UK and Austria under different brands including Givol™, Max Pharm, Leon Pharm and Cookies. Out of the 26 pharmacies, 25 already possess permits and licenses for distributing medical cannabis. The remaining three are at various stages of development, and there can be no assurance as to when, or if, the development of these pharmacies will be successfully completed and the necessary permits and licenses will be obtained; while some operate like regular pharmacies selling prescription and over-the-counter medicines, others are still under construction or awaiting regulatory approval. We are in the process of obtaining licenses for these additional three pharmacies.

We have entered into a distribution agreement with a pharmaceutical distributor in Germany. While the success of our current collaborations depends on a number of factors, including in some instances the passage of favorable amendments to the laws regarding the import and export of cannabis, we believe that we are well positioned to quickly monetize such collaborations once they become operational. However, due to changes in market conditions and quality levels, certain partnerships have become less relevant to us. As a result, we have undertaken a thorough review of our partnerships and have decided to reassess and potentially discontinue those that no longer meet our strategic objectives. For example, we recently terminated certain arrangements, including our partnership with the Danish company and our collaboration agreements with counterparties in the UK and Austria, which are no longer relevant to our current operations. This strategic decision reflects our ongoing commitment to focus on partnerships that align with our core business and will help us achieve our long-term growth objectives. However, we continue to monitor developments closely and will evaluate the appropriate timing for renewing operations in those jurisdictions.

We are a market leader in research and innovation within our industry. We engage in the research of agricultural techniques to improve the yield of cannabis plants and our production of various cannabinoids. Our research and development programs have also involved the development of high-quality protocols and elite genetics. Further, to ensure the quality and reliability of our products as well as the optimization of methods to provide more effective products, we engage in a series of analyses regarding our products.

We have a highly experienced leadership team. We believe our management team is amongst the most knowledgeable and experienced in the cannabis industry and consists of pioneers in the cannabis space, including our founder and president who is globally recognized as an expert cultivator of cannabis. As a long-term operator in this industry, our team has been at the forefront of assisting governments to develop regulations around the production and distribution of pharmaceutical-grade cannabis.

We focus on operational excellence. We have developed a quality management system that has enabled us to meet pharmaceutical-grade production standards while achieving and maintaining profitability. We believe that as we continue to grow, we will leverage our technologies and knowledge to optimize our operational efficiency while maintaining the highest level of safety and quality.

Our Strategies

Our goal is to be a global leader in the production and distribution of high-quality pharmaceutical-grade cannabis-based products to patients in all territories that permit and regulate the distribution of cannabis for medical use. To achieve this goal, we plan to implement the following strategies:

Focus only on high-quality cannabis products. We focus solely on high-quality pharmaceutical-grade cannabis for the treatment of medical conditions. Given our sole focus, we have accumulated more years of experience than most of our competitors in producing consistent pharmaceutical-grade cannabis under the highest quality standards. We believe that we have a head start to become a dominant player in this industry on a global level and will be competitive in all markets, including those with the strictest regulatory standards. In addition, subject to applicable local laws, we believe that our expertise and distribution capabilities have positioned us well for dominating the recreational cannabis and CBD market in Israel once, and if, Israeli regulations permit the sale of recreational cannabis and CBD products.

Focus only on territories that are fully-regulated medical-use cannabis markets. We believe that focusing on markets that have fully-regulated medical-use regimes provides us with legal certainty for our operations and enables us to leverage our high standards to gain an advantage when competing in these markets. We plan to leverage these benefits to expand our global footprint, maintain our reputation, strengthen our brand and broaden our access to capital.

Build a leading global brand. Our plan is to distribute all products produced by us, our joint ventures and our partners under two main global "Cookies" and "CANNDOC" brands and our sub-brands (including, "Indoor", "Diamonds", "Stars", "Utopia", "Cali", "Tyson", "Binske" and "Humboldt") in order to build global brand awareness of and loyalty to our pharmaceutical-grade products. We design our packaging to have a look and feel that is consistent with other prescribed medicines to reflect the pharmaceutical-grade quality of our products. Our packaging displays ratios of specific cannabinoid compounds and the required disclosures for the relevant jurisdiction of distribution. We believe this strategy will instill physician and patient confidence in us, leading to a greater adoption of our products.

Establish distribution networks in all territories with full regulation of the medical-use cannabis industry. In addition to our distribution networks in Israel, we are establishing distribution channels for our products in all fully-regulated markets, including Germany, the UK, Australia and Switzerland. Although to date none of our products have been distributed through any of our distribution partnerships, we anticipate that we will be able to commence distributions after meeting local regulatory requirements. We anticipate that these distribution channels will be established by way of joint ventures and distribution agreements with local licensed distributors to address both the current and anticipated demand for medical use cannabis. We have also established relationships with the distributors of pharmaceutical products in markets where we expect cannabis for medical use will become fully regulated in the near future. Establishing distribution capabilities with local partners will allow us to be an early mover and ultimately a leader in these future markets.

Optimize our supply by diversifying production capabilities and maintaining inventory to meet demand. We are continuing to expand our production capabilities in Israel to ensure that we have a sufficient supply of product available to enter the European Union market, including the German market, in the near term. Although our products are not currently produced in any European Union countries, we plan to implement a worldwide footprint to optimize our management of supply based on cost of production and to ensure that we have a consistent supply for the markets that we are targeting. For additional information, see "Item 4.B. Business Overview — Exclusive Partnerships—Germany", and "Item 4.B. Business Overview — Applicable Laws and Regulations—Germany".

Maximize operational efficiency. We made a strategic decision to outsource manufacturing and distribution operations to IMC-GMP and IMC-GDP certified third parties in 2016, when Israeli regulations significantly increased the costs of these functions. Beginning in 2020, with the acquisition of Cannolam, we expanded our business model to include distribution capabilities through our network of pharmacies. As we scale our operations and expand into larger markets outside of Israel, our management team plans to explore the commercial and operational benefits of returning to a vertically integrated model, including our ability to control the entire value-chain, from our genetics to the distribution of our branded products to pharmacies. We believe that our prior experience operating throughout the entire value chain enables us to achieve our goal of maximizing operational efficiency, whether vertically integrated or not, while maintaining our high quality.

Expand selective biomed investments. In addition to our core cannabis operations, we intend to continue evaluating selective opportunities in the biomed sector that complement our long-term strategy, with a focus on research and development initiatives that may create future strategic value.

Our Products

Our product portfolio consists of differentiated pharmaceutical-grade cannabis product brands. We develop our product brands to treat a wide variety of medical conditions and optimize results across a diverse population of patients. We believe patients choose our products because we are known for producing pure, precise and predictable pharmaceutical-grade products.

We believe that cannabinoids, terpenes and other bioactive compounds create beneficial therapeutic results when they work in synergy, an effect known as the "entourage effect". We do not create our cannabinoid profiles by combining isolated cannabinoid compounds from various sources. Instead, we utilize breeding and cultivation techniques to create stable and consistent levels of target cannabinoid profiles within each plant.

Our current portfolio of products is characterized by well-defined and reproducible cannabinoid profiles, formulated for stability, which are currently available in dried inflorescences or liquid oil form. Each of our products is derived from cannabis that is bred and cultivated in accordance with applicable GAP standards and manufactured under applicable GMP standards.

Cannabinoid Profiles

Our products are differentiated by profiles that reflect specified ratios and concentrations of the two principal cannabinoids in pharmaceutical-grade cannabis: CBD and THC. There are currently more than 100 identified cannabinoids, and we measure and analyze their concentrations in our products. We plan to measure and analyze any new cannabinoids that are identified in the future.

We take a scientific approach to our product development. Cannabis strains, selected for their biochemical composition, are systematically bred, cultivated and processed to produce a specific profile. Our products are tested using established laboratory testing procedures that ensure standardized cannabinoid ratios and potency.

As the landscape of the medical-use cannabis industry continues to evolve with the rapid pace of research and discovery, we continue to experiment with developing new and unique ratios of cannabinoids and other bioactive compounds for use in our products. We believe that our extensive genetic bank will give us an advantage in developing new products with optimal cannabinoid profiles.

Delivery Formats

We offer products in established delivery formats that facilitate the absorption of active compounds in a patient's body.

Our current portfolio of cannabis-based products for distribution in Israel includes the following delivery formats:

- Dried cannabis inflorescences, where the overall weight of cannabis (net) in each package is 10 grams.
- Cannabis extract mixed with oil, sold in bottles where the overall volume of product is 10 ml.

We plan to evaluate other markets, and develop products using delivery formats that address patient needs and preferences and comply with applicable regulatory requirements. With the development of scientific research and regulatory momentum, we may develop products in the future that use other delivery formats, such as capsules or patches. We plan to continue to develop formulations and delivery methods to achieve targeted delivery and sustained release.

We invested in launching and creating demand for our product brands, including by co-branding certain of our products with our exclusive partners. Our packaging displays ratios of specific cannabinoid compounds and the required disclosures for each relevant jurisdiction of distribution.

Below are pictures of the packaging for our branded pharmaceutical-grade products that are distributed in Israel. Our packaging for products to be sold in Germany and other jurisdictions will be similar but will reflect the applicable regulatory requirements in those territories.

Our Operations

With over 18 years of operations in the medical cannabis business, we have gained significant experience and know-how throughout the entire value chain of producing and distributing cannabis and cannabis-based products for medical use. We strive to ensure that the materials and processes that go into the production and manufacturing of our products comply with the highest standards.

Our current production operations together can produce up to 10 tons per year. Assuming our facilities are fully developed and operate at their maximum capacity, and all regulatory approvals are received, our operations allow for a maximum production capacity of over 100 tons of high-quality medical cannabis. This system enables us to be flexible and efficient, and to meet the standards required to execute commercial exports from Israel and to serve growing demand in Israel and around the world.

In addition, through strategic partnerships with leading license producers, we may have access to additional high quality medical cannabis on demand. For a more detailed description of our facilities, please see "Item 4.D. Property, Plant and Equipment" below.

Breeding

Our primary goal is to produce consistently, under the strictest standards, the highest-quality inflorescences from the cannabis plant, which we use as the raw material for our pharmaceutical-grade cannabis-based products. We focus on breeding genetic profiles that maximize production yields and maintain stable and consistent cannabinoid profiles.

We engage in the human-directed evolution of cannabis populations through the selective breeding and nurturing of various species of the cannabis plant. To achieve this, we leverage our extensive patient use and experience database to select and breed specific genetic profiles with the goal of isolating unique traits that may lead to improved patient outcomes.

Over the course of more than 18 years and numerous plant generations, we have bred a wide assortment of cannabis strains covering a variety of cannabinoid profiles. We have developed a proprietary genetic bank, covering dozens of unique cannabinoid profiles, from which we extract growth batches for our current breeding facility. Our breeding is conducted in incubation rooms that are separately housed and therefore isolated from the rest of our cannabis production facility.

During 2021, we applied and received full protected breeding rights on five of our strains. We are still in the process of applying for more protected breeding rights while we expend and stabilize our genetic bank and we intent to apply for protective rights in any jurisdiction in which such rights may be registered. See "— Intellectual Property".

Cultivation and Processing

In order to maintain a high degree of consistency across our production batches, we carefully optimize all elements of the cultivation process, including the light spectrum, temperature, humidity, radiation, irrigation, air circulation and soil-less substance in which our plants are grown. Cultivation is not conducted in outdoor areas or in the open soil. At our cultivation facilities, we nurture and cultivate production batches as clusters of single-genus cannabis inflorescences that are genetically identical, cultivated under the same protocols and harvested at the same time. The cannabis batches are isolated in pots and are tested by licensed third-party laboratories to ensure their quality and consistency.

Currently, there are three methods for cultivating cannabis: outdoors, in greenhouses and indoors. Cultivation in an outdoor environment, including cultivation in a typical greenhouse, introduces variables that may affect the quality and consistency of the resulting product. For this reason, outdoor and traditional greenhouse growing techniques do not meet the standards required for pharmaceutical-grade cannabis products. Consequently, these methods are not applicable to our target industry. Indoor cultivation may occur in a controlled environment that enables the production of pharmaceutical-grade cannabis in compliance with applicable standards.

Through years of research and development, we have developed a unique climatized greenhouse approach incorporating the best of modern cultivation techniques and processes that meet the IMC-GAP standards while taking advantage of the cost efficiencies associated with utilizing the natural environment. Our climatized greenhouse technology is an improvement on the traditional greenhouse that enables compliance with the requirements for the production of pharmaceutical-grade cannabis. The climatized greenhouse technology enables us to control fully all aspects of the climate and other conditions affecting the cultivation of our cannabis crops. A key element of optimizing production yields while maintaining a standardized outcome is precision-based crop maintenance, which requires consistent inputs of irrigation and fertilization while controlling for diseases and pests. We control the first two inputs mainly through a centralized irrigation control center that utilizes modern sensors to monitor and regulate the daily quantity of water and fertilizer administered to each production batch. Our climatized greenhouses cost less, both in terms of costs for construction and operating expenses, and require less time to implement than wholly-indoor facilities, enabling us to scale up our crop size swiftly. For these reasons, our climatized greenhouses provide a cost efficient cultivation method while still enabling us to produce pharmaceutical-grade cannabis products that comply with GMP standards and this is our preferred cultivation method where it makes business sense.

We produce and package bulk product in our facilities, by harvesting the bloomed flower, trimming excess leaves, drying and curing inflorescences, and packaging the processed inflorescences into bulk quantities.

In addition, since we adhere to the IMC-GAP and IMC-GSP standards, it has established a compliance regime to meet its regulatory requirements. A quality assurance manager must sign off on each product batch that is released from our cultivating facilities which subsequently undergoes a physical inspection by the head of quality assurance. Any changes in the quality assurance process or to the cultivation facility must be authorized by the head of quality assurance and documented. The facilities are also subject to seven inspections per year from a third party inspector and four inspections per year by the head of quality assurance. Lastly, the cultivation sites are also subject to yearly inspections for GACP compliance by a third party for the EU-GMP certificate.

Cultivation

Our production system (wholly-owned or through partnerships) currently consists of two active facilities in Israel, owned and operated by the Company. Through our partnerships, we have access to production facilities that, assuming that the facilities are fully operational at their maximum capacity and all regulatory approvals are received, can produce over 100,000 kilograms of high-quality medical cannabis per year.

Israel

We have established two partnerships with kibbutzim in Israel for the purpose of breeding, cultivation and harvesting of pharmaceutical-grade cannabis. Our partnerships in Israel are subject to certain risks relating to land uses, see "Item 3.D — Risk Factors — Risks Related to Our Pharmaceutical-Grade Cannabis Business and the Medical-Use Cannabis Industry — Our operations at the production facilities in northern and southern Israel involve a partnership with two kibbutz entities that have provided their lease to the land as part of the partnership. These leases to the land are subject to regulatory approval".

The Northern Facility

As noted above, we have rights to our production Northern Facility through a joint venture with Kibbutz Beit HaEmek, a kibbutz located in the northern region of Israel. Our relationship with Kibbutz Beit HaEmek is governed by a partnership agreement (the "Northern Kibbutz Agreement", and "Northern Kibbutz Partnership", respectively), entered into in May 2015. We hold 70% of the voting rights and rights to profits and losses of this partnership and the Northern Kibbutz holds the remaining 30% of such rights. The operation of the venture is done by an unregistered corporation according to the Northern Kibbutz Agreement. The Parties entered into an amendment agreement, pursuant to which the operations of the Northern Facility have been transferred to an "Agricultural Cooperative Organization" owned by the parties as mentioned above (70% Canndoc and remaining 30% of the Kibbutz).

Under the terms of the Northern Kibbutz Agreement, the Northern Kibbutz has made the facility available for use by the partnership. The Northern Kibbutz has rights to lease the site, which it holds pursuant to a lease dated April 26, 1990, between the Northern Kibbutz and the Land Administration. The initial term of the lease is forty-nine (49) years, ending on September 30, 2038 and is automatically renewed for an additional forty-nine (49) years subject to the terms of the lease. The Land Administration may cancel the lease with regard to areas of the site where protected natural resources are found. The Land Administration also has the right to pass, or allow another to pass, through the site, in the site or over the site, water, drainage, sewage or gas pipes, electric and telephone poles, electric and phone cables, or similar rights of way. The Northern Kibbutz has the right to make a claim for damages that occur as a result of the granting of such rights of way.

The Northern Kibbutz Agreement contains customary representations and warranties, ownership, confidentiality, noncompete, indemnification and insurance provisions. The Northern Kibbutz Agreement has an initial term of five years, with the addition of three extensions spanning five years each, which have been and are automatically renewed, subject to compliance by the parties with the terms and conditions of the Northern Kibbutz Agreement. The Northern Kibbutz is entitled to terminate the Northern Kibbutz Agreement for any reason whatsoever, by giving an advance notice of the earlier of 18 months, or until such time where we find an alternate growing location and obtain the necessary approval from the appropriate regulatory authority to operate at such a location. We are entitled to terminate the Northern Kibbutz Agreement for any reason whatsoever, by giving an advance notice of three months. If we terminate the Northern Kibbutz Agreement, absent good cause, the Northern Kibbutz will be entitled to compensation in the amount of NIS 200,000. The Northern Kibbutz will not be entitled to retain any inventory of pharmaceutical-grade cannabis or products, nor any documents.

The Southern Facility

As noted above, we have also entered into an agreement with Kibbutz Nir Oz, a kibbutz located in the southern region of Israel, to establish the large-scale production Southern Facility, which will also utilize climatized greenhouses and operate in tandem with our facility in northern Israel. Our relationship with the Southern Facility is governed by a partnership agreement (the "Southern Facility Agreement", establishing the "Southern Facility Partnership"), entered into in April 2019. We hold 74% of the voting rights of this partnership and the Southern Facility holds the remaining 26% of such rights. The Kibbutz will be eligible to 26% of the profits of the partnership, once it starts generating revenue.

Under the terms of the Southern Facility Agreement, the Southern Facility has agreed to make approximately 540,000 square feet of land plus operational facilities available for use by the Southern Facility Partnership during the term of the Southern Facility Agreement. We also have the option to expand the land made available up to approximately 1 million square feet or a total of approximately 1.7 million square feet including operational facilities. The Southern Facility has rights to lease the site, which it holds pursuant to a lease, dated June 22, 2016, between the Southern Facility and the Land Administration.

The Southern Facility Agreement contains customary representations and warranties, ownership, confidentiality, noncompete, indemnification and insurance provisions. The Southern Facility Agreement requires the consent of the Kibbutz Nir Oz for certain decisions, including approval of (v) the sale of the entire assets of the Southern Facility Partnership or a material part thereof or the transfer of a material business operation of the Southern Facility Partnership to any other person or corporation; (w) dilution of rights or holdings of the Southern Facility in the Southern Facility Partnership or any other action that might affect the rights of the Southern Facility; (x) change in the business of the Southern Facility Partnership, including the place of its business, entry into a sphere of activity that is not part of the business of the Southern Facility Partnership or termination of an existing business operation of the Southern Facility Partnership, and (y) transactions between the Southern Facility Partnership and related parties. The Southern Facility Agreement has an initial term of ten years, with an option to extend the term for an additional ten years. This extension option is automatically renewed, subject to compliance by the parties with the terms and conditions of the Southern Facility Agreement. Each party to the Southern Facility Agreement is entitled to terminate the Southern Facility Agreement only in the event of an uncured breach, insolvency of the other party or force majeure event. Upon expiration of the term, the Southern Facility will retain all fixtures and we shall not be entitled to any reimbursement for any investment or appreciation attributed to the facility or its land.

Under the terms of each of the Southern Facility and the Northern Facility, we have agreed to provide growing materials and equipment for the production of pharmaceutical-grade cannabis. We maintain ownership of the genetic bank and the climatized greenhouses used on the respective properties. We own the equipment used during the cultivation process, including equipment for lighting, temperature, humidity, radiation, and irrigation control, extraction facilities, and other equipment necessary for complying with the IMC-GAP standards. The operations of the partnership are carried out by our employees and we receive a fee from the partnership for the use of our employees.

The Israeli Partnerships have no right in any of our other activities, including the processing of cannabis or any collaborations between us and our other partners within or outside of Israel. The profits of each partnership are divided between us and our respective Israeli partner according to our and their respective percentage holdings in the partnership.

In December 2020, we received a permanent license from the IMCA for our facilities located in the Southern Facility for the handling and possession of dangerous drugs under Sections 6 and 7 of the Israeli DDO. The license permits us to breed and cultivate cannabis plants and process inflorescences and plants under IMC-GAP-quality conditions, subject to customary limitations.

The Southern Facility is one of the largest medical cannabis production sites in Israel and in the world, covering a total area of approximately 1.7 million square feet. Prior to the war, this facility was operating in its first phase of development which used 600,000 square feet of which 300,000 square feet were fully developed and operational of the available space and produced seven to ten tons of cannabis annually. Assuming that we exercise our option to expand the available land such that the Southern Facility is fully operational at its maximum capacity and all regulatory approvals are received, full operations of its facility will allow us to produce approximately 88 tons of pharmaceutical-grade cannabis per year in the Southern Facility. The development of the southern site is carried out in a modular manner in accordance with the regulatory developments concerning the export of medical cannabis from Israel. We plan to bring our facilities located in the Southern Facility to their full operational capacity subject to increased demand for our products, finalization of export regulations from Israel and the import regulations to the European Union and other regulatory approvals that are required for the expansion of production. The Company is currently in the initial stages of plans regarding the expansion of our capacity in the Southern Facility.

Since October 7, 2023, Israel has been subject to several attacks, heightened hostilities and periodic escalations, including in the Gaza Strip and along Israel's northern border. In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets including our Southern Facility, located in Nir Oz that suffered devastating damage. Following these events, the area in and around the Southern Facility was designated by the Israeli authorities as a closed military area and has been used by the IDF, including, among others, the IDF Medical Corps. As of the date of this Annual Report, the Company remains in the process of restoring the Southern Facility, as part of its war recovery plan. The Company is continuing to engage with the Israeli authorities to obtain full compensation for the damages arising from the hostilities while concurrently pursuing the rehabilitation of the site, a process that remains ongoing and essential for its recovery. However, there is no certainty that we will be able to restore our Southern Facility and to obtain any compensation from the Israeli authorities. For additional information, see "Item 3.D — Risk Factors — Risks Related to Our Incorporation and Operations in Israel — Conditions in the Middle East and in Israel may harm our operations".

International

Manufacturing

Prior to 2016, we operated throughout the entire value-chain to produce our products for medical use. When new Israeli regulations, which increased manufacturing costs, were adopted in 2016, we made a business decision to outsource the extraction and packaging services of our final product to manufacturers that had obtained certification, including GMP certification, under the new Israeli regulations. We currently use a GMP-certified manufacturers in Israel to produce our products and we are exploring our options to diversify our manufacturing through our global partnerships. We plan to always manufacture our products under conditions that meet the applicable GMP standards, whether in our own facilities or in third-party facilities across all geographies. We continue to explore the costs and benefits of our contract manufacturing relationships against the costs and benefits of conducting those activities in house.

Exclusive Partnerships

We have entered into the following partnerships, all of which provides us with exclusive relationships to distribute our products within certain geographical areas. While the partnerships are at various stages in their development, we have yet to fully operationalize any of them and currently only operate in Israel (although, Organigram, Tilray and Binske our key suppliers and we have a vast variety of customers (licensed pharmacies) which include also Super Pharm, although we do not depend on a single specific customer). Our products are distributed via Novolog, SLE, N.D.N. and our owned trade houses, which are all licensed distributors in accordance with the New Regulations (as defined below). Management believes that these existing partnerships will allow InterCure to be well positioned following the resolution of certain regulatory matters and the partnerships becoming fully operational, but there is no assurance that this will take place, see "— Applicable Laws and Regulations" and Item 3.D. "Risk Factors".

Cookies

Cannolam entered into an exclusive license agreement with Cookies in 2019 by which Cannolam has the exclusive rights to use the Cookies brand in Israel. Cannolam opened a Cookies branded pharmacy in Jerusalem and one in Be'er Sheva was approved to sell medical cannabis in the third quarter of 2022.

In April 2021, we expanded our partnership with Cookies by entering into a letter of intent to expand the Cookies brand into Europe. According to the letter of intent, we will establish joint ventures in European countries that focus on cultivating, manufacturing, and distributing Cookies branded products. In addition, we cultivating Cookies branded products at our Southern Facility which we also plan will supply Cookies products to Cookies stores throughout Europe. Sales of Cookies branded products are subject to obtaining all regulatory approvals in Europe, including export permits and product registration in certain territories.

Further, in December 2021 we entered into a multi-year agreement with Cookies with a goal to establish Cookies stores and medical cannabis pharmacies in Austria and in the UK, subject to local regulations. While we have advanced initial activities in Austria, such operations are no longer ongoing, and we did not proceed with the establishment of Cookies-branded operations in the UK.

In addition, in August 2024 we entered into a new strategic agreement with Cookies to cultivate, manufacture, import and distribute Cookies' branded products, produced from its cultivation and manufacturing facilities, initially in 8 licensed branded pharmacies across Germany, through Cookies Corners. This agreement marks an expansion of our and Cookies' partnership footprint in Europe now covering the UK, Austria, and Germany, with Germany remaining a key strategic target market for us, where we continue to advance our efforts to expand operations, and with respect to the UK and Austria, we continue to evaluate the appropriate timing for future operations based on regulatory and market developments in those jurisdictions, alongside strategic collaborations in Israel. Under the terms of the new agreement, InterCure will cultivate, and manufacture Cookies licensed genetics and products at its global supply chain facilities. InterCure's EU-GMP manufacturing sites will import, register, and produce Cookies-branded products, including a future range of next-generation offerings such as live resin and live rosin products and vapes.

Tilray

Tilray is a global pioneer in the research, cultivation, production, and distribution of cannabis and cannabinoids, currently serving patients and consumers in 16 countries spanning five continents.

In December 2019, we established a strategic collaboration with Tilray for the purpose of providing us with access to existing and potential markets in Tilray's operating territories. The collaboration between Tilray and us consists of a set of agreements with Tilray Portugal Unipessoal Ltd., a wholly-owned subsidiary of Tilray, pursuant to which, Tilray will import GMP-quality medical cannabis products from us (the "Tilray Agreements"). Tilray's facility in Portugal has an annual maximum production capacity of 25 metric tons of cannabis.

Pursuant to the Tilray Agreements, during a 12-month period that ended on December 31, 2020, we have an option to purchase from Tilray's production facility in Portugal, and import into Israel, up to 2,500 kilograms of packed dried inflorescence (GMP-quality medical cannabis) based upon agreed prices and quality standards. We plan to manufacture and transform these imported materials to Canndoc's GMP-branded products. Final products will be distributed by Canndoc's distribution channels to all pharmacies in Israel. In January 2020, we successfully completed the first ever commercial import of medical cannabis into Israel and have subsequently successfully completed several commercial shipments into Israel while launching the "CanndocDiamonds" family of products.

Further, pursuant to the Tilray Agreements, we may sell to Tilray, and export out of Israel, up to 5,000 kilograms of inflorescence cannabis, which will be distributed by Tilray under a co-brand and based upon agreed prices and quality standards for a 12-month period that ended on December 31, 2020. The Tilray Agreements contain a provision requiring that our products comply with the EU-GMP Standard. They are conditioned upon our ability to obtain a permit from the state of Israel to export the inflorescence cannabis out of Israel. In December 2020, we completed the first commercial export of our products, which consisted of several dozen kilograms, to the European Union as part of the Tilray Agreements.

In December 2021, we learned that Tilray Portugal had sold 500 kilograms of products to another Israeli company, which we believed violated the exclusivity provision in the agreement between us and Tilray Portugal. We exchanged correspondence with Tilray and Tilray Portugal in which we asserted that Tilray Portugal had violated the exclusivity provision and further asserted that our exclusivity rights remain in full force and effect. We have not continued pursuing this matter as the Israeli company which acquired products from Tilray entered into liquidation proceedings and its relationship with Tilray no longer exists and the Company and Tilray have returned to discussing importing shipments to Israel.

In August 2020, we entered into an agreement with Aphria for the import of bulk cannabis products from Aphria's facility in Canada into Israel. Pursuant to the agreement, we agreed to purchase from Aphria's production facility in Canada, and import into Israel, up to 3,000 kilograms of "bulk" quality medical cannabis for a period of two years. After the expiry of the initial period, the agreement provides the option to import up to 6,000 kilograms of additional product from Aphria for two additional periods of two years each under the same terms and conditions as during the initial period. We manufacture and transform the imported product from into Canndoc's GMP-branded product and final products are distributed by Canndoc's distribution channels to all pharmacies in Israel. In November 2020, we successfully imported our first shipment of the noted products from Aphria into Israel and successfully launched the "Canndoc Stars" family of products. In May, 2021, Tilray and Aphria announced the closing of a merger between the two companies, continuing as Tilray.

Organigram

Organigram is a leading licensed producer of cannabis.

In June 2020, we entered into a contractual relationship with Organigram for the purpose of collaborating to develop, import and export medical cannabis products in the state of Israel and across Europe (the "Organigram Agreement"). Organigram's facility located in New Brunswick has a potential annual capacity of 70 tons.

The Organigram Agreement specifies that, subject to obtaining the required permits, we will import from Organigram 3,000 kilograms of medical cannabis products from Organigram's advanced indoor facility in Canada within a period of 18 months (the "Organigram Initial Period"). In accordance with the Organigram Agreement, we will produce and market the medical cannabis products imported from Organigram in pharmacies throughout Israel and Europe. We will be provided with the option to import from Organigram an additional 3,000 kilograms per year of medical cannabis products for a period of two years from the end of the Organigram Initial Period, under the same terms and conditions as those in place during the Organigram Initial Period. These products will be marketed under our "Canndoc Indoor" brand and we and Organigram will examine the possibility of selling these products under a joint brand, in compliance with and subject to the IMCA's instructions. We will then manufacture and transform the imported product into Canndoc's GMP-branded product. Final products will be distributed by Canndoc's distribution channels to all pharmacies in Israel. In August 2020, we successfully imported our first shipment of the noted products from Organigram into Israel and successfully launched the "Canndoc Indoor" family of products.

The Organigram Agreement provides us with an aggregate of up to a seven-and-a-half year exclusivity period (in addition to certain other rights and subject to certain conditions) over all of the final Organigram-branded products sold in Israel.

On November 17, 2022, we announced that we entered into a new multi-year agreement with Organigram to continue supply of dried inflorescence to InterCure. The new strategic agreement contemplates up to 20,000 kg of dried inflorescence to be supplied to InterCure's international supply chain. Subject to the terms and conditions of the new strategic agreement, Organigram has agreed to exclusively supply InterCure in Israel for a period of three years and a right of first refusal for one additional year. Additionally, the parties agreed on certain popular genetics which will be exclusively supplied for distribution into InterCure's international supply chain, subject to local regulations. Almost 3.5 tons were already imported under the new strategic agreement with Organigram. The new strategic agreement replaced the initial strategic agreement. Following the severe damage sustained by our Southern Facility, discussions are ongoing between the parties regarding a potential new course of action under the strategic partnership.

In October 2023, following the events of October 7, 2023 and their impact on the Company's operations, we invoked the force majeure provisions under the agreement in order to seek amendments to the payment terms. Organigram did not accept the proposed amendments at that time and in April 2026 we reached a settlement pursuant to which the outstanding payments will be repaid from the date hereof and until May 2027, subject to the ability to accelerate certain payments under specified circumstances.

Charlotte's Web

Charlotte's Web is the owner of one of the largest worldwide CBD brands.

In December 2020, we entered into a collaboration with Charlotte's Web, under which are the sole partner of Charlotte's Web in Israel, and through which its products will be marketed in Israel under a joint brand for the Israeli market, subject to certain conditions, including certain regulatory matters within central European countries and England (the "Charlotte's Web Agreement").

The Charlotte's Web Agreement is for a period of five years (with a one-year extension option) from the date that CBD is removed from the DDO. On February 28, 2022, the Minister of Health adopted a committee recommendation to remove CBD from the DDO, provided that the maximum concentration of THC in the finished product does not exceed 0.3%. The Minister of Health will sign an executive order, which will need to be affirmed by the Knesset's Health Committee, to complete the delisting process. However, as the political status in Israel is uncertain due to the lack of a stable government, it is unclear when CBD will be delisted.

In March 2022, we announced a strategic partnership with Altman Health, the market leader with an unmatched shelf space of OTC and nutritional supplements at over 1,700 points of sale, including all major pharmacies. InterCure and Altman Health plan to register market and distribute Charlotte's Web branded products in Israel following the registration process of Charlotte's Web's products with the Israeli Ministry of Health. Although reaching an agreement with Altman Health marks a significant milestone for the company's CBD expansion strategy, the joint venture has not been established yet due to current CBD regulations in Israel. CBD is still classified as a controlled substance in Israel and meaningful operations are not allowed until it is delisted.

Fotmer

Fotmer is a corporation established in Uruguay that cultivates and produces medical cannabis at a high quality. In December 2020, we entered into an agreement with Fotmer, under which we will import from Fotmer approximately 3,000 kilograms of quality medical cannabis products, each year for a period of four years (the "Fotmer Agreement").

Subject to the terms set out therein, the Fotmer Agreement provides us with a seven-and-a-half year exclusivity period over all of the final Fotmer-branded products sold in Israel.

Clever Leaves

On March 22, 2022 we announced the execution of an exclusive multi-year cultivation, marketing and distribution agreement (the "Clever Leaves Agreement") with Clever Leaves, a leading multinational operator and licensed producer of pharmaceutical-grade cannabinoids. Over the term of the Clever Leaves Agreement, InterCure will have access to Clever Leaves' high-THC medical cannabis flower to serve several medical cannabis markets, including the Israeli market. As part of the partnership, Clever Leaves will cultivate InterCure's high quality strains to launch InterCure's EU-GMP compliant branded products within the EU, UK and South American markets.

Carma Holdco

On June 23, 2023, we entered into exclusive multi-year binding license agreement with Carma Holdco, Inc. ("Carma"), dba Tyson 2.0 Inc., which is governed by the laws of the State of Israel. Pursuant to the license agreement, Carma granted us an exclusive distribution license to, cultivate, manufacture, sell, market, and distribute all approved products and brands of TYSON in Israel, Australia, UK, Germany and other EU countries such as Switzerland (the "InterCure's License"). The agreement also grants us the right to use the name, the marks and the TYSON intellectual property in those territories. In April 2024, we learned that Carma has engaged with a third party to exclusively cultivate, manufacture, and distribute TYSON branded THC products such as flower, concentrates and consumables across Germany and UK, which we believed violated the exclusivity of the InterCure's License. We have engaged with Carma regarding this matter and, contrary to Carma's claims, we have asserted that InterCure's License and InterCure's exclusivity rights in Germany and UK remain in full force and effect.

Binske

On December 19, 2022, we announced that we have entered into a definitive licensing agreement with Praetorian Global Inc., based in Florida, and the parent company of the award-winning cannabis brand Binske, that agreed to grant InterCure an exclusive multi-year right to cultivate, manufacture, market and distribute Binske-branded products in major global pharmaceutical markets including Israel, Germany, Australia and others. As part of the Agreement, Binske will provide the Company access to its intellectual property, including genetics, formulations and know-how for cultivation and manufacturing of Binske-branded cannabis products and the Company's facilities. In addition, Binske will provide InterCure with intellectual property rights relating to extraction formulations and the production of downstream products developed by Binske, and will support InterCure's team with training of manufacturing and cultivation methods that are tailored for Binske's exacting standards. Under the terms of the agreement, InterCure will produce and distribute the branded products leveraging its international supply chain using the Company's medical cannabis-dedicated pharmacy chain.

InterCure is of the view that Binske has pioneered the premium medical and recreational markets in the U.S. through its meticulous focus on standards, quality, and consistency. Lauded for its proprietary strains, craft ingredients, full product suite of nearly 200 offerings, and best-in-class packaging, Binske offers luxury, artisan-quality products using purposefully sourced ingredients that have earned widespread recognition, making it one of the largest and most recognizable brands in the American market. The Binske brand has won numerous cannabis related awards including Leafly's Best Overall Brand, Best Edibles and Best Concentrates. We consider Binske's sophisticated product offerings, coupled with their innovative brand identity, to set them apart from the rest of the marketplace. The agreement brings these award winning products exclusively to InterCure's Israeli hub to manufacture and distribute all Binske Branded Products under EU-GMP standards, exclusively to the international pharmaceutical space.

Strategic Investments, Acquisitions and Dispositions

Botanico – ISHI

On September 17, 2025 we entered into a share purchase agreement with Botanico Ltd., also known as ISHI, an Israeli cannabis technology and brand company. Pursuant to the agreement, we agreed to acquire 100% of ISHI's issued and outstanding share capital on a fully diluted basis in two phases: 50% of ISHI's issued and outstanding share capital is expected to be acquired at the initial closing in consideration for 2,261,345 of our ordinary shares and 205,710 options to purchase our ordinary shares, and the remaining 50% will be acquired upon the earlier of (i) ISHI achieving three consecutive months of positive operating profitability or (ii) 24 months from the initial closing, in consideration for an additional 2,252,317 ordinary shares and 204,889 options. The aggregate consideration for the acquisition consists of 4,513,663 ordinary shares and 410,599 options, representing approximately 10% of our outstanding share capital on a fully diluted basis as of immediately prior to the initial closing. The initial closing is expected to occur in the second quarter of 2026, subject to customary closing conditions and regulatory approvals from the IMCA, the Israel Securities Authority and the Tel Aviv Stock Exchange.

Cannasoul R&D Ltd.

On November 3, 2025, we entered into a share purchase agreement and a collaboration agreement with Cannasoul R&D Ltd. ("Cannasoul"), an Israeli based cannabis research and analytics company. Under these agreements, we agreed to acquire an initial equity interest representing approximately 28% of Cannasoul's share capital on a fully diluted basis, with an option to increase our ownership to a majority interest within two years, subject to the terms and conditions of the agreements, applicable regulatory approvals, including changes in applicable U.S. regulations that would allow certain sales of cannabis under federal law. The collaboration provides for cooperation in research, development and commercialization of evidence-based cannabis therapeutics. The transaction remains subject to closing conditions and regulatory approvals.

Sales and Distribution

Israel

Under current regulations, patients fill prescriptions directly from a registered pharmacy. Our products meet all of the IMCA standards and are permitted to be sold within all registered pharmacies across Israel that are otherwise permitted to dispense medical cannabis to patients. We sell our products through pharmaceutical distributors and licensed retail pharmacy locations where patients can fill their prescriptions on-site or have our products delivered directly to their residence. Under the old regulations, the IMCA instituted a fixed price for the monthly supply of cannabis products, regardless of the dosage or form of use. Under the current regulations, the price of cannabis products is not fixed and will be determined primarily by market demand.

Fully Owned Trade Houses

In May 2021, we acquired 100% ownership of Pharma Zone Ltd., a thriving medical cannabis trade house in Israel that distributes our top-quality products to over 100 locations nationwide. In addition, in May 2021, we purchased 100% of one of the leading operating trading houses in Israel (addition to Pharma Zone), which is authorized to distribute GMP medical cannabis products to pharmacies. The purchase of the trading house has been supporting our vertically integrated model and be an addition to our existing distribution channels.

SLE

In September 2019, we entered into a distribution agreement with SLE, a subsidiary of Teva Group Pharmaceutical Industries Ltd. (NYSE: TEVA) (TASE: TEVA), a leading Israeli company in the health services field (the "SLE Agreement").

Pursuant to the SLE Agreement, SLE provides us with logistics, storage, collection and distribution services for our medical cannabis products throughout Israel.. SLE holds an IMC-GDP distribution license and possesses an advanced logistics facility.

Novolog

In December 2020, we entered into a distribution agreement with Novolog, a leading Israeli company in the logistic health services field.

Pursuant to the noted agreement, Novolog provides us with logistics, storage, collection and distribution services for our medical cannabis products throughout Israel. Novolog holds an IMC-GDP distribution license and possesses an advanced logistics facility.

Super-Pharm

In March 2020, we entered into a binding preliminary distribution agreement with Super-Pharm Ltd. ("Super Pharm"), the largest chain of pharmacies in Israel (the "Super Pharm Agreement"), which operates approximately 130 pharmacies that sell cannabis for medical purposes. Pursuant to the Super Pharm Agreement, Super Pharm agreed to purchase from us, and we agreed to sell to Super Pharm, 10 tons of our medical cannabis products for a period of three years. The parties to the Super Pharm Agreement covenanted to negotiate in good faith and enter into a detailed agreement within 90 days from the date of the Super Pharm Agreement and subsequently extended it several times. In December 2023, following long negotiations between the parties, we entered into a new binding distribution agreement with Super Pharm, pursuant to which, among other things, it was agreed that we will provide Super Pharm with our medical cannabis products throughout the term of the agreement, which was set for an unlimited period (subject to its termination by providing advance notice in accordance with the terms specified therein).

Altman

On March 1, 2022, we entered into a definitive agreement with Altman Health ("Altman"), a market leader with an unmatched shelf space of OTC and nutritional supplements in over 1700 points of sale, including all major pharmacies across Israel. The newly formed company, that will be held jointly by us and by Altman, focuses on the new Israeli CBD product market, following the Israeli Minister of Health's announcement on February 28, 2022 that CBD will be removed from the Israeli DDO. Although reaching an agreement with Altman marked a significant milestone for our CBD expansion strategy, the joint venture has not been established yet due to current CBD regulations in Israel. CBD is still classified as a controlled substance, and meaningful operations are not allowed until it is delisted.

Bazelet

Bazelet group of companies ("Bazelet") operates a cannabis production facility in Israel, that complies with strict IMC-GMP and EU-GMP standards. As part of its operations, Bazelet is also the leading producer of cannabis oil products in Israel, serving both the domestic and export markets. There is a close collaboration between us and Bazelet, whereby Bazelet provides production, EU-GMP-certified export, and distribution services to us in the Israeli market. In addition, Bazelet purchases raw materials and products from us from time to time. In the ordinary course of this collaboration, including as a result of such purchases, Bazelet has accumulated certain outstanding commercial balances towards the Company, which are considered material.

On December 15, 2025, as publicly reported, we had become aware that the Bazelet group of companies had filed an application with the Israeli District Court for a temporary stay of proceedings as part of certain restructuring proceedings. Following a court hearing held on December 22, 2025, the Israeli District Court granted an initial stay of proceedings order to the Bazelet group of companies for a period of 90 days and appointed court-appointed arrangement managers to oversee the restructuring process. In connection with outstanding commercial balances owed to us by Bazelet, on December 16, 2025 we filed a proof of claim in the amount of approximately NIS 29 million. We continue to monitor developments in such restructuring proceedings, review the relevant court filings and evaluate appropriate legal and commercial actions, including the assessment of alternative service providers, in order to protect and preserve our rights and operational continuity.

N.D.N

In January 2025, we entered into a distribution agreement with N.D.N. Storage and Distribution Ltd. ("N.D.N."), a licensed distributor specializing in the storage, collection, and distribution of medical cannabis products in Israel.

Pursuant to the agreement, N.D.N. will provide us with logistics, storage, collection, and distribution services for our medical cannabis products throughout Israel. The agreement further strengthens Canndoc's nationwide distribution capabilities, ensuring an efficient and reliable supply chain to serve pharmacies.

International

Germany

In June 2019, we formalized our entry into the German market through a non-exclusive distribution agreement (the "German Distribution Agreement") with a licensed distributor, for the purpose of marketing our pharmaceutical-grade cannabis products in Germany. Despite the elapsed time since this agreement was signed, no distribution of our medical marijuana products under the German Distribution Agreement has yet occurred. The involved parties are diligently evaluating the most viable strategies to penetrate the German medical cannabis sector effectively.

During the year 2023, the German legislative landscape saw considerable debates around the Cannabis Act (the "CanG bill"). This legislation, which was first enacted in February 2024 and came into effect on April 1, 2024, is poised to significantly impact the German cannabis market by enabling both medical and adult-use cannabis. Under the newly approved bill, cannabis has been reclassified, removing it from the list of controlled narcotics. This pivotal change allows for easier prescribing by medical professionals. The bill also introduces the concept of social clubs, which can distribute up to 25 grams of cannabis daily to each of their 500 members, and permits the home cultivation of up to three cannabis plants. Additionally, the legislation specifies that individuals aged 18 to 21 are allowed to purchase up to 30 grams per month of cannabis products, with a THC content capped at 10%. With the passage of this bill, Germany becomes the fifth nation globally to legalize cannabis for adult recreational use alongside its medicinal application.

On March 22, 2024, we announced our intention to launch our inaugural product offerings in the German market in the forthcoming months. This announcement aligned with our strategic objectives to extend our international presence and leverage the evolving regulatory landscape in Germany following the enactment of the Cannabis Act, and resulted in our entrance into a new strategic cooperation with Cookies in August 2024 to launch Cookies Corners licensed pharmacies in Germany. Prior to this announcement, we experienced certain operational delays as a result of the war in Israel, including damage sustained at its Southern Facility. These delays were taken into consideration as part of the planning and timing of our international expansion activities. This initiative signifies a critical step in our efforts to distribute pharmaceutical-grade cannabis products within Germany and underscores our strategic approach towards capturing emerging opportunities in the global cannabis market, further solidifying our position as a leader in the field.

Austria

On April 4, 2021, we entered into a partnership with an Austrian entity to explore opportunities in Austria and Luxembourg. The contemplated investment and operations were not implemented.

While the original partnership experienced significant delays and setbacks, in August 2024, we entered into a new agreement with Cookies, similar in structure to the Cookies Corners agreement executed for the German market, as adapted for the UK and Austrian markets.

UK

We entered into a multi-year agreement with Cookies under which we planned to establish Cookies stores and medical cannabis pharmacies in Austria and the UK, subject to local regulations. Following subsequent developments, the agreement with Cookies was amended and replaced with a new agreement in August 2024, similar in structure to the Cookies Corners agreement executed for the German market, and adapted to the UK and Austrian markets. However, following a reassessment of our strategy in 2025, this agreement was terminated and no Cookies-branded stores were established in the UK.

We previously entered into a joint venture arrangement with a UK-based partner to explore opportunities in the UK medical cannabis market, including potential importation, manufacturing and distribution activities. No material commercial operations were launched under this arrangement, which is no longer in effect.

Research and Development

We believe that innovation is a key component of our competitiveness and growth in the medium and long-term and is driven by market research and analysis of potential new products and the development of new technologies. We engage in the research of agricultural techniques that utilize climatic advantages and our aggrotech capabilities to improve the yield of cannabis plants in their production of various cannabinoids.

Since 2014, we have collaborated with various world-renowned research institutions, such as the Technion – Israel Institute of Technology, Volcani Center (the research arm of the Israeli Ministry of Agriculture) and other universities and institutions accredited by the Israeli Council for Higher Education. As a result of these collaborations, we have enhanced our production capabilities, improved and optimized our genetics, and developed additional cannabinoid profiles. Our research and development operations also include collaborations with a renowned governmental institute as well as various research entities, researchers, start-up companies, mature companies and commercial entities holding licenses from the IMCA.

On November 3, 2025, we entered into a share purchase agreement and a collaboration agreement with Cannasoul, an Israeli cannabis research and analytics company. Under these agreements, we agreed to acquire an initial equity interest representing approximately 28% of Cannasoul's share capital on a fully diluted basis, with an option to increase our ownership to a majority interest within two years, subject to the terms and conditions of the agreements, applicable regulatory approvals and applicable U.S regulations. The collaboration provides for cooperation in research, development and commercialization of evidence-based cannabis therapeutics.

In connection with the transaction, Prof. Dedi Meiri, Cannasoul's founder and a cannabis researcher at the Technion - Israel Institute of Technology, is expected to be appointed as Chairperson of our scientific advisory board, which is expected to be established by our board of directors. In such capacity, Prof. Meiri is expected to assist in integrating Cannasoul's research and analytics capabilities into our research and product development activities.

Clinical Trials

During November 2019, we began clinical research with the Research and Development Foundation of the Shamir Medical Center (Assaf Harofeh) and with a principal researcher on his behalf to examine the effect of medical cannabis products on autism spectrum disorder in children. The study, which is being conducted at Assaf Harofeh Hospital, is expected to include about 100 participants and will last a period of 24 months. While all regulatory bodies have approved the study, the Assaf Harofeh Medical Center has been delayed in recruiting patients to participate in the trial due to the COVID-19 pandemic, and due to the significant delays the Company is now considering to end the trial process.

We received the approval of the IMCA to conduct nine advanced clinical trials based on additional medical cannabis products in the IMC-GMP standard in strategic collaboration with leading medical centers in Israel. In some of the clinical trials we will serve as the initiator of the clinical trials conducted by the research partners, while in others we will only provide our products for use in the clinical trials and have access to the results. The program includes clinical trials of the Company's products on a variety of medical indications (epilepsy, fibromyalgia, neuropathic pain, side effects of chemotherapy in cancer patients, Parkinson's, rheumatoid arthritis, radicular pain, post-trauma) and radiculopathy (PTSD). In addition, we submitted an application for approval of a clinical study to examine the effect of cannabis use on the dose and / or frequency of opioid use in collaboration with Sheba Hospital.

Our clinical studies program experienced significant setbacks in 2020-2021 as a result of COVID-19, and at this point, we remain uncertain as to when the studies will be initiated. Additionally, due to significant delays in our clinical program timeline and changes in excepted regulations in Israel, EU and the U.S., we are currently evaluating our clinical program. As of the date of this Annual Report, the majority of the clinical trial costs are being borne by our partners.

The table below provides additional details regarding our and our partners' currently planned clinical trials:

Our Planned Clinical Trials

Phase of Development	Indication	Number of Patients	Primary Endpoint(s)	Secondary Endpoint(s)
2	Adult Epilepsy	52	●Change in median monthly seizure frequency over study period compared to 2-month baseline period ●Treatment-emergent adverse events and serious adverse events ("SAEs") during treatment	● Changes in seizure severity ● Change in speed of post-ictal recovery ● Changes in seizure characteristics (focal/generalized) ● Changes in quality of life based on QoL31 ● Changes in sleep quality based on the Pittsburgh sleep questionnaire
2	CINV related to Breast Cancer Treatment	72	●SAEs during treatment	● Changes in quality of life based on QoL-BC ● Changes in blood tests (protein, leukocytes) ● Number of CINV symptoms in the active-treatment arm compared to placebo evaluated using weekly symptom diaries and incidence of treatment-emergent AEs, overall and by CTCAE grade

2	Parkinson's Disease	60	● SAEs during treatment ● Change in The Parkinson's Disease Questionnaire	● Changes in PD motor symptoms as assessed by changes in the MDS-UPDRS ● Changes in QoL based on Non Motor PD questionnaire ● Improvement in muscle cramps
2	Diabetic Neuropathy	44	● Neuropathic Pain Diagnostic Questionnaire score (scale 4-10)	● To assess the safety and tolerability of cannabis in diabetic subjects with neuropathic pain ● To assess the Quality of Life change by SF- 36 ● To assess changes in fasting glucose and insulin dose
2	Fibromyalgia	62	● Safety and tolerability of the product based on AEs during treatment ● To determine the effect of the product on Fibromyalgia Impact Questionnaire ● To determine the effect of the product on Physician Global Impression of Change	● To determine the improvement in FMS Widespread Pain Index and Symptom Severity Score. ● To determine the effect of the product on Medical Outcome Scale SF-36
2	Rheumatoid Arthritis	64	● Safety and tolerability of the product based on Adverse Events during treatment ● To determine the effect of the product on ACR20	● Mean change from baseline over time of Global Visual Analogue Scale ("VAS") ● Change from Baseline in VAS of the Physician Assessment of Arthritis ● Change in inflammatory markers – CRP and ESR ● Determine the effect the change from baseline in SF-36
2	Post-traumatic Stress Disorder	50	● Safety rate of AEs ● Improvement in Insomnia Severity Index Score ● Improvement in Pittsburgh sleep quality index-addendum (PSQIA) score	● Improvement in PTSD Checklist for DSM-5 ● Determine the latency to persistent sleep and total sleep hours based on actigraph recordings ● Improvement in quality of life measured by SF-36 ● Improvement of general quality of life, measured by SF-36 ● Improvement in Physician Overall Impression of Change

2	Lumbar Radiculopathy	50	● Safety and tolerability of the product based on Adverse Events during Treatment ● To evaluate the pain-relieving effect of CD-008 sublingual drops, in addition to standard of care, on Lumbar radiculopathy	● To define the advantage of CD-008 sublingual drops +SOC versus SOC alone on Lumbar radiculopathy
2	Radicular Pain	36	● Safety of the product	● To evaluate Pharmacokinetics (drug's absorption, distribution, metabolism, and excretion continues) of cannabis oils in Radicular Pain patients ● To determine Pharmacodynamics (early estimates of activity and potential efficacy) of different cannabis oils in Radicular Pain patients by measurement of pain

Current Clinical Trial

Phase of Development	Indication	Number of Patients	Primary Endpoint(s)	Secondary Endpoint(s)
3	Pediatric/Young Adult Autism	75	● Characterize the effects of medicinal cannabis in different THC to CBD ratios on associated morbidity on the autistic spectrum ● Examine the influence of cannabis treatment on cognitive and adjustive capabilities ● Test the levels of THC and CBD levels in children treated with cannabis	● Identify side effects and reasons for care failure ● Examine if CBD-rich cannabis is efficient in treating sleeping problems and reducing motoric restlessness and behavioral issues in children with autism ● Test change in hormonal levels and biochemical indices before and during the treatment

Note: QoL31 = Quality of Life Scale-31, a clinical standard in mental health; QOL-BC = Quality of Life Instrument - Breast Cancer, a clinical standard measured in breast cancer patients; CTCAE = Common Terminology Criteria for Adverse Events; MDS-UPDRS = Movement Disorder Society - Unified Parkinson's Disease Rating Scale; QoL = Quality of Life; PD = Parkinson's Disease; SF-36 = 36-Item Short Form Health Survey; FMS = Fibromyalgia; ACR20 = American College of Rheumatology's composite score of rheumatologic improvement; CRP = C reactive protein; ESR = Erythrocyte Sedimentation Rate; DSM-5 = Diagnostic and Statistical Manual of Mental Disorders

Our ability to sell our products in any of our target territories is not dependent on the outcome of these trials; however, without clinical trial results we are limited in the claims that we may make with regard to the efficacy of our products. We hope that the results from these clinical trials will support the effectiveness of our GMP pharmaceutical-grade cannabis for the tested medical indications. The results of any clinical trial could affect our ability to market our products and may result in less acceptance or greater regulation of our products.

We will be able to use the data collected from the clinical trials for any commercial use and marketing purposes as agreed between our research partners and us and noted in the agreements, in each case, subject to applicable laws.

Investments in the Biomed field

We have invested in companies in the biomed field. As of the date of this Annual Report, we hold approximately, 0.02% of the issued and paid-up capital of F.O.R.E Biotherapeutics Ltd., and 0.44% of the issued and paid-up capital of XTL Biopharmaceuticals Ltd. ("XTL").

In October 2021, we signed an investment agreement with Cavnox Ltd. ("Cavnox"), a private Israeli company that was established on the basis of knowledge developed at the Technion Institute for Research and Development Ltd. which relates to cannabis-based treatment for various types of cancer.

The Company invested in Cavnox a total of $300,000, in return for a convertible loan which will be converted to shares of Cavnox in the next qualified financing round of Cavnox.

Competition

The medical-use cannabis industry is characterized by intense competition and an increasing focus on quality and standards. While we believe that we hold many competitive advantages within the pharmaceutical-grade cannabis market, we face competition from many different sources, which include other companies that produce and distribute cannabis for medical use, as well as major pharmaceutical, specialty pharmaceutical and biotechnology companies. We anticipate intensifying competition in the medical-use cannabis industry as new jurisdictions allow the production and distribution of cannabis products, new therapies are approved, and advanced technologies become available.

Within the pharmaceutical-grade cannabis industry, we currently compete directly with manufacturers in Israel, and global manufacturers including Aurora Cannabis Inc, Canopy Growth corporation, Seah Medical Group, Village farms Crop, and internationally with local licensed producers such as Bedrocan International B.V. and. In the future, we expect to compete with licensed producers that choose to distribute pharmaceutical-grade cannabis products in fully regulated jurisdictions. Any product that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

Many of our competitors will have substantially greater financial, technical and human resources than we do. Competitors may also have more experience developing, obtaining regulatory approval for, and marketing products or treatments in the markets where we operate or where we are planning to operate. These factors could give our competitors an advantage over us in recruiting and retaining qualified personnel, completing clinical development, and commercializing their products.

Intellectual Property

Our intellectual property rights are important to our business. The Company relies on non-disclosure and confidentiality agreements to protect its intellectual property rights. We have submitted trademark applications for our brand and logo in Israel, Canada, the U.S. and member states of the European Union, and trademarks for the Canndoc brand have been registered in Israel, UK, Poland, Denmark, Germany, and the U.S.

In 2021, we applied for and received full protected breeding rights on five of our strains. We are in the process of applying for more protected breeding rights in Israel and seek to apply for protective rights in any jurisdiction in which such rights may be registered under the Plant Convention, or any other applicable rules and regulations that provide legal protection, similar to the protection afforded to the owners of technological inventions, to the proprietary rights of breeders in the new plant varieties they breed.

The Israeli Plant Breeders' Rights Law 5733-1973, which is based to a large extent on the Plant Convention, is regulated by the Israeli Registrar of Plant Breeders' Rights in accordance with the decision of the Israeli Plant Breeders' Rights Council. Under the Israeli Plant Breeders' Rights Law 5733-1973, a breeder is entitled to exclusive rights for registered new plant varieties for a period of 20 to 25 years, depending on the type of plant, and during this period the plant may not be used without the breeder's permission, subject to a limited number of exceptions. After registration in Israel, a breeder is able to distribute plant species in other jurisdictions that are members of the Plant Convention, while protecting their rights.

Seasonality

We cultivate our cannabis mostly in climatized greenhouses suitable for the production of pharmaceutical-grade cannabis. Using the experience accumulated throughout approximately 18 years of cannabis production, we have learned to neutralize the possible effects of seasonality on our operations. We currently optimize the number of production cycles per year, according to a production plan that considers various parameters such as weather changes, costs, and the availability of suitable professional work force. Our crop yields are optimal if cultivated from early spring to late autumn and harvested from late spring to early winter. By cultivating within climatized greenhouses, we are able to produce pharmaceutical-grade cannabis throughout the entire year over 4 full 13-week cycles.

Applicable Laws and Regulations

We are subject to a variety of laws and regulations in Israel and abroad that involve matters central to our business, including the following:

Israel

The competent regulatory authority in Israel in all matters concerning the oversight, control and regulation of cannabis for medical production, use and research is the IMCA. The IMCA was established by the Israeli government under decision No. 3609, which also established an inter-ministerial safety committee, composed of representatives of government ministries, government authorities and other government bodies, for intergovernmental cooperation regarding the regulation of cannabis. The IMCA examines medical recommendations for the use of cannabis for medical purposes and in accordance with established procedures (the "IMCA Procedures"). The IMCA is also authorized to examine applications and issue permits to hold, use and research cannabis.

Regulations Governing the Use of Cannabis for Medical Purposes

Under the Israeli DDO, cannabis is defined as a "dangerous drug" and the use of cannabis is prohibited unless a license is duly issued by the IMCA or a competent government agency.

Pursuant to the Israeli DDO, the use of cannabis was allowed for patients and for medical purposes, in respect of certain medical conditions, under a special approval of the MOH.

In June 2016, the Israeli government published Resolution No. 1587, which established a new regulatory framework for the "medicalization" of cannabis. Pursuant to Resolution No. 1587, the IMCA adopted regulations expanding the number of qualifying medical conditions for treatment with medical-use cannabis to include such conditions as cancer, pain, nausea, seizures, muscle spasms, epilepsy, Tourette syndrome, multiple sclerosis, amyotrophic lateral sclerosis, post-traumatic stress disorder ("PTSD"), autism, migraines, arthritis, Parkinson's disease, residual limb pain, spinal cord injuries, HIV/AIDS, Crohn's disease, colitis, inflammatory bowel disease and terminal illnesses ("Medical Indications").

With the intent to expand the access to cannabis and to simplify the bureaucratic process, in January 2024, the MOH published an update to the IMCA Procedures (the "Enabling Reform") pursuant to which, inter alia, broader discretion in the administration of medical cannabis is granted to the family physician or to the physician in the physician's area of expertise, and for a larger number of Medical Indications at a wider spectrum of severity and the administration of cannabis as "last resort treatment" was eliminated. However, we believe that the implementation of the Enabling Reform has been subject to significant challenges, including bureaucratic hurdles and practical difficulties in full execution.

Regulations Governing the Production, Manufacturing and Distribution of Cannabis for Medical Purposes

In March 2016, the IMCA published New Regulations (the "New Regulations") that introduced strict pharmaceutical-grade standards for the production, manufacturing and distribution of cannabis for medical use pursuant to Israel Medical Cannabis-certified procedures: IMC-GAP standards: IMC-GMP standards; IMC-GDP standards; IMC-GCP standards; and IMC-GSP standards. The goal of the New Regulations is to achieve the standardization, reproducibility and uniformity in product quality that is similar to those standards for existing conventional drugs.

Under the New Regulations, market participants are required to apply for various licenses for the production, manufacturing and distribution of medical cannabis-based products. Each license establishes that the licensee adheres to certain protocols and standards regarding the quality and standardization of practices for (1) propagation and breeding, (2) cultivation, (3) extraction, formulation and packaging, (4) storage and delivery and (5) pharmacies. In addition, the New Regulation requires that the whole operation be secured under appropriate conditions, in accordance with the IMC-GSP standard.

Licenses are initially granted on a provisional basis, subject to the development and completion of a facility with adequate protocols and systems to meet the standards required by the license. Applicants are not officially permitted to breed, cultivate, manufacture or distribute cannabis or cannabis products until the nursery, cultivation and manufacturing facilities are constructed and pass inspection by the IMCA. After the facilities pass inspection, the IMCA will issue the final cannabis licenses for each operation. The license is renewable subject to the limitations, terms and conditions of the IMCA, and licenses are subject to annual reviews of the licensees conduct and compliance with applicable laws and standards.

The production processes of cannabis plants used for the production of raw materials, the manufacturing and packaging processes and the procedures of distribution thereof, must all be carried out under the strict control and supervision and in accordance with the IMCA standards. Therefore, throughout the entire process, including the breeding phase, the production of the finished product and the distribution of the finished product through a pharmacy, each link in the chain is obliged to strictly maintain optimal and homogenous environmental conditions, and to strictly maintain defined and homogenous working procedures that are based on these standards. Regular and periodic analytical examinations shall be conducted throughout the entire chain of production, pursuant to the requirements, in order to ensure and to document that the plant complies with the analytical standards and the level of quality required during each of the phase of the chain of production.

Pharmacy Regulations

As part of the New Regulation, pharmacy owners who wish to sell medical cannabis are required to apply for a dedicated license granted by the IMCA to sell, and store cannabis. Pharmacies are also subjected to regulations of several other governmental bodies including the MOH, the local municipality, and the district pharmacists.

Pharmacies must also obtain a business license. Granted by the MOH and the local municipality, business license to operate a pharmacy in Israel requires approval from several authorities including, the fire department, the police, and several other departments in the local municipality. The pharmacy is also required to comply with the MOH and district pharmacists' requirements, which includes different security measures, certain safety protocols, and compliance with the requirements for storage of narcotics (including cannabis).

In addition, pharmacies require a GDP license to sell medical cannabis. Granted by the IMCA after obtaining the final business licenses, the license to sell medical cannabis is subjected to compliance with GDP and GSP standards of the IMCA, which include, but not limited to, full compliance with the GSP protocols, which are dedicated security measures for storage (which is subject to certain capacity limitations). Under the GDP, only certified cannabis pharmacists are allowed to sell cannabis and advise patients.

Medical Cannabis Transportation Regulations

The transportation of medical cannabis is also subjected to the GDP and GSP standards and requires a transport license from the IMCA. Certain security measures are applied to the transportation of medical cannabis which vary in accordance with the quantities shipped and where the product is shipped to. For example, shipping cannabis from manufacturers to wholesalers requires armed vehicles and with security personnel while home deliveries require lighter security measures as long as the quantity handles is less than one kilogram.

Export & Import of Pharmaceutical-Grade Cannabis

The State of Israel is bound by the Narcotics Convention, which governs the import and export of cannabis between countries that are a party to the Narcotics Convention. The Narcotics Convention is an international treaty to prohibit the production and supply of specific drugs (nominally narcotic drugs and drugs with similar effects) except under license for specific purposes, such as medical treatment and research. The Commission on Narcotic Drugs and the World Health Organization were empowered to add, remove, and transfer drugs among the Narcotics Convention's four schedules of controlled substances. The International Narcotics Control Board was authorized to administer controls on drug production, international trade, and dispensation. The United Nations Office on Drugs and Crime was delegated the Board's day-to-day work of monitoring compliance in each country and working with national authorities to ensure compliance with the Narcotics Convention. The Narcotics Convention has 186 state parties, including all the countries in which we operate and plan to operate.

From an export perspective, in January 2019, the Israeli government approved the export of medical-grade cannabis and cannabis-based products, subject to a comprehensive regulatory regime. Initial implementation was carried out through a pilot program under which temporary export permits were granted to a limited number of licensed producers. As of the date of this Annual Report, exports of medical cannabis products from Israel are permitted on a commercial basis, subject to compliance with applicable Israeli laws, regulations and regulatory guidance. Export activities are regulated under the DDO, related regulations and directives of the Ministry of Health, including the IMCA. Exporting entities must hold the required licenses and permits and comply with applicable quality, security, traceability and documentation requirements, as well as the legal and regulatory requirements of the destination country. Accordingly, our ability to export products depends on compliance with multiple regulatory regimes in Israel and abroad. Any changes in applicable laws, regulations, regulatory policies, administrative practices or market access conditions, including delays in permit issuance or restrictions in destination markets, could adversely affect our export activities and results of operations

From an import perspective, in January 2020, due to a shortage in the Israeli market of pharmaceutical-grade cannabis, the Israeli MOH and the IMCA expedited the process of approving import licenses of such cannabis, and for the first time ever, pharmaceutical-grade cannabis and cannabis-based products were imported into Israel. In October 2020, the IMCA published a directive that included updated qualifications for a licensee to receive an import license and the guidelines under which such import may take place. From time to time, the MOH revises the guidelines for imports, and the Company has consistently followed all the updates, ensuring a steady flow of imports. On January 18, 2024, we were notified that the Trade Levies Commissioner of the Israeli Ministry of Economy and Industry had initiated a public investigation into alleged dumping of medical cannabis imports from Canada to Israel. On November 10, 2024, the Commissioner announced a final determination proposing the imposition of a 175% anti-dumping duty on imports on Canadian licensed producers. Following the Commissioner's determination, in April 2025, the Israeli Minister of Economy accepted the recommendation to impose the proposed duty. However, on April 24, 2025, the Israeli Minister of Finance submitted a formal objection to the Minister of Economy regarding the imposition of the duty. On Apil 29, 2025, the Israeli Minister of Economy and Industry submitted a formal response opposing the Minister of Finance's position, reaffirming his decision to proceed with the anti-dumping duty process.

Regulation regarding CBD

In December 2020, Israel's Minister of Health signed regulations intended to remove cannabidiol, or CBD, from the Israeli Dangerous Drugs Ordinance [New Version], 5733-1973, or the Dangerous Drugs Ordinance, subject to completion of the required legislative process. Those regulations were not completed, and, as of the date of this Annual Report, CBD remains classified as a "dangerous drug" under the Dangerous Drugs Ordinance and has not been formally excluded from its scope.

In December 2021, the Israeli Ministry of Health appointed a professional committee, headed by Prof. Joshua Shemer, to examine the regulatory, medical and safety implications of removing CBD from the Dangerous Drugs Ordinance. The committee completed its review in February 2022 and recommended, subject to the adoption of appropriate quality, labeling and safety standards, that CBD products containing only trace amounts of tetrahydrocannabinol, or THC, be excluded from the definition of a dangerous drug.

Since then, the Ministry of Health has advanced draft proposals and related policy discussions regarding the possible exclusion of CBD from the Dangerous Drugs Ordinance and the establishment of a regulatory framework for certain CBD products. However, as of the date of this Annual Report, no final binding regulation effecting such exclusion has entered into force. Accordingly, CBD products remain subject to the regulatory regime applicable to cannabis generally, including applicable licensing and oversight requirements. There can be no assurance as to whether, when or in what form any such regulatory change will occur.

If and when CBD is formally excluded from the Dangerous Drugs Ordinance and the relevant regulations permitting commercialization enter into force, we may seek to register and commercialize CBD products in Israel. However, any such efforts would remain subject to applicable regulatory approvals, market conditions and other factors beyond our control.

Medical Cannabis Regulatory Reform

In parallel, Israel has undertaken reforms to its medical cannabis regulatory framework. In June 2023, the Knesset Health, Welfare and Labor Committee approved amendments to the Dangerous Drugs Regulations introducing, for certain indications, a transition from a licensing-based regime to a prescription-based model under which qualified specialist physicians may prescribe medical cannabis without the need for a prior patient-specific license issued by the Ministry of Health.

These reforms are part of a broader regulatory process that also includes changes affecting operational, quality, packaging, research and export-related requirements applicable to industry participants. Implementation has been gradual and remains subject to ongoing regulatory guidance, administrative practice and oversight by the Ministry of Health and other competent authorities. Accordingly, the scope, timing and practical effect of these reforms remain subject to continuing regulatory developments.

The European Union

On February 13, 2019, the Members of the European Parliament adopted a resolution on the use of cannabis for medicinal purposes ("Resolution 2018/2775(RSP)"). Resolution 2018/2775(RSP) called for a legal definition of "medical cannabis" in order to clearly distinguish between cannabis-based medicines approved by the European Medicines Agency or other regulatory agencies and cannabis for recreational or industrial use that is not regulated by the same standards. Resolution 2018/2775(RSP) also called for increased research into the possible uses of THC, CBD and other cannabinoids for medical treatment, including their effects on the human body, and promotion of equal access to cannabis-based medicines by ensuring that health insurance schemes cover effective cannabis-based medication.

There is no formal EU definition of "medical cannabis". Medical cannabis can be described as whole-plant cannabis-derived products (generally cannabis flower or oils) that are licensed by member state health systems for prescription by a physician. As recognized by the European Monitoring Centre for Drugs and Drug Addiction, medical cannabis refers to a wide variety of preparations and products that may contain different active ingredients and use different routes of administration.

From a legal and regulatory perspective, there are two categories of medical cannabis products:

- Cannabis-derived medicinal products - Cannabis derived medicinal products are products which have been granted a marketing authorization from a regulatory authority (the European Medicines Agency at the EU level or competent national authorities at EU member state level), after going through extensive clinical trials to test the products' safety and effectiveness. These products are regulated as (cannabis-derived) "medicinal products" in accordance with the harmonized EU regulatory system set forth by EU Directive 2001/83/EC. To date, several cannabinoid-containing medicinal products have been authorized for marketing in the EU and certain EU member states, have authorized for marketing in their states plant-based products including, but not limited to, Sativex® (nabiximols) and Epidyolex® (CBD), and synthetic products Marinol® (dronabinol) and Cesamet® (nabilone).

- Cannabis preparations for medical use – Cannabis preparations for medical use consist of products that may be authorized through national distribution and use authorizations or licenses in certain EU member states. This group of products includes, but not limited to, raw cannabis (such as the flowering tops, resin, and oils extracted from the plant). Alternatively, raw cannabis can be transformed by a pharmacist into a magistral preparation in accordance with a medical prescription, or the raw cannabis may already have been transformed by the manufacturer into standardized cannabis preparations. These cannabis preparations can vary greatly in composition, depending for example on the strain of cannabis, the growing conditions and how the preparations are stored.

Since the EU is not a party to the international conventions related to the control of drugs, the determination as to whether to implement the requirements of said conventions is made by the individual EU member states. The regulation of medical cannabis falls largely within the competence of the EU member states, which may decide to permit the medical use of cannabis preparations (without requiring a marketing authorization in accordance with EU Directive 2001/83/EC) under specific conditions. Pursuant to Article 5(1) of EU Directive 2001/83/EC (which relates to so-called "named patient use" of medicinal products), the use of medical cannabis can only be authorized by member states upon medical prescription and when there is a medical need for the patient.

While each country in the European Union has its own laws and regulations, there are many commonalities in the development of the medical-use cannabis markets in the EU. For example, in order to ensure the quality and safety of products for patients, many European Union countries only permit the import and sale of cannabis and cannabis-based products for medical use when the manufacturer can demonstrate a certification of compliance, issued by a competent member state authority, with the EU-GMP standards. Under the EU-GMP system, a competent authority of any European Union member state may conduct an inspection at a drug-manufacturing site, and, if the competent authority is satisfied that the EU-GMP standards are met, issue a certificate of EU-GMP compliance to the manufacturer for specified elements of the manufacturing process being carried out at that site. Each country in the European Union will generally recognize an EU-GMP certificate issued by any competent authority within the European Union as evidence of compliance with EU-GMP standards. Certificates of compliance issued by a competent authority in another country outside of the European Union, e.g. certificates based on the GMP guidelines of the World Health Organization (WHO), will also be recognized if that country has a mutual recognition agreement with the European Union.

Many European Union member states are signatories to the Narcotics Convention. Consequently, the import and export of cannabis among those countries must comply with the terms of the Narcotics Convention.

Regulation regarding CBD

On November 19, 2020, the European Union's highest court, the Court of Justice of the European Union, ruled that cannabidiol (CBD) is not a narcotic drug (See Case C-663/18). The court conceded that while restrictions on the free movement of goods can be justified on the basis of a "public interest" objective, such as the "protection of public health", such restrictions should be appropriate and should not go beyond what is necessary in order for the EU member state to obtain that objective. On the facts of Case C-663/18, the court implied that the restrictions in place to restrict the movement of CBD products were not found to be justified. This was due to the fact that the nation with the CBD restrictions in place did not restrict the import of synthetic CBD, which has the same properties as the CBD at issue. The lack of such a restriction on the movement of synthetic CBD suggested to the court that the impugned legislation was not appropriately designed to attain the objective it set out (that is, the objective of protecting public health).

Nevertheless, to date, the status of CBD, which can be included in different types of regulated products (e.g. cosmetics, food, etc.), remains unclear in the European Union. For example, with respect to cosmetic products, while the European Cosmetic Ingredient database highlights the cosmetic functions of CBD (i.e., its antioxidant, anti-seborrheic, skin conditioning and skin protecting properties), it also considers that its use in cosmetic products may be prohibited if it is prepared as an extract or tincture of cannabis in accordance with the Narcotics Convention. As the Narcotics Convention uses a narrow definition of cannabis limited to "the flowering or fruiting tops of the cannabis plant" and excludes the seeds and leaves of the plant, from an EU perspective, CBD may be used in cosmetics when it is obtained from the seeds and leaves (only) of cannabis plants. EU member state regulations on controlled substances may differ in their treatment of CBD products.

Germany

The Act on the Amendment of Narcotic Drugs and Other Regulations (Gesetz zur Änderung betäubungsmittelrechtlicher und anderer Vorschriften) which came into force on March 10, 2017, introduced an exception to allow the prescription and sale of cannabis for medical purposes. Prior to March 2017, the import of cannabis was not permitted, and pharmacies could request medical cannabis from abroad for specific patients only in exceptional circumstances, subject to a special case-by-case approval issued by BfArM. Since March 2017, cannabis cultivated for medical purposes outside Germany can be imported and marketed in Germany by private companies provided those companies have obtained relevant licenses that are in line with the Narcotics Convention.

Germany permits the import of cannabis plants and plant parts for medicinal purposes under state control subject to the requirements under the Narcotics Convention and the Good Agricultural and Collection Practice, an annex to the EU-GMP standards.

German law does not place quantitative restrictions on imports, but requires importers, exporters, traders and others who put cannabis products on the German market to apply for a license under the Federal Narcotics Act (Betäubungsmittelgesetz), ("BtMG"). In other words, any person who wishes to cultivate, produce or trade in narcotic drugs, or without engaging in their trade, to import, export, supply, sell, otherwise place them on the market, or acquire narcotic drugs, requires a license issued by the Federal Opium Authority (Bundesopiumstelle). Permissions under such a license may be restricted, without limitation, in relation to:

(a) the kind of narcotic drugs and of the trade in narcotic drugs;

(b) the annual quantity and the stock of narcotic drugs; and

(c) the location of the sites.

In addition to a narcotics trade license, each import or export of narcotic drugs with a starting or end point in Germany must be authorized by BfArM. Importers and exporters, in each case, are required to submit an application for import/export authorization to BfArM. Applications for import permits must include the specifics of the contemplated shipment. Import permits are issued on a shipment-specific basis and generally have a three-month validity period. The import permit, once granted, will specify, among other details, for each shipment:

(a) the importer;

(b) the exporter;

(c) for every narcotic to be imported:

(i) the central pharmaceutical number (if available);

(ii) the number of packaged units;

(iii) the number of dosage units; and

(iv) the name of the narcotic and concentration of active substances.

Medicinal cannabis imported under the Narcotics Convention, subject to a license under the BtMG, may be placed on the market only by a registered pharmacist and only in the form of dried cannabis inflorescences or cannabis extracts in a quantity that is approved for individual prescription. BfArM has approved three cannabinoid profiles for medicinal use in Germany. Besides dried cannabis inflorescences and cannabis extracts, the ready-to-use drugs Sativex® and Canemes® as well as the drug prepared on prescription dronabinol are permitted in the German market.

Medical cannabis falls under the definition of a medicinal product, as defined in the German Medicines Act, and requires a Wholesale Trading License if a commercial entity engages in wholesale of medical cannabis. Wholesale trading is defined broadly and includes any professional or commercial activity involving the procuring, storing, supplying or exporting of medicinal products, with the exception of the dispensing of medicinal products to consumers.

In June 2019, we formalized our entry into the German market through a non-exclusive distribution agreement (the "German Distribution Agreement") with a licensed distributor, for the purpose of marketing our pharmaceutical-grade cannabis products in Germany. Despite the elapsed time since this agreement was signed, no distribution of our medical marijuana products under the German Distribution Agreement has yet occurred. The involved parties are diligently evaluating the most viable strategies to penetrate the German medical cannabis sector effectively. During the year 2023, the German legislative landscape saw considerable debates around the CanG bill. This legislation, which was first enacted in February 2024 and came into effect on April 1st, 2024, is poised to significantly impact the German cannabis market by enabling both medical and adult-use cannabis. Under the newly approved bill, cannabis will be reclassified, removing it from the list of controlled narcotics. This pivotal change allows for easier prescribing by medical professionals. The bill also introduces the concept of social clubs, which can distribute up to 25 grams of cannabis daily to each of their 500 members, and permits the home cultivation of up to three cannabis plants. Additionally, the legislation specifies that individuals aged 18 to 21 are allowed to purchase up to 30 grams per month of cannabis products, with a THC content capped at 10%. With the passage of this bill, Germany becomes the fifth nation globally to legalize cannabis for adult recreational use alongside its medicinal application.

On March 22, 2024, the Company announced its intention to launch its inaugural product offerings in the German market in the forthcoming months. This announcement aligned with our strategic objectives to extend our international presence and leverage the evolving regulatory landscape in Germany following the enactment of the Cannabis Act, and resulted in the Company entering into a new strategic cooperation with Cookies in August 2024 to launch Cookies Corners licensed pharmacies in Germany. Prior to this announcement, the Company experienced certain operational delays as a result of the war in Israel, including damage sustained at its Southern Facility. These delays were taken into consideration as part of the planning and timing of the Company's international expansion activities. This initiative signifies a critical step in our efforts to distribute pharmaceutical-grade cannabis products within Germany and underscores our strategic approach towards capturing emerging opportunities in the global cannabis market, further solidifying our position as a leader in the field.

Government Regulations – Clinical Trials

In order to conduct clinical testing on humans in Israel, special authorization must first be obtained from the ethics committee and general manager of the institution in which the clinical studies are scheduled to be conducted, as required under the Guidelines for Clinical Trials in Human Subjects implemented pursuant to the Israeli Public Health Regulations (Clinical Trials in Human Subjects), 5740-1980, as amended from time to time, and other applicable legislation. These regulations also require authorization from the MOH, except in certain circumstances, and in the case of genetic trials, special fertility trials and similar trials, an additional authorization of the overseeing institutional ethics committee. The institutional ethics committee must, among other things, evaluate the anticipated benefits that are likely to be derived from the project to determine if it justifies the risks and inconvenience to be inflicted on the human subjects, and the committee must ensure that adequate protection exists for the rights and safety of the participants as well as the accuracy of the information gathered in the course of the clinical testing. Since, at this time, we expect all of the clinical trials involving our pharmaceutical-grade cannabis products to be conducted in Israel, we and our partners will be required to obtain authorizations from the ethics committee and general manager of each institution in which we and our partners intend to conduct our clinical trials, and in most cases, from the MOH.

Initial clinical trials (Phase 1 studies) assess how to safely administer and dose a drug with a small number of healthy volunteers. If those trials are successful, Phase 2 studies are conducted to explore the effectiveness of the drug for a particular medical indication over a range of doses and to determine the short-term side effects of such drug use. These studies typically involve a few hundred subjects. If Phase 2 studies are successful, pivotal Phase 3 studies are then designed to build on the information learned in the earlier studies, and to further study safety and assess the efficacy of the investigational drug for a particular medical indication in a defined patient population. Phase 3 studies can also provide additional safety data, including information regarding the long-term effects of the drug in certain patient groups and the efficacy of different doses of the drug. These later trials can sometimes involve the enrollment of several thousand subjects to provide the needed information about the investigational drug's safety and efficacy.

The MOH has approved the use of pharmaceutical-grade cannabis as a treatment for certain symptoms and indications, subject to filing an application with the MOH and the IMCA by the patients and a subsequent receipt of approval. Clinical trials that study pharmaceutical-grade cannabis for these purposes do not require preclinical studies or Phase 1 trials as a condition for the approval of Phase 2 trials. However, we remain obligated under the MOH guidelines to notify the MOH if a study results in a Serious Adverse Event in connection with the use of the study drug. A "Serious Adverse Event" is defined as a reversible or an irreversible event for which any of the following is true: (i) caused death, life-threatening effects, persistent or significant disability or incapacity; (ii) caused severe or prolonged morbidity; required hospitalization or prolonged the duration of hospitalization; (iii) caused a congenital defect or harmed pregnancy as a result of treatment with the product during pregnancy; or (iv) other medically/clinically significant events, which may endanger a patient or require medical intervention to prevent the situations listed in (i) through (iii).

Geographic Markets

The table below indicates the approximate breakdown of our revenue by territory, based on the location of the end-customer:

	Year ended December 31, (in thousands of NIS)			Year ended December 31, (in percentages)		
	2025	**2024**	**2023**	**2025**	**2024**	**2023**
Israel	262,049	238,845	355,553	97%	100%	100%
Germany	8,151	-	-	3%	-%	-%
Total revenues	270,200	238,845	355,553	100%	100%	100%

C. Organizational Structure.

The following table sets forth the legal name, location and country of incorporation and percentage ownership of each of our current principal operating subsidiaries:

Subsidiary Name	**Country of Incorporation**	**Ownership Percentage**
Canndoc Ltd.	Israel	100%
Cannolam Ltd.	Israel	100%
Leon Pharm Ltd.	Israel	100%
Pharmazone Pharmacy Ltd.	Israel	100%
Ahuza Pharmacy D.Y Ltd.	Israel	100%
Doron Pharmacy Ltd.	Israel	100%
(MSMS) Greenlog Global Ltd.	Israel	100%
Club Pharm Ltd.	Israel	100%
Bio Max Partnership	Israel	55%
Amidar Pharmacy Ltd.	Israel	51%
Medicine Center G.G. Ltd.	Israel	51%
Orni Pharmacy Ltd.	Israel	51%
Arihut Yamim Pharmacy Ltd.	Israel	100%

D. Property, Plants and Equipment.

Production Facilities

We have two production facilities which we lease: the Northern Facility and the Southern Facility. Please see "Item 4.B. Business Overview — Cultivation — Israel".

Head Office (Israel)

We have leased office space located in central Israel, with an area of approximately 550 square meters that houses our management, financial and administrative functions. Part of the office is leased by companies that are related to Mr. Alex Rabinovich, our majority shareholder, Chairman of the Board and Chief Executive Officer. These leases were approved by the Audit Committee and the Board. The amounts payable under these leases are immaterial relative to our business.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results.

This Operating and Financial Review and Prospects provides an analysis of the financial operating results for the year ended December 31, 2025. This section should be read in conjunction with the Company's audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2025, which have been prepared in accordance with IFRS.

Amounts are presented in thousands of NIS.

Overview

InterCure has 13 direct subsidiaries as described under "Item 4.B. Business Overview".

We (more specifically through Canndoc) are a pioneer in the production (including the breeding, cultivating and processing), manufacturing and distribution of pharmaceutical-grade cannabis and cannabis-based products for medical use. For more than 18 years, we have been a leader in the licensed production and distribution of cannabis and cannabis-based products throughout Israel, one of the first countries with a governmentally-sanctioned regime for the production, manufacturing and distribution of cannabis for medical use.

Our goal is to be a global leader in the production and distribution of high-quality pharmaceutical-grade cannabis-based branded products to patients in all territories that permit and regulate the distribution of pharmaceutical-grade cannabis, including Israel, the European Union and Australia.

Since the beginning of 2020, we have focused on accelerating and growing our commercial activity in major markets around the world. As part of our global vertically integrated "seed-to-sell" model, we have entered into exclusive collaborations with some of the largest international cannabis companies in the world including Tilray, Organigram, Charlotte's Web and Cookies. These strategic agreements serve to advance our capabilities and emphasize our focus on delivering premium quality and branding to Israel and other target markets. We have expanded cooperation agreements for the production, marketing and distribution of our products in countries with supportive regulations.

We believe in the uncompromising quality of our products and we are leading the trend towards the pharmaceutical standard in the medical cannabis industry, both through a high quality, advanced production system and through extensive research and development with nine clinical studies approved by the Minister of Health. We have acquired a unique knowledge throughout our 18 years of experience operating in the cultivation, growth and genetics of cannabis strains. In addition, we have invested in a production system that adheres to the strictest regulatory and quality standards. In doing so, we achieve the highest standard of product quality for our patients and for commercial research collaborations. We believe this will enable us to enter into future target markets and strategic partnerships, expanding our leadership globally.

Full Year 2025 Key Financial & Operating Highlights

For InterCure (on a consolidated basis):

- Our consolidated net loss for the year ended December 31, 2025 was NIS 37 million, compared to a consolidated net loss of NIS 73 million for the year ended December 31, 2024. The net loss includes non-cash amounts such as credit risk.
- Fiscal year 2025 revenue and Adjusted EBITDA of NIS 270 million and NIS 42 million, respectively.
- Positive cash from operations of NIS 17 million for the year ended December 31, 2025 compared to negative cash from operations of NIS 67 million for the year ended December 31, 2024.
- According to Israeli Law, due to the location of the Company's Southern Facility, the Company is entitled to receive from Israeli authorities full compensation for all the direct and indirect damages caused to the Southern Facility by the terrorist attack and the war in Gaza. InterCure's management and its advisers are working diligently with the Israeli authorities to obtain this full compensation. To date, the Company has already received NIS 82 million as advance payments from the Israeli authorities in relation to such compensation. As of the fourth quarter of 2025, the rehabilitation process is being extended in line with the receipt of additional compensation advances and is currently focused on the recovery and preservation of the genetic bank.
- Cash and cash equivalents and restricted cash of NIS 49 million on December 31, 2025 compared to NIS 80 million on December 31, 2024.

Results of Operations

For a discussion of our results of operations for the year ended December 31, 2024, including a year-to-year comparison between 2024 and 2023, and a discussion of our liquidity and capital resources for the year ended December 31, 2024, refer to "Item 5. Operating and Financial Review and Prospects" in our Annual Report on Form 20-F for the year ended December 31, 2024, filed with the SEC on May 1, 2025.

Financial data is expressed in thousands of NIS. The following tables present our results of operations for the periods denoted below.

For the year ended on December 31, 2025 as compared to the year ended December 31, 2024

	For the 12-month period ended on December 31	
	2025	**2024**
Revenue	270,200	238,845
Gross income before impact of changes in fair value	40,681	35,593
Gross profit	33,181	30,233
Research and development expenses	390	414
General and administrative expenses	40,889	53,669
Sales and marketing expenses	52,507	54,225
Changes in the fair value of financial assets through profit or loss, net	2,028	(341)
Share-based payments	2,429	2,281
Other expenses (income), net	(37,522)	(12,807)
Consolidated operating profit (loss) before Impairment losses	**(27,244)**	**(67,208)**
Impairment losses on goodwill and property, plant and equipment	-	-
Consolidated operating profit (loss) after Impairment losses	**(27,244)**	**(67,208)**
Total comprehensive profit (loss)	**(36,784)**	**(72,793)**
Basic earnings (loss) per share	**(0.66)**	**(1.48)**
Diluted earnings (loss) per share	**(0.66)**	**(1.48)**

Revenues – Revenue for the full year 2025 represents an increase of 13% compared to 2024. The increase was primarily derived from our first revenues from our Southern Facility since the terrorist attack that occurred on October 7, 2023 and the declaration regarding a State of War in Israel that followed. As stated, according to Israeli Law, due to the location of the Company's Southern Facility, the Company is entitled to receive from the Israeli authorities full compensation for all the direct and indirect damages caused to the Southern Facility by the terrorist attack and the war in Gaza. InterCure's management and its advisers are working diligently with the Israeli authorities to obtain this full compensation. To date, the Company has already received NIS 82 million as advance payments from the Israeli authorities in relation to such compensation. During 2025, as the recovery process progressed, the Company resumed production, importation and sales from the Nir Oz facility, delivering first batches since the October 7, 2023 attack and the war in Gaza. As of the fourth quarter of 2025, The recovery process is being extended beyond the originally planned timeline alongside the excepted receipt of additional compensation advances and is currently focused on the recovery of the genetic bank. During 2025, the Company continued to execute its global expansion strategy, and for the first time, revenues in the second half of 2025 included significant contributions from the German market.

Gross profit before effect of fair value – The gross profit for 2025 increased by 14% to NIS 41 million, from NIS 36 million recorded in 2024. The increase is mainly due to an increase in revenues, alongside a decrease in the overall gross profit margin which decreased as result of the damages caused to our operations since the terrorist attack that occurred on October 7, 2023 and the declaration of a state of war in Israel that followed, as well as financially struggling companies and companies exiting the market continuing to liquidate low-to-medium quality inventories at lower prices. This had an impact primarily on our ultra-medical and legacy products.

Consolidated net profit (loss) –Our consolidated net loss for the year ended December 31, 2025, was NIS 37 million, compared to a consolidated operating loss of NIS 73 million.

General and administrative expenses – General and administrative expenses for 2025 have decreased primarily due to general efficiency improvements in company management and general expenses. as well as change in provision for doubtful debt.

Sales and marketing expenses – Selling and marketing expense for 2025 have decreased to NIS 53 million compared to 2024 at NIS 54 million.

Selected Annual Financial Information

	As of December 31		
	2025	**2024**	**2023**
Revenue	270,200	238,845	355,553
Total comprehensive profit (loss) for the year	(36,784)	(72,793)	(63,533)
Basic earnings (loss) per ordinary share	(0.66)	(1.48)	(1.36)
Diluted earnings (loss) per ordinary share	(0.66)	(1.48)	(1.36)
Total current assets	316,746	391,801	418,804
Total non-current assets	373,806	370,773	367,810
Current Liabilities	214,365	226,750	225,868
Non-current Liabilities	79,830	138,153	103,684

Total current assets – The decrease in 2025 compared to 2024 was primarily due to the continued damages caused to our operations and Southern Facility since the terrorist attack that occurred on October 7, 2023 and the declaration regarding a state of war in Israel that followed, provision for doubtful debt and cash on hand.

Total non-current assets – The increase in 2025 compared to 2024 was immaterial and primarily due to changes in deferred tax assets, or more specifically, deferred taxes on carryforward losses.

Current liabilities – Total current liabilities in 2025 have decreased compared to 2024 mainly due to decreased of trade payables.

Non-current liabilities – The total amount of non-current liabilities decreased in 2025 compared to 2024, primarily due to an decrease in bank loans. For more information, please see "—B. Liquidity and Capital Resources—Financing Developments".

Cash flow

InterCure's approach to liquidity is to always have sufficient liquidity to meet its liabilities as they come due. This is achieved by continuously monitoring cash flows and reviewing actual operating expenditures and revenue against budget.

Cash Flow	For 12 months ended on December 31, 2025	For 12 months ended on December 31, 2024
Net cash provided by (used in) operating activities	16,841	(66,926)
Net cash provided by (used in) financing activities	(46,658)	26,455
Net cash used in investing activities	(1,992)	17,689
Change in cash during the period	(31,809)	(22,782)
Exchange differences in respect of cash and cash equivalent balances	(43)	(39)
Cash and cash equivalents, beginning of year	**78,318**	**101,139**
Cash and cash equivalents, end of year	**46,466**	**78,318**

Net cash flow used by operating activities – The increase was due to both higher revenues and profit as well as decrease in net working capital.

Net cash used in financing activities – The decrease in net cash provided by financing activities for the year ended December 31, 2025 was primarily due to the loans repayments. For more information, please see "—B. Liquidity and Capital Resources—Financing Developments".

Net cash used in investing activities – The decrease in net cash provided by investing activities for the year ended December 31, 2025 compared to the year ended December 31, 2024, was primarily due to the collecting of loans from non-related parties in 2024.

Non-IFRS Financial Measures

We use certain non-IFRS financial measures to measure, compare and explain our operating results and financial performance. These measures are commonly used by companies operating in the cannabis industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. We define such financial measures as follows:

"Adjusted EBITDA" means EBITDA adjusted for changes in the fair value of inventory, share-based payment expense, impairment losses (and gains) on financial assets, and other expenses (or income). Other income, net includes war-related damage compensation from the tax authorities, changes to allowance for credit risk, impairment of inventory and excludes non-cannabis sector expenses.; and "EBITDA" means net income (loss) before interest, taxes, depreciation and amortization.

We present Adjusted EBITDA and EBITDA in this Annual Report because these are measures that our management and board of directors utilize as a measure to evaluate our operating performance. Accordingly, we believe that Adjusted EBITDA and EBITDA provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

These measures should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. For a reconciliation of net income (loss) from continuing operations to EBITDA and Adjusted EBITDA, please see "Item 5. Operating and Financial Review and Prospects – A. Operating Results".

Adjusted EBITDA – For the sixth year in a row we had positive Adjusted EBITDA of 15% of the revenues.

Reconciliation from (Loss)/ profit for the year to adjusted EBITDA

Total comprehensive profit (loss)	**(36,784)**
Interest / Financing cost	16,859
Tax expenses	(7,319)
Depreciation and amortization	17,148
EBITDA	(10,096)
Share-based payments	2,429
Other expenses, net (without other income from the Tax authorities)	39,755
Changes in the fair value of financial assets through profit or loss, net	2,028
Fair value adjustment to biological assets	7,500
Adjusted EBITDA (Consolidated)	**41,616**
Non cannabis sector expenses	4,985
Adjusted EBITDA (Cannabis Sector)	**46,601**

Details regarding other expenses, net be excluded from EBITDA :

Other expenses (income), net (as in the financial statements)	(37,522)
Excluding income from the Tax authorities	69,767
Adding provision for doubtful debts (G&A)	7,511
Total	**39,755**

B. Liquidity and Capital Resources.

Proposed Transactions

We seek potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year.

Financing Developments

As discussed under "Item 4.A. History and Development of the Company", on January 29, 2024, we entered into a share purchase agreement with the shareholders of Leon Pharm to purchase Leon Pharm, a leading, Israel-based pharmacy chain located in major cities throughout Israel specializing in dispensing medical cannabis in Israel, by way of a share purchase of all of the issued and outstanding share capital of Leon Pharm in exchange for 1,397,292 ordinary shares of the Company based on a share price of NIS 8.8 per share. The transaction was accretive to the Company's business and closed in July 2024.

For the year ended December 31, 2025 and up to the date of this Annual Report:

In December 2024, the Company entered into financing commitments of NIS 66 million which may increase to NIS 107 million, which included a binding commitment from a leading Israeli bank to provide the Company with a non-secured loan of NIS 30 million for a period of up to 24 months, to be repaid until December 23, 2026, on customary terms and conditions, including an interest rate of the one year loan prime rate (6.00%) (the "Loan"). Under the securities purchase agreement dated March 3, 2025 (the "Private Placement"), InterCure issued to the investors (i) an aggregate of 7,349,896 ordinary shares of the Company, at a purchase price of NIS 4.83 (approximately $1.34) per ordinary share, at a premium above the opening price of InterCure's ordinary shares on the TASE on the morning of Monday, December 16, 2024, which was NIS 4.81 per share (the "Determining Date") and (ii) warrants (the "Warrants"), that have a term of four years, to purchase up to an additional 7,349,896 ordinary shares of the Company at an exercise price equal to NIS 5.70 (approximately $1.58), at an 18% premium above the opening price of InterCure's ordinary shares on the Determining Date, which may further increase the proceeds from the Private Placement up to a total of approximately NIS 77 million (approximately $21.5 million) if the Warrants are fully exercised for cash. The consideration for the allocated securities was determined through negotiations between the Company and the Investors, based on the opening share price on the Determining Date. The Private Placement was subject to certain closing conditions, which included the approval of the shareholders of the Company, which was later obtained in February 2025.

The Private Placement closed on March 3, 2025. For more information on the Private Placement, please see “Item 7. Major Shareholders and Related Party Transactions”.

On February 12, 2025, we announced that Mr. Ehud Barak will step down as Chairman of the Board, effective February 13, 2025, and will be succeeded by Mr. Alexander Rabinovich who has successfully led the Company as Chief Executive Officer for the past five years.

The Company further announced on February 12, 2025 the completion of the Loan and Private Placement, with the closing of the Private Placement taking place on March 3, 2025.

Goodwill impairment

The recoverable amount of the cash-generating unit as of December 31, 2025 was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the unit with the assistance of independent valuers.

The test results indicated that the recoverable amount of the cash-generating unit exceeds its carrying amount. Therefore, no additional impairment loss was recognized in 2025. The recoverable amount of the cash-generating unit as of December 31, 2025 was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the unit with the assistance of independent valuers.

The carrying amount of the unit was determined to be lower than its recoverable amount so no impairment loss was recognized in 2025.

Key assumptions used in calculation of recoverable amount

Discount rate. The after-tax discount rate in 2025 was 18% (compared to 15% in 2024) and was estimated based on past experience, and an industry average weighted average cost of capital, which was based on a possible range of debt leveraging of 14% (compared to 17% in 2024) at a market interest rate of 7% (compared to 10% in 2024). The after-tax discount rate is based on the risk-free rate for 15-year debentures issued by the government in the relevant market and adjusted for a risk premium.

Terminal value growth rate. A cash flow forecast for five years was included in the discounted cash flow model. The long-term growth rate was 3.5%. The terminal value growth rate is consistent with the assumptions that a market participant would make.

Sensitivity to changes in assumptions

Discount rate. An increase in the discount rate of 0.5% will affect the calculation of the unit’s value in use so that it will decrease by NIS 16 million.

Terminal value growth rate. A decrease in the terminal value growth rate of 1% will affect the calculation of the unit’s value in use so that it will decrease by NIS 7 million.

C. Research and development, patents and licenses, etc.

See above, under "Item 4.B. Business Overview — Research and Development" and "Item 4.B. Business Overview — Intellectual Property".

D. Trend Information.

We are in a development stage with regard to different products. It is not possible for us to predict with any degree of accuracy the outcome of our research, development, or commercialization efforts. As such, it is not possible for us to predict with any degree of accuracy any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to not necessarily be indicative of future operating results or financial condition. However, to the extent possible, certain trends, uncertainties, demands, commitments and events are in this "Operating and Financial Review and Prospects".

E. Critical Accounting Estimates.

The Company's critical accounting estimates are summarized in Note 3 of our audited consolidated financial statements.

Outstanding Share Data

InterCure's current outstanding shares capital can be summarized as follows:

Type	Shares	Options / Warrants
Ordinary Shares	54,681,335	
ESOP (A)[1]		169,466
ESOP (B) [2]		243,382
ESOP (C) [3]		231,409
ESOP (D) [4]		277,058
ESOP (E) [5]		460,000
ESOP (F) [6]		145,037
ESOP (G) [7]		60,000
ESOP (H) [8]		461,911
Warrants [9]		7,349,896
Total	54,681,335	9,398,159

Notes:

(1) ESOP (A) were issued to our directors between September 2018 to January 2020 and expire ten years from the date of issuance with an exercise price of NIS 15.57 per ordinary share.
(2) ESOP (B) were issued to certain employees in March 2021 and expire six years from the date of issuance with an exercise price of NIS 5.938 per ordinary share.
(3) ESOP (C) were issued to certain employees in August 2021 and expire five years from the date of issuance with an exercise price of NIS 5.938 per ordinary share.
(4) ESOP (D) were issued to certain employees in May 2022 and expire four years from the date of issuance with an exercise price of NIS 5.938 per ordinary share.
(5) ESOP (E) were issued to our Chief Executive Officer and Chairman on September 15, 2022 and expire four years from the date of issuance with an exercise price of NIS 21.76 per ordinary share.
(6) ESOP (F) were issued to certain employees in November 2022 and expire four years from the date of issuance with an exercise price of NIS 5.938 per ordinary share.
(7) ESOP (G) were issued to our directors in November 2024 and expire four years from the date of issuance with an exercise price of NIS 9.50 per ordinary share
(8) ESOP (H) were issued to an advisor at Intercure in September 2025 and expire four years from the date of issuance with an exercise price of NIS 5.35 per ordinary share
(9) The Warrants were issued to certain investors in the Private Placement in March 2025 and expire four years from the date of issuance with an exercise price equal to NIS 5.70 per ordinary share.

Off-Balance Sheet Transactions

The Company has no off-balance sheet arrangements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management.

The following table sets forth certain information relating to our directors and senior management as of the date of this Annual Report. Unless otherwise stated, the address for our directors and senior management is at the Company's registered address c/o 85 Medinat ha-Yehudim Street, Herzliya, 4676670, Israel.

Name	Age	Position
Alexander Rabinovich	55	Chairman of the Board and Chief Executive Officer
David Salton	66	Director
Lennie Michelson Grinbaum	50	External Director
Gideon Hirschfeld	60	External Director
Alon Granot	64	Director
Amos Cohen	46	Chief Financial Officer

Alexander Rabinovich has served on InterCure's board of directors since October 2018, as Chairman of the Board since February 2025 and is also the Chief Executive Officer of InterCure. He has significant public company experience with both Nasdaq and TASE listed companies. Mr. Rabinovich is also a director of Scodix Ltd. (TASE: SCDX) since 2025. Mr. Rabinovich is also the Chief Executive Officer and director of G.F.C. Green Fields Capital Ltd., a public company listed on the TASE engaged in investments in renewable energies since 2016. He is also the Chief Executive Officer and director of Green Forest Global Ltd. since 2013 and the Chief Executive Officer and director of Green Forest Holdings Ltd. since 2009. Mr. Rabinovich also serves on the board of directors of XTL Biopharmaceuticals Ltd., a public company listed on the Nasdaq, and, until 2014, served on the board of directors of Pilat Media Global PLC, a public company listed on TASE and on the Alternative Investment Market of the London Stock Exchange. Mr. Rabinovich holds a B.A. degree in economics and accounting from the University of Haifa, Israel.

Alon Granot has served on InterCure's board of directors since November 2020 and Canndoc's board of directors since February 2019. Mr. Granot served as Canndoc's Chief Executive Officer from September 2019 to December 2020. Since March 2026, Mr. Granot also serves as Chairman at PCB Technologies Ltd. (TASE: PCBT). From July 2021 to August 2023, Mr. Granot also served as a director at Aura Smart Air Ltd. (TASE: AUSA). From 2001 to 2018, Mr. Granot served as Chief Financial Officer and Executive Vice President at Frutarom Industries Ltd. ("Frutarom"), where he led mergers and acquisitions, business development and overall financial management until Frutarom was acquired for approximately $7.1 billion in 2018. From 2008 to 2016, and from August 2019 to January 2021, Mr. Granot served as an external director and independent director at Inter Industries Ltd. (TASE: ININ). He also served as director in the semiconductor division of Kulicke & Soffa Industries, Inc., a public company listed on Nasdaq, from 1998 to 2001. Mr. Granot holds a B.A. in economics and business administration from Haifa University and received an M.A. in economics and business administration from Technion-Israel Institute of Technology, Israel.

Amos Cohen has served as InterCure's Chief Financial Officer since February 2020. Mr. Cohen has over 18 years of financial and business experience, including as the CFO of Trendline Information and Communication Services Ltd., a TASE-listed company. Mr. Cohen has also served as the VP of finance at Walla (a Bezeq group entity, which is the biggest telecommunications company in Israel) and as a director of FP&A at Reshet, one of the largest TV channel is Israel. Mr. Cohen holds a B.A. in economics from Ben-Gurion University and received an M.A. in accounting from College of Management Academic Studies, Israel.

David Salton has served as an independent director of InterCure since December 2014. He has over 26 years of management experience in investment banking, investment companies and funds, and start-up companies in the life science industry. In addition to InterCure, since July 2024, Mr. Salton has served as Chief Executive Officer of AnchorMesh Ltd., a start-up company developing orthopedic implants. He also serves as an external director of Anabella Medical Ltd. and Giza-Singer-Even Underwriting Ltd., public-non-listed, reporting Israeli companies. From May 2022 to February 2024, he had served as an independent director of SHL Telemedicine Ltd. (Nasdaq:SHLT). From February 2016 to February 2025, Mr. Salton served as an independent director of ARAN Research & Development (1982) Ltd. (TASE: ARAN). From October 2019 to October 2024, he served as Chief Executive Officer, President, and a member of the board of directors of Virility Medical, a startup company, developing consumer medical devices. Before that, from 2009 to September 2019, Mr. Salton served as Chief Executive Officer and President of Dentack Implants Ltd. Mr. Salton also has previously served as the Chief Executive Officer of DCL Technologies Ltd., an investment company (previously listed on TASE), and of Leumi Star Ltd., a public-non-listed venture fund. Mr. Salton also served as Chief Executive Officer of the following private companies: Dyn-Bioshaf Ltd., Darely Pharmaceutical Ltd., and DYN Diagnostics Holdings (2000) Ltd. Mr. Salton also served as the Deputy General Manager and Head of Investments Sector for Leumi Partners, with $100 million under management and 25 portfolio companies in various sectors. Mr. Salton holds a B.Sc., Economics & Management degree from the Technion, Industrial Engineering faculty, Israel.

Lennie Michelson Grinbaum has served on InterCure's board of directors as an external director since September 2015. Since October 2022, Ms. Michelson Grinbaum has also served as an external director of Parkomat International Ltd. (TASE: PRKM). Ms. Michelson Grinbaum has in depth experience in Contract Research Organization as a contract specialist and has worked for a subsidiary of a major Israeli financial institution. Ms. Michelson Grinbaum holds an LLB in Law and a BA in Business from The Interdisciplinary Center Hertzliya as well as an MBA specializing in finance from Imperial College London, U.K.

Gideon Hirschfeld joined InterCure's board of directors in 2018 as an external director. Mr. Hirschfeld has extensive experience in business development for various corporations, such as the Israel Post, where he served as Director, Marketing and Business Development, from July 2009 until March 2016, the Israeli Basketball Super League Administration and Academon Stores Ltd. Prior to joining InterCure's board, Gideon initiated joint ventures for technology-based products and services, mainly in the logistics and distribution fields. Mr. Hirschfeld has a proven track record in financial matters related to current operations and short and long-range financial plans. Mr. Hirschfeld holds an MBA from Heriot-Watt University, Edinburgh, Scotland, Master of Education (M.Ed.) from the Kibbutzim College, Tel-Aviv, Israel, and a B.A. in international relations and political science from the Hebrew University of Jerusalem, Israel.

Family Relationships

There are no family relationships between any of the directors or members of senior management named above.

We are not aware of any arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management.

B. Compensation.

The following table provides a summary of compensation earned by or paid by us, directly or indirectly, to our five most highly compensated directors and executive officers on an individual basis for the year ended December 31, 2025:

(NIS in thousands)				Non-Equity Incentive Plan Compensation			
Name and Principal Position(1)	Fiscal	Salary	Option Based Awards	Annual Incentive Plans	Long-Term Incentive Plans	All Other Compensation	Total Compensation
Alexander Rabinovich Chairman and Chief Executive Officer	2025	734	92	-	-	-	826
Amos Cohen Chief Financial Officer	2025	349	839	300	-	638	2,126
Einat Zehavi CEO of Cannolam Subsidiary	2025	498	282	180	-	-	960
David Salton Director	2025	131	12	-	-	-	143
Lennie Michelson Grinbaum Director	2025	136	12	-	-	-	148

(1) The total compensation earned by or paid to Gideon Hirshfeld and Alon Granot, our other directors, for the year ended December 31, 2025, is NIS 143 thousands and NIS 131 thousands.

Stock Options and Other Compensation Securities

The following table provides a summary of all compensation securities earned by, granted to or issued to our five most highly compensated directors and executive officers on an individual basis for the year ended December 31, 2025.

	Option-based Awards			
Name and Principal Position	**Number of securities underlying unexercised options (#)**	**Option exercise price (NIS)**	**Option expiration date**	**Value of unexercised in-the-money options (NIS, in thousands)**
Alexander Rabinovich				
Chief Executive Officer	345,000	21.76	06.21.2026	-
Amos Cohen	134,708	5.94	03.14.2027	-
Chief Financial Officer	95,292	5.94	08.31.2026	-
	230,000	5.94	05.15.2026	-
Einat Zehavi	53,883	5.94	03.14.2027	-
VP sales	46,117	5.94	08.31.2026	-
	34,000	5.94	05.15.2026	
David Salton	4,046	25.14	01.09.2030	-
Director	15,000	9.50	09.05.2028	-
Lennie Michelson Grinbaum	4,046	25.14	01.09.2030	-
Director	15,000	9.50	09.05.2028	-

Compensation to Other Senior Management and Directors

The aggregate compensation paid by us to our other executive officers and directors (not listed above) for the year ended December 31, 2025, was approximately NIS 370 thousand, including pension, severance, retirement or similar benefits or expenses, but does not include business travel, relocation, professional and business association dues and expenses reimbursed to officers, and other benefits commonly reimbursed or paid by companies in Israel.

Employment Agreements

We have entered into written employment or services agreements with each of our executive officers. All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and most of them contain also customary provisions regarding assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. In addition, we have entered into agreements with each executive officer and director pursuant to which we have agreed to indemnify each of them up to a certain amount and to the extent that these liabilities are not covered by directors and officers insurance. Members of our senior management may be eligible for bonuses in accordance with our compensation policy and as set forth by our board of directors.

Directors' Service Contracts

We do not have written agreements with any director providing for benefits upon the termination of his or her engagement with our company.

Oversight and Description of Compensation

Compensation of Directors

Under the Companies Law, the compensation of external directors is set in the regulations thereto, and the compensation of directors of a public company requires the approval of the compensation committee, the subsequent approval of the board of directors and, unless exempted under regulations promulgated under the Companies Law, the approval of the shareholders at a general meeting. If the compensation of directors is inconsistent with a company's stated compensation policy, then, those provisions that must be included in the compensation policy according to the Companies Law must have been considered by the Compensation Committee and board of directors, and the approval by the company shareholders "Special Majority" which requires the approval by a majority vote of the shares present at voting at a meeting of shareholders called for such purpose provided that either:

- At least a majority of the shares held by shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, are voted in favor of the compensation package, excluding abstentions; or

- The total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the compensation package does not exceed 2% of the aggregate voting rights in the company.

Compensation of Executive Officers

Our Compensation Committee is responsible for, among other things, evaluating the performance of our executive officers, determining or making recommendations to the board with respect to the compensation of our executive officers, making recommendations to the board with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the board with respect to the compensation policy for our employees and ensuring that we are in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

Philosophy and Objectives

The compensation program for senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

a) attracting and retaining talented and highly-qualified executives;

b) motivating the short and long term performances of executives; and

c) creating a corporate environment which aligns their interests with those of the shareholders.

The compensation program is designed to provide competitive levels of compensation. We recognize the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, the Company's executive officers may receive compensation that is comprised of three components: (a) a base salary; (b) equity participation through the Company's equity incentive plan or all such forms of compensation.

Base Salary

In our view, we pay base salaries which are competitive in the markets in which we operate. We believe that this is a first step to attracting and retaining talented, qualified and effective executives.

Equity Participation through Equity Incentive Plans

We have, as a part of our long-term incentives, adopted equity incentive plans, including an Equity Incentive Plan, which was originally adopted by the Board in March 2015 and amended and restated by the adoption of the Israeli Option Plan, as approved by the general meeting of the shareholders held on September 15, 2022 (the "Israeli Option Plan"). On March 20, 2025 the Board approved an extension of the Israeli Option Plan until March 31, 2026. The purpose of our equity incentive plans is to provide us with a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants, to reward such of those non-employee directors, employees and consultants as may be granted options by the Board from time to time for their contributions towards our long term goals and success and to enable and encourage such non-employee directors, employees and consultants to acquire our shares as long term investments and proprietary interests in InterCure.

Pension Plan Benefits

Our executive officers are entitled to social benefits according to Israeli law, which include a standard pension plan.

Israeli Corporate Law Matters Impacting Executive Compensation

Under the Companies Law, the compensation of external directors is set in the regulations thereto, and the compensation of directors of a public company requires the approval of the compensation committee, the subsequent approval of the board of directors and, unless exempted under regulations promulgated under the Companies Law, the approval of the shareholders at a general meeting. If the compensation of directors is inconsistent with a company's stated compensation policy, then, those provisions that must be included in the compensation policy according to the Companies Law must have been considered by the compensation committee and board of directors, and shareholder Special Majority approval will also be required, provided that:

- At least a majority of the shares held by shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, are voted in favor of the compensation package, excluding abstentions; or

- The total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the compensation package does not exceed 2% of the aggregate voting rights in the company.

The Companies Law also requires the approval of the compensation of a public company's executive officers (other than the chief executive officer) in the following order: (i) the compensation committee, (ii) the company's board of directors, and (iii) if such compensation arrangement is inconsistent with the company's stated compensation policy, the company's shareholders (by a Special Majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company do not approve a compensation arrangement with an executive officer that is inconsistent with the company's stated compensation policy, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide detailed reasons for their decision.

Under the Companies Law, the compensation of a public company's chief executive officer is required to be approved by: (i) the company's compensation committee; (ii) the company's board of directors, and (iii) the company's shareholders (by a Special Majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company do not approve the compensation arrangement with the chief executive officer, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide a detailed report for their decision. The approval of each of the compensation committee and the board of directors should be in accordance with the company's stated compensation policy; however, in special circumstances, they may approve compensation terms of a chief executive officer that are inconsistent with such policy provided that they have considered those provisions that must be included in the compensation policy according to the Companies Law and that shareholder approval was obtained (by a Special Majority vote as discussed above with respect to the approval of director compensation). In addition, the compensation committee may waive the shareholder approval requirement with regards to the approval of the engagement terms of a candidate for the chief executive officer position, if they determine that the compensation arrangement is consistent with the company's stated compensation policy, and that the chief executive officer did not have a prior business relationship with the company or a controlling shareholder of the company and that subjecting the approval of the engagement to a shareholder vote would impede the company's ability to employ the chief executive officer candidate.

Clawback Policy

In November 2024, the Company adopted a Clawback Policy, which was subsequently approved by the Company's shareholders at a general meeting. The policy applies to executive officers and aligns with applicable legal and regulatory requirements. Under this policy, the Company may recover incentive-based compensation paid to executive officers in cases where financial statements are restated due to material noncompliance with financial reporting requirements. The policy applies to compensation granted, earned, or vested based on misstated financial results, enabling the Company to reclaim such amounts within a defined period following the restatement.

C. Board Practices

Foreign Private Issuer Status

The Nasdaq Rules include certain accommodations in the corporate governance requirements that allow foreign private issuers, such as us, to follow "home country" corporate governance practices in lieu of the otherwise applicable corporate governance standards of the Nasdaq. The application of such exceptions requires that we disclose any significant ways in which our corporate governance practices differ from the Nasdaq Rules that we do not follow. We do not follow Rule 5605(b)(1) of the Nasdaq Rules that requires that a majority of our board of directors be comprised of independent directors or Rule 5605(b)(2) of the Nasdaq Rules that requires that our independent directors have regularly scheduled "executive sessions" at which only independent directors are present. Neither Israeli securities laws nor corporate law requires that we comply with these requirements. Further, we do not intend to follow Rule 5635 of the Nasdaq Rules that requires that shareholder approval be required for the Company to issue securities in connection with certain events, such as the acquisition of shares or assets of another company, the establishment of or amendments to equity-based compensation plans for employees, and certain securities issuances at or below a minimum price. Neither Israeli securities laws nor corporate law require shareholder approval for such transactions, except where such transactions constitute a "related party transaction" or where such transaction is structured in a way that requires shareholder approval under the Companies Law, in which case, we intend to apply Israeli law requirements.

Corporate Governance

Except as stated above and in "Item 16G. - Corporate Governance", we comply with the rules generally applicable to U.S. domestic companies listed on the Nasdaq. We may in the future decide to use other foreign private issuer exemptions with respect to some of the other Nasdaq listing requirements. Following our home country governance practices, as opposed to the requirements that would otherwise apply to a company listed on the Nasdaq, may provide less protection than is accorded to investors under the Nasdaq Rules applicable to U.S. domestic issuers.

Board of Directors

Our articles of association provide that we may have between five and eleven directors, including directors who serve as external directors under the Companies Law. Our board of directors currently consists of five directors. Other than our external directors, our directors are elected by an ordinary resolution at the annual and/or special general meeting of our shareholders. Each director who is not an external director will hold office until the next annual general meeting of our shareholders, unless they are removed by a majority of the shares voted at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Companies Law and our articles of association.

In addition, if a director's office becomes vacant, the remaining serving directors may continue to act in any manner, provided that their number is of the minimal number specified in our articles of association. If the number of serving directors is lower than such minimum number, then our board of directors may only act in an emergency or to fill the office of director which has become vacant up to a number equal to the minimum number provided for pursuant to our articles of association, or in order to call a general meeting of our shareholders for the purpose of electing directors to fill any of our vacancies. In addition, the directors may appoint, immediately or as of a future date, additional director(s) to serve until the subsequent annual general meeting of our shareholders, provided that the total number of directors in office shall not exceed eleven directors.

Pursuant to the Companies Law and our articles of association, a resolution proposed at any meeting of our board of directors at which a quorum is present is adopted if approved by a vote of a majority of the directors present and voting. A quorum of the board of directors requires at least a majority of the directors then in office who are lawfully entitled to participate in the meeting.

Under the Companies Law, the chief executive officer of a public company may not serve as the chairman of the board of directors of the company unless approved by the Special Majority and for a term not exceeding three (3) years from the date of the shareholders' meeting.

In addition, a person subordinated, directly or indirectly, to the chief executive officer may not serve as the chairman of the board of directors; the chairman of the board of directors may not be vested with authorities that are granted to those subordinated to the chief executive officer; and the chairman of the board of directors may not serve in any other position in the company or a controlled company, except as a director or chairman of a controlled company.

In addition, under the Companies Law, our board of directors must determine the minimum number of directors who are required to have financial and accounting expertise. Under applicable regulations, a director with financial and accounting expertise is a director who, by reason of his or her education, professional experience and skill, has a high level of proficiency in and understanding of business accounting matters and financial statements. He or she must be able to thoroughly comprehend the financial statements of the listed company and initiate debate regarding the manner in which financial information is presented. In determining the number of directors required to have such expertise, the board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations.

The primary function of the Board is to supervise the management of the business and affairs of InterCure, including the responsibility for the strategic planning process, assessing the performance of and overseeing InterCure's management, the issuance of securities, succession planning, ensuring effective and adequate communication with shareholders, other stakeholders and the public, oversight of InterCure's internal control and management information systems, corporate governance, director compensation and assessment and approving material transactions and contracts. The Board will also be responsible for reviewing the succession plans for InterCure, including appointing, training and monitoring senior management to ensure that the Board and management have the appropriate skills and experience. The Board has appointed an Audit Committee, a Compensation Committee and a Nomination Committee. See below under "Committees of the Board". The Board has delegated to the applicable committee those duties and responsibilities set out in each committee's charter.

External Directors

The Companies Law requires Israeli companies with shares that have been offered to the public either in or outside of Israel to appoint two external directors. No person may be appointed as an external director if that person or that person's relative, partner, employer or any entity under the person's control, has or had, on or within the two years preceding the date of that person's appointment to serve as an external director, any affiliation with the company or any entity controlling, controlled by or under common control with the company. The term affiliation includes:

- an employment relationship;
- a business or professional relationship maintained on a regular basis;
- control; and
- service as an office holder, other than service as an officer for a period of not more than three months, during which the company first offered shares to the public.

No person may serve as an external director if that person's position or business activities create, or may create, a conflict of interest with that person's responsibilities as an external director or may otherwise interfere with his/her ability to serve as an external director. If, at the time external directors are to be appointed, all current members of the Board of Directors are of the same gender, then at least one external director must be of the other gender. A director in one company shall not be appointed as an external director in another company if at that time a director of the other company serves as an external director in the first company. In addition, no person may be appointed as an external director if he/she is a member or employee of the Israeli Security Authority, and also not if he/she is a member of the Board of Directors or an employee of a stock exchange in Israel.

External directors are to be elected by the Special Majority vote at a shareholders' meeting.

Under the Companies Law, the initial term of an external director is three years and may be extended for two additional three-year terms. Notwithstanding, the Companies Regulations (Reliefs for Israeli Public Companies Listed on Stock Exchanges Outside of Israel) 5760-2000 as amended in April 2024 (the "Regulations for Israeli Companies Traded Overseas"), provide a relief in relation to the appointment of external directors for additional terms subject to the approval of the Company shareholders and provided that the audit committee, and subsequently the Board of Directors, confirmed that in light of the expertise and special contribution of the external director to the work of the Board of Directors and its committees, the appointment for an additional term of office is in the best interest of the Company (the "Relief"). An external director may be removed only by the same percentage of shareholders as is required for their election, or by a court, and then only if such external director ceases to meet the statutory qualifications for their appointment or violates his or her duty of loyalty to the company. Both external directors must serve on every committee that is empowered to exercise one of the functions of the Board of Directors.

Lennie Michelson Grinbaum and Gideon Hirshfeld serve as external directors pursuant to the provisions of the Companies Law and by virtue of utilization of the Relief, for a period ending September 2027. They both serve on our Audit Committee, our committee for the approval of financial statements, our nomination committee and our Compensation Committee.

Director Independence

Under the Nasdaq Rules, independent directors must comprise a majority of a listed company's board of directors. For purposes of the Nasdaq Rules, an independent director means a person other than an executive officer or employee of the company who, in the opinion of the board of directors, has no relationship with the company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Our board has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board has determined that Gideon Hirshfeld, David Salton and Lennie Michelson Grinbaum, are "independent" as that term is defined under the Nasdaq. In making this determination, our board considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director.

Certain members of our board are also members of the boards of other public companies. See "—Directors, Executive Officers and Significant Employees". Our board has not adopted a director interlock policy, but is keeping informed of other public directorships held by its members.

Meetings of Independent Directors

The Board and committees will meet without management and non-independent directors at meetings of the Board, if considered necessary. These discussions will generally form part of the committee chairs' reports to the Board. The Chairman will chair the meetings and encourage open and candid discussions among the independent directors by providing them with an opportunity to express their views on key topics before decisions are taken.

Code of Conduct

The board has adopted a written Code of Business Conduct (the "Code") that applies to our officers (including without limitation, the Chief Executive Officer and Chief Financial Officer), employees and directors of the Company and its subsidiaries and promotes, among other things, honest and ethical conduct. The Code meets the requirements for a "code of ethics" within the meaning of Form 20-F. We will provide to any person without charge, upon request by mail or by telephone, a copy of our Code.

Monitoring Compliance with the Code of Conduct

Our Audit Committee will be responsible for reviewing and evaluating the Code at least annually and will recommend any necessary or appropriate changes to our board for consideration. The Audit Committee will assist our board with the monitoring of compliance with the Code, and will be responsible for considering any waivers therefrom (other than waivers applicable to our directors or executive officers, which shall be subject to review by our Board as a whole).

Requirement for Directors and Officers to Disclose Interest in a Contract or Transaction

In accordance with the Companies Law, each director and officer must disclose the nature and extent of any interest that he or she has in a material contract or material transaction whether made or proposed with us, if the director or officer is a party to the contract or transaction, is a director or an officer or an individual acting in a similar capacity of a party to the contract or transaction, or has a material interest in a party to the contract or transaction. Subject to certain limited exceptions under the Companies Law, no director may vote on a resolution to approve a material contract or material transaction which is subject to such disclosure requirement.

As of the date of this Annual Report, except as otherwise disclosed in this Annual Report, to the knowledge of the board or the management of the Company, there are no material interests, whether direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company of any of its subsidiaries.

Complaint Reporting

In order to foster a climate of openness and honesty regarding any concern or complaint pertaining to a suspected violation of the law, our Code or any of our policies, or any unethical or questionable act or behavior, our Code requires that our employees promptly report the violation or suspected violation of our Code. In order to ensure that violations or suspected violations of criminal law or securities law, acts of fraud against shareholders or questionable auditing or accounting matters can be reported without fear of retaliation, harassment or an adverse employment consequence, we have adopted a whistleblower policy that contains procedures that are aimed to facilitate confidential, anonymous submissions of complaints by our employees.

Committees of the Board

We currently have an Audit Committee, a Compensation Committee and a Nomination Committee, with each committee having a written charter.

Audit Committee

Our Audit Committee is currently comprised of three (3) members, David Salton, Lennie Michelson Grinbaum and Gideon Hirschfeld. Our board has determined that each is financially literate and meets the independence requirements for directors, including the heightened independence standards for members of the audit committee under Rule 10A-3 under the Exchange Act and NI 52-110. Our board has determined that David Salton is "financially sophisticated" within the meaning of the Nasdaq Rules, "financially literate" within the meaning of NI 52-110, and a "financial expert" as defined by Rule 10A-3 under the Exchange Act. For a description of the education and experience of each member of the Audit Committee, see "—Directors, Executive Officers and Significant Employees". All members of the Audit Committee serve on the committee for the approval of financial statement of the Company, and therefore, the Audit Committee serves as the Board committee for the approval of financial statements.

Israeli Law Matters Pertaining to Audit Committees

Under the Companies Law, InterCure is required to appoint an Audit Committee. The Audit Committee must be comprised of at least three directors, including all of the external directors, one of whom must serve as chairman of the committee.

Under the Companies Law, the Audit Committee may not include the chairman of the Board, a controlling shareholder of the company or a relative of a controlling shareholder, a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder or a director most of whose livelihood depends on a controlling shareholder.

In addition, under the Companies Law, the Audit Committee must consist of a majority of unaffiliated directors. In general, an "unaffiliated director" under the Companies Law is defined as either an external director or as a director who meets the following criteria:

- he or she meets the qualifications for being appointed as an external director, except for the requirement that the director be an Israeli resident (which does not apply to companies whose securities have been offered outside of Israel or are listed outside of Israel); and

- he or she has not served as a director of the company for a period exceeding nine consecutive years, provided that, for this purpose, a break of less than two years in service shall not be deemed to interrupt the continuation of the service.

The Companies Law further requires that generally, any person who does not qualify to be a member of the Audit Committee may not attend the Audit Committee's meetings and voting sessions, unless such person was invited by the chairperson of the committee for the purpose of presenting on a specific subject; provided, however, that an employee of the company who is not the controlling shareholder or a relative of a controlling shareholder may attend the discussions of the committee, provided that any resolutions approved at such meeting are voted on without his or her presence. A company's legal advisor and company secretary who are not the controlling shareholder or a relative of a controlling shareholder may attend the meeting and voting sessions, if required by the committee.

The quorum required for the convening of meetings of the Audit Committee and for adopting resolutions by the Audit Committee is a majority of the members of the Audit Committee, provided such majority is comprised of a majority of independent directors, at least one of whom is an external director.

Approval of transactions with related parties

Under the Companies Law, the approval of the Audit Committee is required to effect specified actions and transactions with office holders and controlling shareholders and their relatives, or in which they have a personal interest. The Audit Committee may not approve an action or a transaction with a controlling shareholder or with an office holder unless at the time of approval the Audit Committee meets the composition requirements under the Companies Law.

Audit Committee role

The Board has adopted an Audit Committee charter setting forth the responsibilities of the audit committee consistent with the rules of the SEC and the Nasdaq Marketplace Rules, which include, but are not limited to:

- pre-approving of audit and non-audit services and related fees and terms, to be provided by the independent auditors;

- overseeing accounting and financial reporting processes and audits of financial statements, the effectiveness of internal control over financial reporting and making such reports as may be required of an audit committee under the rules and regulations promulgated under the Exchange Act; and

- reviewing policies and procedures with respect to transactions (other than transactions related to the compensation or terms of services) between InterCure and its officers and directors, or affiliates of such officers or directors, or transactions that are not in the ordinary course of business and deciding whether to approve such acts and transactions if so required under the Companies Law.

Under the Companies Law, the Audit Committee is responsible for:

- retaining and terminating our independent auditors, subject to the ratification of the Board, and in the case of retention, to that of the shareholders;
- reviewing with management and our independent auditor our annual and quarterly financial results prior to publication or filing (or submission, as the case may be) to the SEC;
- recommending to the Board the retention and termination of the internal auditor, and the internal auditor's engagement fees and terms, in accordance with the Companies Law as well as approving the yearly or periodic work plan proposed by the internal auditor;
- reviewing with the general counsel and external counsel, as deem necessary, legal and regulatory matters that could have a material impact on the financial statements;
- identifying irregularities in our business administration, inter alia, by consulting with the internal auditor or with the independent auditor, and suggesting corrective measures to the Board;
- determining whether there are deficiencies or irregularities in the business management practices of the company, including in consultation with the internal auditor or the independent auditor, and making recommendations to the board of directors to improve such practices;
- determining the approval process for transactions with a controlling shareholder or in which a controlling shareholder has a personal interest;
- determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary or material under the Companies Law);
- where the board of directors approves the working plan of the internal auditor, to examine such working plan before its submission to the board of directors and proposing amendments thereto;
- examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities;
- examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to the board of directors or shareholders, depending on which of them is considering the appointment of our auditor; and
- establishing procedures for the handling of employees' complaints as to the management of the business and the protection to be provided to such employees.

Compensation Committee

The Compensation Committee consists of three (3) members, David Salton, Lennie Michelson Grinbaum and Gideon Hirschfeld and assists the Board in determining compensation for InterCure's directors and officers. The Board has determined that each member of our Compensation Committee is independent under the Nasdaq Rules, including the additional independence requirements applicable to the members of a compensation committee.

Israeli Law Matters Pertaining to Compensation Committees

Under the Companies Law, the board of directors of a public company must appoint a compensation committee. The duties of the compensation committee include the recommendation to the company's board of directors of a policy regarding the terms of engagement of office holders, to which we refer as a compensation policy and which we are required to adopt under the Companies Law. That policy must be adopted by the company's board of directors, after considering the recommendations of the compensation committee, and will need to be brought for approval by the company's shareholders, which approval, requires that either:

- at least a majority of the shares held by shareholders who are not controlling shareholders and do not have a personal interest in such matter and who are present and voting (excluding abstentions) are voted in favor; or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the matter and who vote against, does not exceed 2% of the company's aggregate voting rights The compensation committee must be comprised of at least three directors, including all of the external directors, who must constitute a majority of the members of the compensation committee, and one of the external directors must serve as chairman of the committee. Each compensation committee member that is not an external director must be a director whose compensation does not exceed an amount that may be paid to an external director. The compensation committee is subject to the same the Companies Law restrictions as the audit committee as to who may not be a member of the committee.

In accordance with the Companies Law, the roles of the compensation committee include, but are not limited to, the following:

- recommending to the board of directors with respect to the approval of the compensation policy for office holders and, once every three years regarding any extensions to a compensation policy that was adopted for a longer period of time;

- reviewing the implementation of the compensation policy and periodically recommending to the board of directors with respect to any amendments or updates of the compensation plan;

- resolving whether or not to approve arrangements with respect to the terms of office and employment of office holders; and

- exempting, under certain circumstances, a transaction with a candidate to the position of chief executive officer from the approval of the general meeting of our shareholders.

The Board has adopted a Compensation Committee charter setting forth the responsibilities of the committee consistent with the Nasdaq Marketplace Rules, which include, among others, the aforementioned responsibilities in accordance with the Companies Law.

In general, under the Companies Law, a public company must have a compensation policy approved by the board of directors after receiving and considering the recommendations of the compensation committee. In addition, the compensation policy must be approved at least once every three years, first, by the Board, upon recommendation of the Compensation Committee, and second, by the Special Majority of the ordinary shares present, in person or by proxy, and voted at a shareholders meeting, provided that either:

- such majority includes at least a majority of the shares held by shareholders who are not controlling shareholders and do not have a personal interest in such compensation arrangement and who are present and voting (excluding abstentions); or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation arrangement and who vote against the arrangement, does not exceed 2% of the company's aggregate voting rights.

Pursuant to the Companies Law, under special circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders on the condition that the compensation committee and then the board of directors decide, on the basis of detailed arguments and after discussing again the compensation policy, that approval of the compensation policy, despite the objection of the meeting of shareholders, is for the benefit of the company.

The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company's objectives, business plan and long-term strategy, and creation of appropriate incentives for office holders. It must also consider, among other things, the company's risk management, size and the nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the education, skills, experience, expertise and accomplishments of the relevant office holder;
- the office holder's position, responsibilities and prior compensation agreements with him or her;
- the ratio between the cost of the terms of employment of an office holder and the cost of the employment of other employees of the company, including employees employed through contractors who provide services to the company, in particular the ratio between such cost, the average and median salary of the employees of the company, as well as the impact of such disparities on the work relationships in the company;
- if the terms of employment include variable components—the possibility of reducing variable components at the discretion of the board of directors and the possibility of setting a limit on the value of non-cash variable equity-based components; and
- if the terms of employment include retirement grants—the term of employment or office of the office holder, the terms of his or her compensation during such period, the company's performance during such period, his or her individual contribution to the achievement of the company goals and the maximization of its profits and the circumstances under which he or she is leaving the company.

The compensation policy must also include, among other required provisions:

- with regards to variable components:
- with the exception of office holders who report directly to the chief executive officer, determining the variable components on long-term performance basis and on measurable criteria; however, the company may determine that an immaterial part of the variable components of the compensation package of an office holder's shall be awarded based on non-measurable criteria, if such amount is not higher than three monthly salaries per annum, while taking into account such office holder contribution to the company; and
- the ratio between variable and fixed components, as well as the limit of the values of variable components at the time of their grant.
- a condition under which the office holder will return to the company, according to conditions to be set forth in the compensation policy, any amounts paid as part of his or her terms of employment, if such amounts were paid based on information later to be discovered to be wrong, and such information was restated in the company's financial statements;
- the minimum holding or vesting period of variable equity-based components to be set in the terms of office or employment, as applicable, while taking into consideration long-term incentives; and
- a limit to retirement grants.

InterCure's compensation policy is designed to promote retention and motivation of directors and executive officers, incentivize superior individual excellence, align the interests of its directors and executive officers with long-term performance and provide a risk management tool. To that end, a portion of an executive officer compensation package is targeted to reflect short and long-term goals, as well as the executive officer's individual performance. On the other hand, InterCure's compensation policy includes measures designed to reduce the executive officer's incentives to take excessive risks that may harm us in the long-term, such as limits on the value of cash bonuses and equity-based compensation, limitations on the ratio between the variable and the total compensation of an executive officer and minimum vesting periods for equity-based compensation.

Nomination Committee

The Nomination Committee consists of three (3) members, David Salton, Lennie Michelson Grinbaum and Gideon Hirschfeld and assists the Board in determining compensation for InterCure's directors and officers. The Board has determined that each member of our Nomination Committee is independent under the Nasdaq Rules.

The Board has adopted a Nomination Committee charter setting forth the responsibilities of the committee consistent with the Nasdaq Marketplace Rules which include, but are not limited to:

- identifying and reviewing individuals believed to be qualified to become directors for recommendation to the Board;
- recommending to the Board the director nominees for the next annual general meeting of shareholders; and
- assisting the Board in its evaluation of the independence of the Company's directors in accordance with applicable legal and regulatory requirements.

Certain Israeli Corporate Compliance Matters

Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor based on the recommendation of the Audit Committee. The role of the internal auditor is, among other things, to examine whether a company's actions comply with applicable law and orderly business procedure. Under the Companies Law, the internal auditor cannot be an interested party or an office holder or a relative of an interested party or an office holder, nor may the internal auditor be the company's independent auditor or its representative. An "interested party" is defined in the Companies Law as: (i) a holder of 5% or more of the issued share capital or voting power in a company, (ii) any person or entity who has the right to designate one or more directors or to designate the chief executive officer of the company, or (iii) any person who serves as a director or chief executive officer of the company. As of the date of this Annual Report, InterCure's internal auditor is Mr. Yisrael Gewirtz, a partner in Grant Thornton.

Fiduciary Duty Matters

The Companies Law imposes a duty of care and a duty of loyalty on all office holders of a company. The duty of care of an office holder is based on the duty of care set forth in connection with the tort of negligence under the Israeli Torts Ordinance (New Version), 5728-1968. The duty of care requires an office holder to act with the degree of proficiency with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care includes, but is not limited to, a duty to use reasonable means, in light of the circumstances, to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to these actions.

The duty of loyalty requires an office holder to act in good faith and for the benefit of the company, and includes, but is not limited to, the duty to:

- refrain from any act involving a conflict of interest between the performance of his or her duties in the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the business of the Company;
- refrain from exploiting any business opportunity of the company for the purpose of gaining a personal benefit for himself or herself or for others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

InterCure may approve an act specified above that would otherwise constitute a breach of the duty of loyalty of an office holder, provided, that the office holder acted in good faith, the act or its approval does not harm the company, and the office holder discloses his or her personal interest, including any related material information or document, a sufficient time before the approval of such act. Any such approval is subject to the terms of the Companies Law, setting forth, among other things, the methods of obtaining such approval.

Disclosure Matters

Disclosure of personal interests of an office holder and approval of acts and transactions the Companies Law requires that an office holder promptly disclose to the company any personal interest that he or she may have and all related material information or documents relating to any existing or proposed transaction with the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. An office holder is not obliged to make such disclosure if the personal interest of the office holder derives solely from the personal interest of his or her relative in a transaction that is not considered as an extraordinary transaction.

Under the Companies Law, once an office holder has complied with the above disclosure requirements, a company may approve, in a manner stipulated in the Companies Law and subject to the conditions therein, a transaction between the company and the office holder or a third party in which the office holder has a personal interest, or approve an action by the office holder that would otherwise be deemed a breach of the duty of loyalty, however, a company may not approve a transaction or action that is not performed by the office holder in good faith or is not in the company's interest.

Under the Companies Law, unless the articles of association of a company provide otherwise, a transaction with an office holder or a transaction with a third party in which the office holder has a personal interest and an action of an office holder that would otherwise be deemed a breach of the duty of loyalty, which is not an extraordinary transaction, requires approval of the board of directors. The InterCure Articles do not provide otherwise.

Under the Companies Law, an extraordinary transaction in which an office holder has a personal interest requires approval first by the company's audit committee and subsequently by the board of directors. The compensation of, or an undertaking to indemnify or insure, an office holder who is not a director requires approval first by the company's compensation committee, then by the company's board of directors, and, if such compensation arrangement or an undertaking to indemnify or insure is inconsistent with the company's stated compensation policy or if the office holder is the chief executive officer (apart from a number of exceptions), then such arrangement is subject to subject to the approval by the company's shareholders Special Majority. Arrangements regarding the compensation, indemnification or insurance of a director or the chief executive officer of the company, require the approval of the compensation committee, board of directors and, subject to certain exceptions, shareholders by an ordinary majority, in that order, and in the case of the chief executive officer or under certain circumstances, to the approval by the company's shareholders Special Majority.

An office holder who has a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may generally not be present at the meeting or vote on the matter unless a majority of the directors or members of the audit committee have a personal interest in the matter, or unless the chairman of the audit committee or board of directors (as applicable) determines that he or she should be present to present but not vote on the transaction that is subject to approval. If a majority of the directors have a personal interest in the matter, such matter also requires approval of the shareholders of the company.

Under the Companies Law, the definition of a "personal interest" includes the personal interest of a person in an action or a transaction of a company, including the personal interest of such person's relative or the interest of any corporation in which the person or such person's relative is a director or chief executive officer, a 5% or more shareholder or holds 5% or more of the voting rights, or has the right to appoint at least one director or the chief executive officer, but excluding a personal interest stemming solely from the fact of holding shares in the company. A personal interest also includes (1) a personal interest of a person who votes according to a proxy of another person, including in the event that the other person has no personal interest, and (2) a personal interest of a person who gave the proxy to another person to vote on his or her behalf, regardless of whether the proxy holder has discretion how to vote on the matter.

Under the Companies Law, an "extraordinary transaction" is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on the company's profitability, assets or liabilities.

Disclosure of personal interests of a controlling shareholder and approval of transactions

Under the Companies Law, the disclosure requirements that apply to an office holder also apply to a controlling shareholder of a public company. Unless exempted under the Companies Law, extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, which includes transactions for the provision of services by a controlling shareholder or his or her relative, whether directly or indirectly, including through a company controlled by such controlling shareholder, and if such controlling shareholder or relative thereof is an office holder in the company, any transactions regarding his or her terms of office, require the approval of the audit committee, the board of directors and the Special Majority of the shares voted by the shareholders of the company participating and voting on the matter in a shareholders' meeting. In addition, the shareholder approval must fulfill one of the following requirements, which we refer to as a Special Majority:

- at least a majority of the shares held by shareholders who do not have a personal interest in the transaction are voted in favor of approving the transaction, excluding abstentions; or
- the shares voted by shareholders who do not have a personal interest in the transaction who vote against the transaction represent no more than 2% of the voting rights in the company.

In addition, an extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest, and an engagement of the company, directly or indirectly, with a controlling shareholder or a controlling shareholder's relative (including through a corporation controlled by a controlling shareholder), regarding the company's receipt of services from the controlling shareholder, and if such controlling shareholder is also an office holder or employee of the company, regarding his or her terms of employment, in each case with a term of more than three years requires the abovementioned approval every three years, however, transactions not involving the receipt of services or compensation can be approved for a longer term, provided that the audit committee determines that such longer term is reasonable under the circumstances. In addition, transactions with a controlling shareholder or a controlling shareholder's relative who serves as an officer in a company, directly or indirectly (including through a corporation under his control), involving the receipt of services by a company or their compensation can have a term of five years from the company's initial public offering under certain circumstances.

Arrangements regarding the compensation, indemnification or insurance of a controlling shareholder in his or her capacity as an office holder require the approval of the compensation committee, board of directors and shareholders by a Special Majority and the terms thereof may not be inconsistent with the company's stated compensation policy.

Pursuant to regulations promulgated under the Companies Law, certain transactions and arrangements with a controlling shareholder or his or her relative, or with directors or office holders, which would otherwise require approval of a company's shareholders, may be exempt from shareholder approval under certain conditions.

The Companies Law requires that every shareholder that participates, in person, by proxy or by voting instrument, in a vote regarding a transaction with a controlling shareholder, must indicate in advance or in the ballot whether or not that shareholder has a personal interest in the vote in question. Failure to so indicate will result in the invalidation of that shareholder's vote.

Duties of shareholders

Under the Companies Law, a shareholder has a duty to refrain from abusing its power in the company and to act in good faith and in an acceptable manner in exercising its rights and performing its obligations to the company and other shareholders, including, among other things, when voting at general meetings of shareholders on the following matters:

- an amendment to the articles of association;
- an increase in the company's authorized share capital;
- a merger; and
- the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from discriminating against other shareholders.

The remedies generally available upon a breach of contract will also apply to a breach of the above mentioned shareholder duties, and in the event of discrimination against other shareholders, additional remedies are available to the injured shareholder.

In addition, any controlling shareholder, any shareholder that knows that its vote can determine the outcome of a shareholder vote and any shareholder that, under a company's articles of association, has the power to appoint or prevent the appointment of an office holder, or any other power with respect to the company, has a duty to act with fairness towards the company. The Companies Law does not describe the substance of this duty, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness, taking the shareholder's position in the company into account.

Approval of private placements

Under the Companies Law and the regulations promulgated thereunder, a private placement that involves a controlling shareholder, a material private placement, an extra-ordinary private placement, or TASE registration of securities does not require approval at a general meeting of the shareholders of a company; provided however, that in special circumstances, such as a private placement completed intended to obviate the need to control a special tender offer, or a private placement which qualifies as a related party transaction, approval at a general meeting of the shareholders of a company is required.

Exculpation, Insurance and Indemnification of Office Holders

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. A company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of the duty of care but only if a provision authorizing such exculpation is included in its articles of association. The InterCure Articles include such a provision. An Israeli company may not exculpate a director from liability arising out of a breach of the duty of care with respect to a dividend or distribution to shareholders.

Under the Companies Law and Israeli Securities Law, 5728-1968 (the "Securities Law"), a company may indemnify an office holder in respect of the following liabilities, payments and expenses incurred for acts performed as an office holder, either pursuant to an undertaking made in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- a monetary liability incurred by or imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such undertaking must be limited to certain events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the foreseen events and amount or criteria;

- reasonable litigation expenses, including reasonable attorneys' fees, incurred by the office holder as (1) a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; or (2) in connection with a monetary sanction;

- a monetary liability imposed on him or her in favor of an injured party at an Administrative Procedure (as defined below) in certain circumstances;

- expenses incurred by an office holder in connection with an Administrative Procedure under the Securities Law, including reasonable litigation expenses and reasonable attorneys' fees; and

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent.

An "Administrative Procedure" is defined as a procedure pursuant to chapters H3 (Monetary Sanction by the Israeli Securities Authority), H4 (Administrative Enforcement Procedures of the Administrative Enforcement Committee) or I1 (Arrangement to prevent Procedures or Interruption of procedures subject to conditions) to the Securities Law. Under the Companies Law and the Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder if and to the extent provided in the company's articles of association:

- breach of the duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder;

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;

- a monetary liability imposed on the office holder in favor of a third party;

- a monetary liability imposed on the office holder in favor of an injured party at an Administrative Procedure pursuant to the Securities Law; and

- expenses incurred by an office holder in connection with an Administrative Procedure, including reasonable litigation expenses and reasonable attorneys' fees.

Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders.

The InterCure Articles permit InterCure to exculpate, indemnify and insure our office holders as permitted under the Companies Law. InterCure's office holders are currently covered by a directors and officers' liability insurance policy. InterCure has entered into agreements with each of its directors and executive officers exculpating them, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of the duty of care, and undertaking to indemnify them to the fullest extent permitted by law. The maximum amount set forth in such agreements is (1) with respect to indemnification in connection with a public offering of our securities, the gross proceeds raised by us and any selling shareholder in such public offering, and (2) with respect to all other permitted indemnification, the lower of (i) an amount equal to 25% of InterCure's equity on a consolidated basis, based on our most recent financial statements made publicly available before the date on which the indemnity payment is made and (ii) $20 million.

D. Employees.

Our employees are classified as either production workers or administrative workers. As of December 31, 2025, we employed approximately 80 production workers and 65 administrative employees, and approximately 140 retail and distribution employees.

None of our employees are represented by a labor organization or are party to a collective bargaining arrangement.

We pay substantial attention to the ongoing training of our employees, which we believe plays a significant role in strengthening the leadership and efficiency of our company. Our training focuses on strengthening technical knowledge, building efficiency and improve other aspects of professional development. Our training programs also support the various certifications that we are required to maintain, such as IMC-GAP and IMC-GSP.

E. Share Ownership.

Equity Incentive Plans

We have, as part of our long-term incentives, adopted an equity incentive plan, which was originally adopted by the Board in March 2015 and amended and restated by the adoption of the Israeli Option Plan, as approved by the general meeting of the shareholders, held on September 15, 2022. On March 20, 2025, the Board approved an extension of the Israeli Option Plan until March 31, 2026. The purpose of our Israeli Option Plan is to provide for the grant of options to our directors, officers, employees, nonemployee service providers and controlling shareholders (as defined the Israeli Income Tax Ordinance [New Version], 5721-1961) (the "Tax Ordinance").

As of December 31, 2025, options to purchase 2,032,626 shares were outstanding. Of such outstanding options, options to purchase 1,644,170 shares were vested as of December 31, 2025, with a weighted average exercise price of NIS 12.13 per share.

The Israeli Option Plan provides that no options can be issued thereunder if the aggregate number of options outstanding under the plan at the time of the grant exceeds 15% of the issued and outstanding ordinary shares of InterCure at the time. The Israeli Option Plan provides for options to be granted at the determination of the Board (which is entitled to delegate its powers under the Israeli Option Plan to the Compensation Committee), in each case, subject to applicable laws and the rules. Upon termination of employment without cause (as defined in the Israeli Option Plan), in the event of death, retirement or disability, all unvested options will expire and all vested options at the time of termination will generally be exercisable for three months (which may be extended to up to 12 months in the governing option agreement) following such termination, subject to the terms of the Israeli Option Plan and the governing option agreement. If we terminate an optionee's employment or engagement for cause (as defined in the Israeli Option Plan) the optionee's right to exercise all vested and unvested the options granted to him or her will expire immediately.

In the event that options allocated under the Israeli Option Plan expire or otherwise terminate, such expired or terminated options can become available following Board approval under the Israeli Option Plan.

Section 102 of the Israeli Tax Ordinance allows InterCure's employees, directors and officers who are not controlling shareholders (as such term is defined in the Israeli Tax Ordinance) and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options. InterCure's non-employee service providers and controlling shareholders may only be granted options under another section of the Israeli Tax Ordinance, which does not provide for similar tax benefits. Section 102 of the Israeli Tax Ordinance includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. The most favorable tax treatment for the grantees is under Section 102(b)(2) of the Israeli Tax Ordinance, the issuance to a trustee under the "capital gains track." The Board selected the "capital gains track" for grants to Israeli employees under the Israeli Option Plan. Under this track, we are not allowed to deduct an expense with respect to the issuance of the options or shares.

See "Item 6.B Compensation — Stock Options and Other Compensation Securities" for a summary of all compensation securities earned by, granted to or issued to our five most highly compensated directors and executive officers on an individual basis for the year ended December 31, 2025. Please also see "Item 7.A. Major Shareholders and Related Party Transactions" for additional information regarding share ownership of our directors and executive officers in the Company as of the most recent practicable date.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation.

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders.

The following table sets forth information regarding beneficial ownership of our ordinary shares as of April 30, 2026, by:

- each of our directors and executive officers;
- all of our directors and executive officers as a group;
- each person, or group of affiliated persons, known to us to be the beneficial owner of more than 5% of our outstanding ordinary shares.

The beneficial ownership of our ordinary shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power, or the right to receive the economic benefit of ownership. For purposes of the table below, we deem ordinary shares issuable pursuant to options and warrants that are currently exercisable or exercisable within 60 days of April 30, 2026 to be outstanding and to be beneficially owned by the person holding the options for the purposes of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person.

The percentage of shares beneficially owned has been computed on the basis of 54,681,335 ordinary shares outstanding as of April 30, 2026.

Unless otherwise noted below, the address of each shareholder, director and executive officer 85 Medinat ha-Yehudim Street Herzliya, 4676670, Israel.

Except as indicated in footnotes to this table, we believe that the shareholders named in this table have sole voting and investment power with respect to all shares shown to be beneficially owned by them, based on information provided to us by such shareholders. The shareholders listed below do not have any different voting rights from any of our other shareholders.

	No. of Shares Beneficially Owned	Percentage Beneficially Owned(**)
5% or more shareholders:		
Alexander Rabinovich (1)	17,285,454	30.21%
Yaron Jacobi (2)	5,358,210	9.53%
Yael Figel (3)	4,116,947	7.53%
Directors and executive officers who are not 5% or more shareholders:		
David Salton (4)	12,483	*
Lennie Michelson Grinbaum (5)	19,226	*
Gideon Hirschfeld (6)	12,483	*
Alon Granot (7)	8,438	*
Amos Cohen (8)	539,947	*
All directors and executive officers as a group (6 persons)	17,878,030	30.97%

* Indicates beneficial ownership of less than 1% of the total ordinary shares outstanding.
** On a fully diluted basis.

(1) Consists (i) 5,240,333 ordinary shares, (ii) 402,500 ordinary shares issuable upon exercise of options exercisable within 60 days of April 30, 2026, (iii) 2,070,392 ordinary shares issuable upon exercise of warrants exercisable within 60 days of April 30, 2026, (iv) 7,747,805 ordinary shares held by D.I.M Investments Ltd., (v) 1,246,924 ordinary shares held by Green Forest Global (A.S.R) Ltd. D.I.M Investments Ltd. and Green Forest Global (A.S.R) Ltd. are controlled by Alexander Rabinovich, who holds voting and dispositive power over the securities. The address of D.I.M Investments Ltd. is 8 Yehudit Blvd, Tel Aviv, 6708608, Israel. The address of Green Forest Global (A.S.R) Ltd. is 85 Medinat ha-Yehudim Street, Herzliya, 4676670, Israel.

(2) Consists of (i) 3,805,415 Ordinary Shares; and (ii) 1,552,795 Ordinary Shares issuable upon the exercise of Outstanding Warrants. Mr. Jacobi's address is 1 Arthur Rubinstein St., Tel Aviv, 6967116, Israel.

(3) Consists of (i) 4,116,947 Ordinary Shares;

(4) Consists 12,483 ordinary shares issuable upon exercise of options exercisable within 60 days of April 30, 2026.

(5) Consists (i) 6,743 ordinary shares, and (ii) 12,483 ordinary shares issuable upon exercise of options exercisable within 60 days of April 30, 2026.

(6) Consists 12,483 ordinary shares issuable upon exercise of options exercisable within 60 days of April 30, 2026.

(7) Consists 8,438 ordinary shares issuable upon exercise of options exercisable within 60 days of April 30, 2026.

(8) Consists (i) 460,000 Ordinary Shares, and (ii) 79,947 ordinary shares issuable upon exercise of options exercisable within 60 days of April 30, 2026.

To our knowledge, other than as disclosed in the table above, our other filings with the SEC and this Annual Report, there has been no significant change in the percentage ownership held by any major shareholder since December 31, 2022, except for the following changes:

- On March 3, 2025, following issuance of ordinary shares and warrants exercisable into ordinary shares of the Company in a private placement offering, Mr. Alexander Rabinovich became a beneficial owner of approximately 29.32% of our ordinary shares, reflecting an increase from the percentage owned as reported in our Annual Report on Form 20-F for the year ended December 31, 2024, which stated that as of April 1, 2024, Mr. Alexander Rabinovich beneficially owned 25.73%.

B. Related Party Transactions.

The following is a description of related party transactions, or series of related party transactions since January 1, 2025, pursuant to which we are a party and in which the other parties include our directors, executive officers, holders of more than 5% of our voting securities, or any member of the immediate family of any of the foregoing persons.

Transactions with Related Parties

Office Space Lease

Part of the office is leased by companies that are related to Mr. Alex Rabinovich, our majority shareholder, Chairman of the Board and Chief Executive Officer. These leases were approved by the Audit Committee and the Board. The amounts payable under these leases are immaterial relative to our business. See "Item 4.D. Property, Plants and Equipment." for additional information regarding our office space.

Private Placement

Our funding includes a commitment by certain investors, including our Chief Executive Officer and Chairman of the Board, Mr. Alexander Rabinovich, and two existing shareholders, Mr. Yaron Yakobi and Mr. Ynon Hagag.

Bridge Loan

On December 31, 2025, we entered into a bridge loan agreement with Mr. Alex Rabinovich, our controlling shareholder, pursuant to which Mr. Rabinovich provided us with a loan in the principal amount of NIS 11 million to finance our operations and working capital. The transaction was approved by our Board of Directors in accordance with the requirements of the Companies Law and the Israeli Companies Regulations (Reliefs for Transactions with Interested Parties), 2000 as applicable to transactions with controlling shareholders and was determined to constitute a qualifying transaction. Under the terms of the approved arrangement, the loan bears interest at the rate prescribed for purposes of Section 3(j) of the Tax Ordinance, as updated from time to time, has a term of 12 months from the date on which the full amount of the loan is advanced, is unsecured and may be prepaid by us, in whole or in part, at any time without penalty. Repayment of the loan, whether during or at the end of the loan term, is subject to our solvency, cash flow and ability to make such payment in compliance with applicable law and the duties of our officers. In addition, if we complete a future investment round, including by way of a PIPE or similar transaction, in which Mr. Rabinovich participates, then, subject to receipt of all required approvals under applicable law, the outstanding principal amount of the loan may be credited against Mr. Rabinovich's funding participation in such investment round through an offset against the purchase price of the shares and/or convertible securities to be issued to him in such round. The number and type of securities to be issued, their price, the other terms of the issuance, and whether any accrued interest will also be credited, if at all, will be determined solely in accordance with the final terms of such investment round as duly approved, and the loan agreement does not pre-determine any such terms. If no investment round is completed within the agreed timeframe, the loan will be repayable in accordance with its terms. As of the date of this Annual Report, approximately NIS 5 million of the loan principal had been repaid.

Sublease agreement with companies related to a related party

Canndoc subleases part of its headquarters' offices to XTL, GFC Ltd., and GreenForest Ltd., which are related to InterCure's controlling shareholder, Mr. Alexander Rabinovich who is a director and shareholder in all three companies. The aggregate revenue generated by InterCure from the leases is approximately NIS 16,000 per month. The subleases are back-to-back in terms of Canndoc's lease with the landlord relative to its leases with Mr. Rabinovich.

Executive Compensation

See "Item 6.B - Compensation" for compensation to our directors and officers.

C. Interests of Experts and Counsel.

None.

ITEM 8. FINANCIAL INFORMATION.

A. Consolidated Statements and Other Financial Information.

See "Item 18. Financial Statements."

Legal Proceedings.

From time to time we may be subject to legal proceedings and claims in the ordinary course of business.

We are currently a party to a number of lawsuits in Israel. Summaries of all our ongoing material lawsuits are provided below.

Civil Appeal No. 5709-24

On July 14, 2024, an appeal was filed with the Israeli Supreme Court under Civil Appeal No. 5709-24, (the "Appeal"), challenging the May 16, 2024 ruling of the District Court in Class Action – T.Z. 25114-04-23. In that ruling, the District Court denied the applicants' motion to amend the Approval Request and granted the respondents' motion for summary dismissal, effectively rejecting the class action at a preliminary stage. As part of the Appeal, the applicants argue that they were denied the right to cross-examine declarants and challenge the dismissal of their personal claims and the court's order to pay legal costs. Additionally, the applicants requested a stay of execution of the District Court's ruling regarding the payment of legal expenses. However, on July 29, 2024, the Supreme Court denied the request for a stay of execution.

On September 25, 2024, the applicants submitted a motion to introduce new evidence in the Appeal. The respondents opposed the motion, arguing that the new evidence was irrelevant to the Appeal and that its submission constituted an abuse of process. On March 2, 2025, the respondents submit their response. A trial hearing is scheduled to be held on November 16, 2026.

Insolvency 57752-07-22 Regarding Cantek Group.

On July 27, 2022, Cantek Group companies (the "Cantek Group") filed a request for a debt settlement with their creditors, and for a stay of proceedings order in accordance with the Insolvency and Economic Rehabilitation Law, all as a result of large debts accumulated by the Cantek Group.

On July 31, 2022, the court issued a stay of proceedings order against the Cantek Group and appointed a settlement manager to assist in settling the debts of the Cantek Group. InterCure and Canndoc filed a debt claim against the Cantek Group in September 2022 totaling NIS 3,501,659, which is secured by a permanent first-degree lien on one of Cantek Group's rights on the property pledged to InterCure for the payment of a debt owed to InterCure.

A creditors gathering headed by the settlement manager of the Cantek Group was held on November 16, 2022 to approve a debt settlement that had been proposed by the Cantek Group itself, but InterCure objected to the proposed settlement, as it treated the creditors of the Cantek Group the same, disregarding the different entities within the Cantek Group, its different creditors and their securities. Due to InterCure's opposition, the debt settlement was not passed by the required majority.

Upon the failure of the settlement, negotiations between the settlement manager and InterCure were conducted, and it was agreed that the assets of one of the Cantek Group companies of which InterCure is a creditor will be used by the creditors of that company only, rather than creating a single economic entity.

On August 6, 2024, the court approved the sale of two real estate assets belonging to Cantek Group, including the property pledged to InterCure, for a total consideration of NIS 4 million (plus VAT). While the sale has been finalized and the purchaser has transferred the full consideration, the funds are currently held in escrow and have yet to be distributed among creditors.

In addition, the settlement manager is currently in the process examining the debt claims submitted on behalf of Cantek Group creditors and in the near future he will decide on these debt claims, including the debt claim submitted on behalf of InterCure and Canndoc.

On March 12, 2026, following an arbitration procedure the arbitrator ruled in favor of InterCure and determined that NIS 3.35 million of the claim submitted by InterCure and Canndoc constitutes a secured claim backed by the pledged real estate asset, subject to final distribution of proceeds.

Civil Claim 32573-02-23 InterCure Ltd. & Canndoc Ltd. vs. Cann Pharmaceutical Ltd.

On February 14, 2023, the Company filed a statement of claim ("SoC") against Cann Pharmaceutical Ltd. ("Cann") with the Tel-Aviv Magistrate Court.

In the SOC, the Company argues that Cann owes the Company NIS 7,875,189 due to written agreements and commitments made by the parties that Cann violated. As part of the SOC, remedies are sought in relation to, inter alia, loans that the Company provided to Cann as well as cultivation services that the Company provided to Cann. On June 6, 2023, Cann's statement of Defense was submitted ("SOD") and on February 7, 2024, the Company's statement of reply was submitted. In addition, on June 6, 2023, Cann filed a counterclaim against the company and its officers ("Defendants") in the amount of over NIS 100 million, with the Tel-Aviv Magistrate Court.

In the counterclaim Cann argues that it suffered damages due to the alleged sabotaging of the merger transaction carried out by all of the defendants. Cann requests the court to order the completion of the merger transaction. It also provides two alternate requests: 1. compensate Cann in the amount of $35,000,000; or 2. order a compensation for damages caused on the amount of an Australian company's activity's value. In addition, Cann argues that it suffered several damages during the interim period stipulated caused by the defendants.

On February 7, 2024, the Defendant's statement of defense to the counterclaim was submitted. In its detailed statement of defense, the Company addressed Cann's claims, while demonstrating in detail to the court why the counterclaim against the Company is unfounded and baseless.

On April 4, 2024, Cann filed its reply to the Company's statement of defense to the counterclaim. On November 18, 2024, the parties submitted a procedural agreement regarding the management of preliminary proceedings. The following day, on November 19, 2024, the court issued a decision approving the agreement and setting a deadline of July 1, 2025, for the parties to submit an update. On February 24, 2025, the parties exchanged general affidavits of disclosure of documents, and access to documents was provided. A pre-trial hearing originally scheduled for December 10, 2024, was canceled by the court's decision on November 19, 2024. On July 1, 2025, the parties submitted a joint motion for approval of a procedural arrangement. On July 6, 2025, the Tel Aviv District Court unexpectedly declined to approve the arrangement and ordered the strikeout of the claim and counterclaim, citing delays in the proceedings. On July 17, 2025, the parties filed a joint notice opposing the strikeout and clarifying that the delays were due to the war in Israel and reserve military service of Company representatives and legal counsel. The court did not accept the parties' joint request and, on the same date, ordered the strikeout of the proceedings, which became effective on July 21, 2025. The strikeout was purely procedural and unrelated to the merits of the case. The Company is currently evaluating its next steps in this matter. Management rejects the claims made by Cann and plans to dispute them if new claim will be filed.

Civil Claim 12895-03-23 Geffen Residence & Renewal Ltd. (former: Kanomed Medical Cannabis Industries Ltd.) vs. InterCure Ltd.

An SOC was filed against the Company by Geffen Residence & Renewal ("Geffen") with the Tel-Aviv district court on March 6, 2023. In the SoC, Geffen argues that the Company fundamentally breached the purchase agreement signed by the Parties in 2021 (the "Agreement"). It is alleged that InterCure has failed to pay Geffen the full consideration for the assets received from Geffen under the Agreement. The position of InterCure is that the Agreement was breached by Geffen after it gave InterCure false representations under the Agreement and did not meet the closing condition that was stipulated in the contract.

InterCure's SOD was submitted on August 3, 2023, together with InterCure's counterclaim for over NIS 1,000,000. In the counterclaim, InterCure argues that Geffen misrepresented the rights of the "Hello Medical" partnership which were acquired by InterCure (inter alia, regarding the partnership's financial status). As a result of the said misrepresentation by Geffen InterCure received a different asset, a loss-making asset. Geffen's statement of reply and their statement of defense for the counter-claim were submitted on January 22, 2024, and InterCure's statement of reply for the counter-claim was submitted on February 18, 2024.

The parties engaged in a mediation process, which did not result in a settlement.

A pre-trial hearing was held on October 29, 2024, during which the court scheduled a second pre-trial hearing for June 18, 2025. On March 10, 2025, the parties submitted evidence for the main claim and counterclaim, and court hearings have been scheduled for October 2026.

Additional claims

Former business partners claiming damages amounting up to NIS 1.6 million. The Company's management rejects the claims based on its legal advisors' opinion and does not expect claims to result in material liabilities.

On May 15, 2025, a claim was filed by "Brit Shevet Avraham" against the Company and Canndoc. The lawsuit seeks, among other things, court orders instructing the defendants to remove alleged unlawful publications regarding medical cannabis, to refrain from engaging in any commercial advertising of medical cannabis, and to cease indirect advertising of medical cannabis through collaborations with pharmacies. On September 11, 2025, the defendants filed a motion to dismiss the claim on threshold grounds including lack of legal personality and standing, that the claimant purports to act as a "public plaintiff", and that the action constitutes an indirect attempt to challenge the Ministry of Health's regulatory policy, following prior proceedings that failed. On December 7, 2026, the Court ordered a strike out of the claim.

On December 15, 2025, as publicly reported, we had become aware that the Bazelet group of companies had filed an application with the Israeli District Court for a temporary stay of proceedings as part of certain restructuring proceedings. Following a court hearing held on December 22, 2025, the Israeli District Court granted an initial stay of proceedings order to the Bazelet group of companies for a period of 90 days (which was extended by 60 days) and appointed court-appointed arrangement managers to oversee the restructuring process. In connection with outstanding commercial balances owed to us by Bazelet, on December 16, 2025 we filed a proof of claim in the amount of approximately NIS 27 million. We continue to monitor developments in such restructuring proceedings, review the relevant court filings and evaluate appropriate legal and commercial actions, including the assessment of alternative service providers, in order to protect and preserve our rights and operational continuity.

Dividends

During the last ten years, we have not declared or paid any cash dividends on our ordinary shares and do not anticipate paying any cash dividends in the foreseeable future. Payment of cash dividends, if any, in the future will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

The Companies Law imposes further restrictions on our ability to declare and pay dividends so that a company may make a distribution out of its profits provided however that there is no reasonable suspicion that the distribution will keep the company from meeting its existing and expected obligations when they fall due.

Payment of dividends may be subject to withholding taxes. See "Item 10E. Taxation", for additional information.

B. Significant Changes.

Except as disclosed elsewhere in this Annual Report, we have not experienced any significant change since the date of our audited consolidated financial statements included in this Annual Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details.

Our ordinary shares are currently listed and traded on two stock exchanges. First, since 2018 our ordinary shares have been trading on the TASE under the symbol "INCR." Since September 1, 2021, our ordinary shares have been trading on the Nasdaq Global Market under the ticker symbol "INCR".

B. Plan of Distribution.

Not applicable.

C. Markets.

See "—Offer and Listing Details" above.

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital.

Not applicable.

B. Memorandum and Articles of Association.

A copy of our Amended and Restated Articles of Association is attached as Exhibit 1.1 to this Annual Report. Other than as disclosed below, the information called for by this Item is set forth in Exhibit 2.2 to this Annual Report and is incorporated by reference into this Annual Report.

C. Material Contracts.

We have not entered into any material contract within the two years prior to the date of this Annual Report, other than contracts entered into in the ordinary course of business, or as otherwise described herein in "Item 4.A. History and Development of the Company" above, "Item 4.B. Business Overview" above, "Item 5. B. Liquidity and Capital Resources — Financing Development" above, or "Item 7A. Major Shareholders" above.

D. Exchange Controls.

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that are, or have been, in a state of war with Israel.

E. Taxation.

The following description is not intended to constitute a complete analysis of all tax Israeli consequences relating to the acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign, or other taxing jurisdiction.

Israeli Tax Considerations and Government Programs

The following is a brief summary of the material Israeli tax laws applicable to us and certain Israeli Government programs that benefit us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

General Corporate Tax Structure in Israel

Israeli resident (as defined below) companies, such as us, are generally subject to corporate tax at the rate of 23% on their taxable income. However, the effective tax rate imposed on a company that derives income from a Preferred Enterprise or a Preferred Technology Enterprise (as discussed below) may be considerably lower. Capital gains derived by an Israeli company are generally subject to tax at the prevailing corporate tax rate.

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 5729-1969 (the "Industry Encouragement Law"), grants several tax benefits for "Industrial Companies."

The Industry Encouragement Law defines an "Industrial Company" as a company resident in Israel, of which 90% or more of its income in any tax year, other than income deriving from defense loans, and is derived from an "Industrial Enterprise" owned by it. An "Industrial Enterprise" is defined as an enterprise whose principal activity in a given tax year is industrial production (and several other activities listed in the said law, and are associated with industrial production).

The following corporate tax benefits, among others, are available to Industrial Companies:

- amortization over an eight-year period of the cost of patents and/or rights to use a patent and know-how which were purchased in good faith and/or are used for the development or advancement of the Industrial Enterprise over an eight-year period;
- deduction of expenses incurred in connection with the issuance and listing of shares on a stock market over a three-year period; and
- under certain conditions, an election to file its tax returns along with related Israeli Industrial Companies.

There can be no assurance that we currently qualify, or will continue to qualify, as an Industrial Company or that the benefits described above will be available in the future.

Law for the Encouragement of Capital Investments, 5719-1959

Tax Benefits for Income from Preferred Enterprise

The Law for the Encouragement of Capital Investments, 5719-1959 (the "Investment Law"), currently provides certain tax benefits for income generated by "Preferred Companies" from their "Preferred Enterprises." The definition of a Preferred Company includes, inter alia, a company incorporated in Israel and that is not wholly owned by a governmental entity, which:

- owns a Preferred Enterprise, which is defined as an "Industrial Enterprise" (as defined under the Investment Law) that is classified as either a "Competitive Enterprise" (as defined under the Investment Law) or a "Competitive Enterprise in the Field of Renewable Energy" (as defined under the Investment Law);
- is controlled and managed from Israel;
- is not a "Family Company," a "Home Company," or a "Kibbutz" (collective community) as defined under the Income Tax Ordinance;
- keeps acceptable ledgers and files reports in accordance with the provisions of the Investment Law and the Income Tax Ordinance; and
- was not, and certain officers of which were not, convicted of certain crimes in the 10 years prior to the tax year with respect to which benefits are being claimed.

As of January 1, 2017, a Preferred Company is currently entitled to a reduced corporate tax rate of 16% with respect to its income derived by its Preferred Enterprise, unless the Preferred Enterprise is located in development area A, in which case the rate is currently 7.5% (our operations are currently not located in development area A).

Dividends paid out of income attributed to a Preferred Enterprise are generally subject to tax at the rate of 20% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, such dividends should be exempt from tax (although, if such dividends are subsequently distributed to non-Israeli individuals or a non-Israeli company, tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply).

If in the future we generate taxable income, to the extent that we qualify as a "Preferred Company," the benefits provided under the Investment Law could potentially reduce our corporate tax liabilities. Therefore, the termination or substantial reduction of the benefits available under the Investment Law could materially increase our tax liabilities.

Tax Benefits for Income from Preferred Technology Enterprise

An amendment to the Investment Law was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and entered into effect as of January 1, 2017 (the "2017 Amendment"). The 2017 Amendment provides additional tax benefits to Preferred Companies for "Technology Enterprises," as described below, and is in addition to the Preferred Enterprise regime provided under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a "Preferred Technology Enterprise" and may thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technology Income," as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technology Enterprise located in development area A. In addition, a Preferred Technology Enterprise may enjoy a reduced capital gains tax rate of 12% on capital gain derived from the sale of certain "Benefited Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefited Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, pending that the sale receives is pre-approved by the IIA.

Dividends distributed by a Preferred Technology Enterprise that are paid out of Preferred Technology Income are subject to tax at the rate of 20%, but if they are distributed to a foreign company and at least 90% of the shares of the distributing company are held by foreign resident companies then the tax rate may be as low as 4%, subject to the fulfillment of certain conditions.

As we have not yet generated taxable income, there is no assurance that we qualify as a Preferred Technology Enterprise or that the benefits described above will be available to us in the future.

If in the future we generate taxable income, to the extent that we qualify as a "Preferred Company," the benefits provided under the Investment Law could potentially reduce our corporate tax liabilities. Therefore, the termination or substantial reduction of the benefits available under the Investment Law could materially increase our tax liabilities.

The Encouragement of Research, Development and Technological Innovation in the Industry Law 5744-1984

Under the Encouragement of Research, Development and Technological Innovation in the Industry Law 5744-1984 (formerly known as the Law for the Encouragement of Research and Development in Industry 5744-1984) ("Innovation Law"), and the regulations and guidelines promulgated thereunder, research and development programs which meet specified criteria and are approved by a committee of the IIA, are eligible for grants. The grants awarded are generally awarded at rates of up to approximately 20%-50% of the project's expenditures depending on program, as determined by the research committee. The grantee is required to pay royalties to the State of Israel from the sale of products developed under the program. Regulations under the Innovation Law generally provide for the payment of royalties typically range approximately between 3% to 6% of revenues from products and services based on technology developed using grants, until 100% of the grant, linked to the dollar and bearing interest at the SOFR rate, is repaid. Regulatory updates introduced in recent years, including amendments implemented from 2017 onward and subsequent administrative refinements. According to the new regulations, the royalties range between 1.3-5% depending on the company's size and sector. The terms of the IIA participation also generally require manufacturing in Israel and that the transfer of know-how developed thereunder to be subject to prior approval of the IIA and payment of additional consideration. However, the export of products that incorporate the funded know-how is generally permitted, subject to export control laws. The royalty repayment is subject to the specific terms of the applicable approval may be required if the technology itself is transferred outside of Israel or license to use it was granted to a foreign entity.

Taxation of our Shareholders

Capital Gains Tax

Israeli law generally imposes a capital gains tax (i) on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and (ii) on the sale of capital assets located in Israel, including shares of Israeli companies, by non-residents of Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder's country of residence provides otherwise. The law distinguishes between real gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain that is equivalent to the increase of the relevant asset's purchase price which is attributable to the increase in the Israeli consumer price index or a foreign currency exchange rate between the date of purchase and the date of sale. The real gain is the excess of the total capital gain over the inflationary surplus.

Israeli Residents

Generally, as of January 1, 2012 and thereafter, the tax rate applicable to real capital gains derived from the sale of shares, whether listed on a stock market or not, is 25% for Israeli individuals, unless such shareholder claims a deduction for financing expenses in connection with such shares, in which case the gain will generally be taxed at a rate of 30%. Additionally, if such shareholder is considered a "substantial shareholder" (SSH) at the time of the sale or at any time during the 12-month period preceding such sale, the tax rate will be 30%. A "substantial shareholder" is defined as one who holds, directly or indirectly, alone or "together with another" (i.e., together with a relative, or together with someone who is not a relative but with whom, according to an agreement, there is regular cooperation in material matters of the company, directly or indirectly), directly or indirectly, at least 10% of any of the "means of control" in the company. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or instruct someone who holds any of the aforementioned rights regarding the manner in which such rights are to be exercised.

Moreover, capital gains derived by an individual shareholder who is a dealer or trader in securities, or to whom such income is otherwise taxable as ordinary business income, are taxed in Israel at their marginal rates applicable to business income (up to 50% in 2026, including Excess Tax as detailed below).

1At the sale of securities traded on a stock exchange, a detailed return, including a computation of the tax due, must be filed and an advanced payment must be paid on January 31 and July 31 of every tax year in respect of sales of securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Israeli Tax Ordinance and regulations promulgated thereunder, the aforementioned return is not required to be filed and no advance payment must be paid. Capital gain is also reportable on the annual income tax return

In some instances where our shareholders are liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source.

Non-Israeli Residents

A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli resident corporations will not be entitled to the foregoing exemption if (i) an Israeli resident has a controlling interest, directly or indirectly, alone, "together with another" (as defined above), or together with another Israeli resident, of more than 25% in one or more of the "means of control" (as defined above) in such non-Israeli resident corporation, or (ii) Israeli residents are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli resident corporation, whether directly or indirectly.

In addition, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, pursuant to the provisions of the Convention between the Government of the U.S. and the Government of the State of Israel with respect to Taxes on Income, as amended (the "U.S.-Israel Tax Treaty"), capital gains arising from the sale, exchange or disposition of our ordinary shares by (i) a person who qualifies as a resident of the U.S. within the meaning of the U.S.-Israel Tax Treaty, (ii) who holds the shares as a capital asset, and (iii) who is entitled to claim the benefits afforded to such person by the U.S.-Israel Tax Treaty generally is generally exempt from Israeli capital gains tax. Such exemption will not apply if: (i) such person holds, directly or indirectly, shares representing 10% or more of our voting power during any part of the 12-month period preceding such sale, exchange, or disposition, subject to particular conditions; (ii) the capital gains from such sale, exchange, or disposition are attributable to a permanent establishment in Israel; or (iii) such person is an individual and was present in Israel for 183 days or more during the relevant tax year. In such case, the capital gain arising from the sale, exchange, or disposition of our ordinary shares would be subject to Israeli tax, to the extent applicable; however, under the U.S.-Israel Tax Treaty, the taxpayer may be permitted to claim a credit for such taxes against the U.S. federal income tax imposed with respect to such sale, exchange, or disposition, subject to the limitations under U.S. law applicable to foreign tax credits. The U.S.-Israel Tax Treaty does not relate to U.S. state or local taxes.

Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to refrain from withholding at source at the time of sale.

It should be noted that in the event that the real capital gain realized by an individual shareholder is not exempt from tax in Israel, the tax rates applicable to Israeli resident individual shareholders should generally apply.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source.

Taxation of Dividend Distributions

Israeli Residents

Israeli resident individuals are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares, other than bonus shares (share dividends). As of January 1, 2012 and thereafter, the tax rate applicable to such dividends is generally 25%. With respect to a person who is a "substantial shareholder" (as defined above) at the time the dividend is received or at any time during the preceding 12-month period, the applicable tax rate is 30%. Dividends paid from income derived from Preferred Enterprises and Preferred Technology Enterprises will generally be subject to income tax at a rate of 20%.

As of January 1, 2024, Israeli resident shareholders who are individuals with taxable income that exceeds NIS 721,560 in a tax year (linked to the Israeli consumer price index each year) will be subject to an additional tax at the rate of 3% on the portion of their taxable income for such tax year that is in excess of NIS 721,560 (linked to the Israeli consumer price index each year). For this purpose, taxable income includes taxable capital gains from the sale of our shares and taxable income from dividend distributions. An additional 2% surtax was introduced in 2025 and applies specifically to taxable capital income exceeding NIS 721,560 annually, including income from sources such as dividends, interest, capital gains, and passive royalties. This surtax stacks on the existing 3% general surtax on all income above the threshold, resulting in a 5% total surtax on qualifying capital income.

Dividends paid to an Israeli resident individual shareholder on our ordinary shares will generally be subject to withholding tax at the rates corresponding with the income tax rates detailed above unless we are provided in advance with a withholding tax certificate issued by the Israel Tax Authority stipulating a different rate.

Notwithstanding the above, dividends paid to an Israeli resident "substantial shareholder" (as defined above) on publicly traded shares, like our ordinary shares, which are held via a "nominee company" (as defined under the Securities Law), are generally subject to Israeli withholding tax at a rate of 25%, unless a different rate is provided under an applicable tax treaty, provided that a certificate from the Israel Tax Authority allowing for a reduced withholding tax rate is obtained in advance.

If the dividend is attributable partly to income derived from a Preferred Enterprise or a Preferred Technology Enterprise and partly to other sources of income, the tax rate will be a blended rate reflecting the relative portions of the various types of income. We cannot assure you that we will designate the profits that are being distributed in a way that will reduce shareholders' tax liability.

Israeli resident companies are generally exempt from tax on the receipt of dividends paid on our ordinary shares.

Non-Israeli Residents

Unless a tax relief is provided by a treaty between Israel and the shareholder's country of residence, non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%. With respect to a person (including a corporation) who is a "substantial shareholder" (as defined above) at the time of receiving the dividend or at any time during the preceding 12-month period, absent treaty relief as mentioned above, the applicable Israeli income tax rate is 30%. Notwithstanding the above, dividends paid from income derived from Preferred Enterprises will be subject to Israeli income tax at a rate of 20%. In addition, dividends distributed by a Preferred Technology Enterprise that are paid out of Preferred Technology Income are subject to tax at the rate of 20%, but if they are distributed to a foreign company and at least 90% of the shares of the distributing company are held by foreign resident companies then the tax rate may be as low as 4%, subject to the fulfillment of certain conditions.

In this regard, dividends paid to a non-Israeli resident shareholder on our ordinary shares will generally be subject to withholding tax at the rates corresponding with the income tax rates detailed above unless we are provided in advance with a withholding tax certificate issued by the Israel Tax Authority stipulating a different rate (e.g., in accordance with the provisions of an applicable tax treaty).

Notwithstanding the above, dividends paid to a non-Israeli resident "substantial shareholder" (as defined above) on publicly traded shares, like our ordinary shares, which are held via a "nominee company" (as defined under the Securities Law), are generally subject to Israeli withholding tax at a rate of 25%, unless a different rate is provided under an applicable tax treaty, provided that a certificate from the Israel Tax Authority allowing for a reduced withholding tax rate is obtained in advance.

In addition, it should be noted that an additional 5% tax might be applicable to individual shareholders if certain conditions are met, as stated above.

Under the U.S.-Israel Tax Treaty, the maximum Israeli tax on dividends paid to a holder of ordinary shares who qualifies as a resident of the U.S. within the meaning of the U.S.-Israel Tax Treaty is 25%. Such tax rate is generally reduced to 12.5% if: (i) the shareholder is a U.S. corporation and holds at least 10% of the outstanding shares of our voting stock during the part of our tax year that precedes the date of payment of the dividends and during the whole of our prior tax year; (ii) not more than 25% of our gross income in the tax year preceding the payment of the dividends consists of interest or dividends, other than dividends or interest received from subsidiary corporations 50% or more of the outstanding shares of voting stock of which is owned by us at the time such dividends or interest are received by us; and (iii) the dividends are not sourced from income derived during a period for which we were entitled to the reduced tax rate applicable to a Preferred Enterprise under the Investment Law. If the dividends are sourced from income derived during a period for which we are entitled to the reduced tax rate applicable to a Preferred Enterprise or a Preferred Technology Enterprise under the Investment Law, to the extent that the first two conditions detailed above are met, the Israeli tax rate applicable to such dividends should be 15%.

If the dividend is attributable partly to income derived from a Preferred Enterprise or a Preferred Technology Enterprise and partly to other sources of income, the tax rate will be a blended rate reflecting the relative portions of the various types of income. We cannot assure you that we will designate the profits that are being distributed in a way that will reduce shareholders' tax liability.

Estate and gift tax

Israeli law presently does not impose estate tax.

Israeli law also does not presently impose gift taxes upon the transfer of assets to Israeli resident individuals so long as it is demonstrated to the satisfaction of the Israel Tax Authority that the transfer was executed in good faith.

U.S. Tax Considerations

U.S. Federal Income Tax Considerations

THE FOLLOWING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE. EACH U.S. HOLDER SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISOR AS TO THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND SALE OF SHARES, INCLUDING THE EFFECTS OF APPLICABLE STATE, LOCAL, FOREIGN OR OTHER TAX LAWS AND POSSIBLE CHANGES IN THE TAX LAWS.

This section describes the material U.S. federal income tax consequences to a U.S. holder (as defined below) of owning ordinary shares. It applies only to ordinary shares that are held as capital assets for tax purposes. This section does not apply to a holder of ordinary shares that is a member of a class of holders subject to special rules, including a financial institution, a dealer or trader in securities, a regulated investment company, a real estate investment trust, a grantor trust, a U.S. expatriate, a tax-exempt organization, an insurance company, a person liable for alternative minimum tax, a person who actually or constructively owns 10% or more of the stock of the Company, a person that holds ordinary shares as part of a straddle or a hedging or conversion transaction, a person that purchases or sells ordinary shares as part of a wash sale for tax purposes, or a person whose functional currency is not the U.S. dollar. Further, this description does not address state, local, non-U.S, or other tax laws, nor does it address the 3.8% U.S. federal Medicare tax on net investment income, the alternative minimum tax or the U.S. federal gift and estate tax consequences of owning and disposing of ordinary shares.

For purposes of this description, a "U.S. holder" is a beneficial owner of ordinary shares who holds such ordinary shares as capital assets within the meaning of the Internal Revenue Code of 1986 and is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the U.S.; (ii) a corporation created or organized in or under the laws of the U.S. or any state thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust that either (a) is subject to the supervision of a court within the U.S. and has one or more U.S. persons with authority to control all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership holds the ordinary shares, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the ordinary shares should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the ordinary shares.

Distributions

Subject to the PFIC, rules discussed below, U.S. holders generally will include as dividend income the U.S. dollar value of the gross amount of any distributions of cash or property (without deduction for any withholding tax), other than certain pro rata distributions of ordinary shares, with respect to ordinary shares to the extent the distributions are made from our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend income on the day actually or constructively received by the holder. We do not intend to maintain calculations of earnings and profits, as determined for U.S. federal income tax purposes. Consequently, any distributions generally will be treated as dividend income.

Dividends paid to a non-corporate U.S. holder on shares will generally be taxable at the preferential rates applicable to long-term capital gains provided (a) that certain holding period requirements are satisfied, (b) (i) the U.S.-Canada income tax treaty (the "Treaty"), is a qualified treaty and we are eligible for benefits under the Treaty or (ii) our ordinary shares are readily tradable on a U.S. securities market, and (c) provided that we were not, in the taxable year prior to the year in which the dividend was paid, and are not, in the taxable year in which the dividend is paid, a PFIC. The Treaty has been approved for the purposes of the qualified dividend rules. If the Company is a PFIC, any dividends paid to a noncorporate U.S. holder will not qualify for the preferential tax rates ordinarily applicable to "qualified dividends." In the case of a corporate U.S. holder, dividends on shares are taxed as ordinary income and will not be eligible for the dividends received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

The amount of any cash distribution paid in any foreign currency will be equal to the U.S. dollar value of such currency, calculated by reference to the spot rate in effect on the date such distribution is received by the U.S. holder, regardless of whether and when the foreign currency is in fact converted into U.S. dollars. If the foreign currency is converted into U.S. dollars on the date received, the U.S. holder generally should not recognize foreign currency gain or loss on such conversion. If the foreign currency is not converted into U.S. dollars on the date received, the U.S. holder will have a basis in the foreign currency equal to its U.S. dollar value on the date received, and generally will recognize foreign currency gain or loss on a subsequent conversion or other disposal of such currency. Such foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes.

Dividends will be income from sources outside the U.S., and generally will be "passive category" income or, for certain taxpayers, "general category" income, which are treated separately from each other for the purpose of computing the foreign tax credit allowable to a U.S. holder. The availability of the foreign tax credit and the application of the limitations on its availability are fact specific and are subject to complex rules. In general, a taxpayer's ability to use foreign tax credits may be limited and is dependent on the particular circumstances. U.S. holders should consult their own tax advisors with respect to these matters.

Sale, Exchange or other Disposition of ordinary shares

Subject to the PFIC rules discussed below, a U.S. holder who sells or otherwise disposes of ordinary shares will recognize a capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount realized and the holder's tax basis, determined in U.S. dollars, in those ordinary shares. The gain or loss will generally be income or loss from sources within the U.S. for foreign tax credit limitation purposes. The capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the holder has a holding period greater than 12 months in the shares sold. There are limitations on the deductibility of capital losses.

The U.S. dollar value of any foreign currency received upon a sale or other disposition of ordinary shares will be calculated by reference to the spot rate in effect on the date of sale or other disposal (or, in the case of a cash basis or electing accrual basis taxpayer, at the spot rate of exchange on the settlement date). A U.S. holder will have a tax basis in the foreign currency received equal to that U.S. dollar amount, and generally will recognize foreign currency gain or loss on a subsequent conversion or other disposal of the foreign currency. This foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes. If such foreign currency is converted into U.S. dollars on the date received by the U.S. holder, a cash basis or electing accrual basis U.S. holder should not recognize any gain or loss on such conversion.

Passive Foreign Investment Company

A non-U.S. corporation will be a PFIC for U.S. federal income tax purposes for any taxable year if either:

- 75% or more of its gross income for such year is "passive income" which for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions and gains from assets that produce passive income; or

- 50% or more of the value of its gross assets (based on an average of the quarterly values of the gross assets) during such year is attributable to assets that produce passive income or are held for the production of passive income.

Passive income does not include rents and royalties derived from the active conduct of a trade or business. If the stock of a non-U.S. corporation is publicly traded for the taxable year, the asset test is applied using the fair market value of the assets for purposes of measuring such corporation's assets. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income for purposes of the PFIC income and asset tests. If the stock of a non-U.S. corporation is publicly-traded for the taxable year, the asset test is applied using the fair market value of the assets for purposes of measuring such corporation's assets. If we were a PFIC in any year during a U.S. holder's holding period for our ordinary shares, we would ordinarily continue to be treated as a PFIC for each subsequent year during which the U.S. holder owned the ordinary shares. Based on the composition of our assets and income, we believe that we should not be treated as a PFIC for U.S. federal income tax purposes with respect to our 2025 taxable year and we do not intend or anticipate becoming a PFIC for any future taxable year. However, the determination of PFIC status is a factual determination that must be made annually at the close of each taxable year and therefore, there can be no certainty as to our status in this regard until the close of the current or any future taxable year. Changes in the nature of our income or assets or a decrease in the trading price of our ordinary shares may cause us to be considered a PFIC in the current or any subsequent year. Therefore, there can be no assurance that we or any of our subsidiaries will not be classified as a PFIC until the close of the current taxable year or for any future taxable year.

U.S. Information Reporting and Back-up Withholding

Dividend payments with respect to our ordinary shares and proceeds from the sale or other disposition of our ordinary shares may be subject to information reporting to the IRS and possible U.S. backup withholding. Back-up withholding will not apply, however, to a U.S. holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from back-up withholding. U.S. holders who are required to establish their exempt status may be required to provide such certification on Internal Revenue Service (the "IRS"), Form W-9. U.S. holders should consult their tax advisors regarding the application of the U.S. information reporting and back-up withholding rules.

Back-up withholding is not an additional tax. Amounts withheld as back-up withholding may be credited against a U.S. holder's U.S. federal income tax liability, and such holder may obtain a refund of any excess amounts withheld under the back-up withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

Information with Respect to Foreign Financial Assets

Certain U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their U.S. federal tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. If a U.S. holder does not include in such holder's gross income an amount relating to one or more specified foreign financial assets, and the amount such U.S. holder omits is more than $5,000, any tax such U.S. holder owes for the tax year can be assessed at any time within 6 years after the filing of such U.S. holder's federal tax return. U.S. holders who fail to report the required information could be subject to substantial penalties. U.S. holders are encouraged to consult with their own tax advisors regarding the possible application of the foregoing or other U.S. informational reporting requirements to our ordinary shares in light of their particular circumstances.

F. Dividends and Paying Agents.

Not applicable.

G. Statement by Experts.

Not applicable.

H. Documents on Display.

We are subject to the information reporting requirements of the Exchange Act applicable to foreign private issuers, and under those requirements will file reports with the SEC. The SEC maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC will also available to the public through the SEC's website at www.sec.gov. Our SEC filings are also generally available to the public via the Israel Securities Authority's Magna website at www.magna.isa.gov.il, and the TASE website at http://www.maya.tase.co.il.

We are an Israeli company and a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act. As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements. Further, our officers, directors and principal shareholders are exempt from the short-swing profit recovery provisions contained in Section 16 of the Exchange Act and our principal shareholders are exempt from the reporting provisions thereunder. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and may submit to the SEC, on a Form 6-K, unaudited quarterly financial information.

We maintain a corporate website http://www.intercure.co. Information contained on, or that can be accessed through, our website and the other websites referenced above do not constitute a part of this Annual Report. We have included these website addresses in this Annual Report solely as inactive textual references.

I. Subsidiary Information.

Not applicable.

J. Annual Report to Security Holders.

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not have any financial instruments other than normal course accounts receivable and payables associated with our business activities. We are subject to foreign exchange and liquidity risks.

Risk and Uncertainties

We are subject to foreign exchange and liquidity risks.

Foreign Exchange Risk. Our reporting and functional currency is the NIS, but some portion of our operational expenses are in U.S. dollars, Canadian dollars and Euros. As a result, we are exposed to some currency fluctuation risks. We may, in the future, decide to enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rate of the currencies mentioned above in relation to the NIS. These measures, however, may not adequately protect us and our operations could be adversely affected if we are unable to effectively hedge against currency fluctuations in the future.

Liquidity risk. We monitor forecasts of our liquidity reserve (comprising cash and cash equivalents available-for-sale financial assets and short-term deposits). We generally carry this out based on our expected cash flows in accordance with practice and limits set by our management. We are in the process of expanding our operations and the expenses associated therewith and we are therefore exposed to liquidity risk.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities.

Not applicable.

B. Warrants and rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

There are no material modifications to the rights of security holders.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2025 (the "Evaluation Date"). Based on such evaluation, those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be included in periodic filings under the Exchange Act and that such information is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, our management concluded that, as of December 31, 2025, our internal control over financial reporting was effective.

The Company continually reviews and enhances its systems of controls and procedures. However, because of the inherent limitation in all control systems, management cautions that ICFR will not prevent or detect all misstatements due to error or fraud.

(c) Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 20-F does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting due to an exemption for emerging growth companies provided in the JOBS Act.

(d) Changes in Internal Control over Financial Reporting

During the year ended December 31, 2025, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that one member of our audit committee, David Salton, is an audit committee financial expert, as defined under the rules under the Exchange Act, and is independent in accordance with applicable Exchange Act rules and the Nasdaq Listing Rules.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted the Code applicable to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions, which is a "code of ethics" as defined in Item 16B of Form 20-F promulgated by the SEC. We will provide to any person without charge, upon request by mail or by telephone, a copy of our Code. If we make any amendment to the Code or grant any waivers, including any implicit waiver, from a provision of the Code, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. We have not granted any waivers under our Code.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Somekh Chaikin, a member firm of KPMG International, located in Tel Aviv, Israel (PCAOB ID 1057), has served as our independent registered public accounting firm for 2025 and 2024. The following table provides information regarding fees billed by us to Somekh Chaikin:

for all services, including audit services, for the years ended December 31, 2025 and 2024:

	2025		2024	
(NIS in thousands)				
Audit fees [1]	NIS	1,092	NIS	1,337
Audit related fees		41		-
Tax fees	NIS	257	NIS	148
All other fees		-		-
Total	NIS	1,390	NIS	1,485

(1) The audit fees for the years ended December 31, 2025 and 2024 include professional services rendered in connection with the audit of our annual consolidated financial statements and the review of our consolidated interim financial statements, statutory audits of the Company and its subsidiaries, issuance of consents and assistance with review of documents filed with the SEC.

Pre-Approval of Auditors' Compensation

Our Audit Committee has a pre-approval policy for the engagement of our independent registered public accounting firm to perform certain audit and non-audit services. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the audit committee pre-approves annually a catalog of specific audit and non-audit services in the categories of audit services, audit-related services and tax services that may be performed by our independent registered public accounting firm. If a type of service, that is to be provided by our auditors, has not received such general pre-approval, it will require specific pre-approval by our Audit Committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in applicable SEC rules.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not Applicable.

ITEM 16G. CORPORATE GOVERNANCE

Under the Companies Law, companies incorporated under the laws of the State of Israel, whose shares are publicly traded, including companies whose shares are listed on the Nasdaq Global Market are considered public companies under Israeli law and are required to comply with various corporate governance requirements under Israeli law relating to such matters as external directors, the audit committee, compensation committee, compensation policy, company's auditors, and an internal auditor. These requirements are in addition to the corporate governance requirements imposed by the Nasdaq Listing Rules, and other applicable provisions of U.S. securities laws to which we are subject as a foreign private issuer due to the listing of our ordinary shares on the Nasdaq Global Market.

Under the Nasdaq Listing Rules, a foreign private issuer, such as us, may generally follow its home country rules of corporate governance in lieu of the comparable requirements of the Nasdaq Global Market, except for certain matters including (among others) the composition and responsibilities of the audit committee and the independence of its members within the meaning of the rules and regulations of the SEC.

We intend to rely on this "home country practice exemption" with respect to the following Nasdaq Listing Rules:

- Quorum requirements. Although our articles of association require for a general meeting of shareholders the presence of at least two shareholders present in person or by proxy who hold or represent at least 33 1/3% of the voting rights in the Company, they provide that if such meeting is adjourned for lack of quorum, the quorum at the adjourned meeting will consist of two shareholders who hold and represent at least 10% of the issued and paid-up share capital of the Company. We intend to follow this provision of our articles of association in lieu of the corresponding Nasdaq Listing Rule requirement.

- Distribution of certain reports to shareholders. As opposed to the Nasdaq Listing Rules, which require listed issuers to make its annual reports available to shareholders in one of a number of specific manners, Israeli law does not require that we distribute annual reports, including our financial statements. As such, the generally accepted business practice in Israel is to distribute such reports to shareholders through a public regulated distribution website. In addition to making such reports available on a public regulated distribution website, we make our audited financial statements available to our shareholders at our offices and only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules.

- Shareholder approval. We seek shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law, rather than seeking approval for corporate actions in accordance with Nasdaq Listing Rule 5635. In particular, under this Nasdaq Listing Rule, shareholder approval is generally required for: (i) an acquisition of shares or assets of another company that involves the issuance of 20% or more of the acquirer's shares or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest in the target company or the consideration to be received; (ii) the issuance of shares leading to a change of control; (iii) adoption or amendment of equity compensation arrangements; and (iv) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (or via sales by directors, officers or 5% shareholders) if such equity is issued (or sold) at below a minimum price. By contrast, under the Companies Law, shareholder approval is required (subject to certain limited exceptions) for, among other things: (a) transactions with directors concerning the terms of their service (including indemnification, exemption, and insurance for their service or for any other position that they may hold at a company), for which approvals of the compensation committee, board of directors, and shareholders are all required; (b) extraordinary transactions with controlling shareholders of publicly held companies, which require the by the company's shareholders Special Majority; (c) terms of office and employment or other engagement of our controlling shareholder, if any, or such controlling shareholder's relative, which require the approval by the company's shareholders Special Majority; (d) approval of transactions with Company's Chief Executive Officer with respect to his or hers compensation, whether in accordance with the approved compensation policy of the Company or not in accordance with the approved compensation policy of the Company, or transactions with officers of the Company not in accordance with the approved compensation policy; and (e) approval of the compensation policy of the Company for office holders. In addition, under the Companies Law, a merger requires approval of the shareholders of each of the merging companies.

- Majority independent directors. We do not follow Nasdaq Listing Rule 5605(b)(1) requiring the maintenance of a majority of independent directors. Instead, we follow Israeli law and practice, according to which we are required to appoint at least two external directors (within the meaning of such term in the Companies Law) to our board of directors.

- Regularly scheduled meetings of independent directors. We do not follow Nasdaq Listing Rule 5605(b)(2) requiring that our independent directors have regularly scheduled meetings at which only independent directors are present. Instead, we follow Israeli law according to which independent directors are not required to hold executive sessions.

- Nomination of Directors. As permitted under Israeli law and pursuant to Israeli practice, the nominations for members of the Board will be generally made by the Board or a duly authorized committee thereof and not by a nominating committee of the Board consisting solely of independent directors or a majority of the independent directors in a vote in which only independent directors participate, as required under the Nasdaq rules.

Except as stated above, we intend to comply with the rules generally applicable to U.S. domestic companies listed on the Nasdaq Global Market, subject to certain exemptions the JOBS Act provides to emerging growth companies. We may in the future decide to use other foreign private issuer exemptions with respect to some or all of the other Nasdaq Listing Rules. Following our home country governance practices, as opposed to the requirements that would otherwise apply to a company listed on the Nasdaq Global Market, may provide less protection than is accorded to investors under the Nasdaq Listing Rules applicable to domestic issuers.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENT INSPECTION

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy governing the purchase, sale and other transactions in our securities that applies to our directors, senior management, employees, consultants, contractors and other covered persons, including immediate family members and entities controlled by any of the foregoing persons.

This policy prohibits, among other things, insider trading and certain speculative transactions in our securities (including short sales, buying put and selling call options and other hedging or derivative transactions in our securities) and establishes a regular blackout period schedule during which directors, senior management, employees, and other covered persons may not trade in our securities, as well as certain pre-clearance procedures and obligations that directors and officers of the Company, the Company's subsidiaries and/or affiliates must observe, and comply prior to, or after effecting any transaction in our securities.

We believe that the policy is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and listing standards applicable to us. A copy of the policy is filed as Exhibit 11.1 to this Form 20-F.

ITEM 16K. CYBERSECURITY

We have developed and maintain a cybersecurity risk management program, consisting of cybersecurity policies, procedures, compliance and awareness programs to mitigate risk and to ensure compliance with security, availability and confidentiality trust principles. The cybersecurity process has been integrated into our overall risk management system and process, and is solely internally managed. Management is responsible for identifying risks that threaten achievement of the control activities stated in the management's description of the services organizations systems. Management has implemented a process for identifying relevant risks that could affect the organization's ability to provide secure and reliable service to its users. The risk assessment occurs annually, or as business needs change, and covers identification of risks that could act against the company's objectives as well as specific risks related to a compromise to the security of data. See "Item 3.D — Risk Factors — General Business Risks and Risks Related to Our Financial Condition and Operations — If we sustain cyber-attacks or other privacy or data security incidents that result in security breaches that disrupt our operations or result in the unintended dissemination of protected personal information or proprietary or confidential information, or if we are found by regulators to be non-compliant with statutory requirements for the protection and storage of personal data, we could suffer a loss of revenue, increased costs, exposure to significant liability, reputational harm and other serious negative consequences".

The level of each identified risk is determined by considering the impact of the risk itself and the likelihood of the risk materializing and high scoring risks are actioned upon. Risks are analyzed to determine whether the risk meets company risk acceptance criteria to be accepted or whether a mitigation plan will be applied. Mitigation plans include both the individual or department responsible for the plan and may include budget considerations.

The oversight of cybersecurity threats is undertaken by our Vice President of Operations and is supported by management, relying on leading service providers in the field. Our audit committee is responsible for cybersecurity oversight and monitoring risk. Management informs the audit and investment committee of such risk by committee meetings.

We have not, to our knowledge, experienced any material IT system failures or any material cybersecurity attacks to date. See "Item 3.D — Risk Factors — General Business Risks and Risks Related to Our Financial Condition and Operations— If we sustain cyber-attacks or other privacy or data security incidents that result in security breaches that disrupt our operations or result in the unintended dissemination of protected personal information or proprietary or confidential information, or if we are found by regulators to be non-compliant with statutory requirements for the protection and storage of personal data, we could suffer a loss of revenue, increased costs, exposure to significant liability, reputational harm and other serious negative consequences."

As of the date of this Annual Report, we are not aware of any material risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements and related information pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements and the related notes required by this Item are included in this Annual Report beginning on page F-1.

InterCure Ltd.
Consolidated Financial Statements as of December 31, 2025

InterCure Ltd.
Consolidated Financial Statements as of December 31, 2025

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Intercure Ltd.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Intercure Ltd. and its subsidiaries (hereinafter –"the Company") as of December 31, 2025 and 2024, the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for each of the years in the three year period ended December 31, 2025, and the related notes (collectively, "the consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2025, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Somekh Chaikin

Member Firm of KPMG International

We have served as the Company's auditor since 2021.
Tel-Aviv, Israel
April 30, 2026

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Consolidated Statements of Financial Position

		As of December 31	
		2025	2024
		NIS in thousands	
Current assets			
Cash and cash equivalents	4	46,466	78,318
Deposits and restricted cash		2,034	1,316
Trade receivables, net	12A	21,177	51,846
Other receivables	12B	138,796	134,660
Inventory	5	108,007	120,305
Biological assets	6	57	5,023
Financial assets measured at fair value through profit or loss	7	209	333
Non-current assets			
Other receivables		4,790	423
Property, plant and equipment and right-of-use assets	9	102,812	105,244
Goodwill	10	219,192	224,594
Deferred tax assets	15	45,989	38,365
Financial assets measured at fair value through profit or loss	11	122	2,147
Investment in associate and loans		901	-
		373,806	**370,773**
Total assets		**690,552**	**762,574**

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

Consolidated Statements of Financial Position

		As of December 31	
		2025	2024
		NIS in thousands	
Current liabilities			
Short term loans and current maturities		88,802	69,435
Trade payables		68,144	77,540
Other payables	12C	43,453	41,809
Contingent consideration	8	2,966	3,966
Short term loan from controlling shareholder	23	11,000	-
Financial liability with respect to shares and warrants to be issued	18	-	34,000
		214,365	**226,750**
Non-current liabilities			
Long term loans	17	59,460	113,979
Liabilities in respect of employee benefits		881	973
Lease liability	14	19,489	23,201
		79,830	**138,153**
Total liabilities		**294,195**	**364,903**
Equity	18		
Share capital, premium and other reserves		675,596	658,599
Capital reserve for transactions with controlling shareholder		2,388	2,388
Capital reserve for transactions with non-controlling interests		13,561	13,561
Receipts on account of warrants		19,591	
Accumulated losses		(314,615)	(277,579)
Equity attributable to owners of the Company		**396,521**	**396,969**
Non-controlling interests		(164)	702
Total equity		**396,357**	**397,671**
Total equity and liabilities		**690,552**	**762,574**

April 30, 2026	/s/ Alex Rabinovitch	/s/ Amos Cohen
Approval Date of the Financial Statements	**Alex Rabinovitch** **Chairman of the Board and CEO**	**Amos Cohen** **CFO**

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	For the year ended December 31		
		2025	2024	2023
		NIS in thousands (excluding data regarding loss per share)		
Revenue		270,200	238,845	355,553
Cost of revenue before fair value adjustments	19	229,519	203,252	247,214
Gross income before impact of changes in fair value		**40,681**	**35,593**	**108,339**
Unrealized changes to fair value adjustments of biological assets	6	21	6,458	261
Loss from fair value changes realized in the current year		7,521	11,818	3,505
Gross profit		**33,181**	**30,233**	**105,095**
Research and development expenses		390	414	388
General and administrative expenses	19	40,889	53,669	42,610
Sales and marketing expenses	19	52,507	54,225	53,269
Other expenses (income), net	19	(37,522)	(12,807)	47,138
Changes in the fair value of financial assets through profit or loss, net	7,11	2,028	(341)	665
Share based payments	18	2,429	2,281	2,592
Share of profit of investees accounted for using the equity method		(296)	-	-
Operating loss		**(27,244)**	(67,208)	**(41,567)**
Financing income	20	3,129	2,747	5,883
Financing expenses	21	19,988	22,862	25,601
Financing expenses, net		16,859	20,115	19,718
loss before taxes on income		**(44,103)**	(87,323)	**(61,285)**
Tax (expense) benefit	15	7,319	14,530	(2,248)
Total comprehensive loss for the year		**(36,784)**	**(72,793)**	**(63,533)**
Attribution of net loss for the year:				
To the Company's shareholders		(35,710)	(67,795)	(61,959)
To non-controlling interests		(1,074)	(4,998)	(1,574)
Total		**(36,784)**	**(72,793)**	**(63,533)**
Loss per share	22			
Basic loss		(0.66)	(1.48)	(1.36)
Diluted loss		(0.66)	(1.48)	(1.36)

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

Consolidated Statements of Changes in Equity

	Share capital, premium and other reserves	Capital reserve for transactions with controlling shareholder	Capital reserve for transactions with non-controlling interests	Receipts on account of warrants	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	NIS in thousands							
As of January 1, 2025	**658,599**	**2,388**	**13,561**	**-**	**(277,579)**	**396,969**	**702**	**397,671**
Loss for the year					(35,710)	(35,710)	(1,074)	(36,784)
Issuance of ordinary shares and warrants (see note 1B2)	15,909	-	-	19,591	-	35,500	-	35,500
Attribution of loss from non-controlling interest (Note 2C)	-	-	-	-	(1,326)	(1,326)	1,326	-
De-recognition of an obligation to issue shares(Note 8)	(1,341)	-	-	-	-	(1,341)	(1,118)	(2,459)
Share-based payment (Note 18M)	2,429	-	-	-	-	2,429	-	2,429
As of December 31, 2025	**675,596**	**2,388**	**13,561**	**19,591**	**(314,615)**	**396,521**	**(164)**	**396,357**

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

Consolidated Statements of Changes in Equity

	Share capital, premium and other reserves	Capital reserve for transactions with controlling shareholder	Capital reserve for transactions with non-controlling interests	Receipts on account of warrants	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	NIS in thousands							
As of January 1, 2024	**643,158**	**2,388**	**13,561**	**-**	**(203,995)**	**455,112**	**1,950**	**457,062**
Loss for the year					(67,795)	(67,795)	(4,998)	(72,793)
Issuance of shares related to business combinations (Note 8)	14,180	-	-	-	-	14,180	-	14,180
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-		(98)	(98)
Attribution of loss from non-controlling interest (Note 2C)	-	-	-	-	(5,789)	(5,789)	5,789	-
De-recognition of an obligation to issue shares (Note 8)	(1,020)	-	-	-	-	(1,020)	(1,941)	(2,961)
Share-based payment (Note 18M)	2,281	-	-	-	-	2,281	-	2,281
As of December 31, 2024	**658,599**	**2,388**	**13,561**	**-**	**(277,579)**	**396,969**	**702**	**397,671**

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

Consolidated Statements of Changes in Equity

	Share capital, premium and other reserves	Capital reserve for transactions with controlling shareholder	Capital reserve for transactions with non-controlling interests	Receipts on account of warrants	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	NIS in thousands							
As of January 1, 2023	**632,025**	**2,388**	**-**	**8,541**	**(141,649)**	**501,305**	**20,172**	**521,477**
Loss for the year	-	-	-	-	(61,959)	(61,959)	(1,574)	(63,533)
De-recognition of non-controlling interests	-	-	13,561	-	-	13,561	(13,561)	-
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	(3,474)	(3,474)
Attribution of loss from non-controlling interest (Note 2C)	-	-	-	-	(387)	(387)	387	-
Expiration of options (Note 18M)	8,541	-	-	(8,541)	-	-	-	-
Share-based payment (Note 18M)	2,592	-	-	-	-	2,592	-	2,592
As of December 31, 2023	**643,158**	**2,388**	**13,561**	**-**	**(203,995)**	**455,112**	**1,950**	**457,062**

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

Consolidated Statements of Cash Flows

	For the year ended December 31		
	2025	2024	2023
		NIS in thousands	
Cash flows from operating activities			
Loss for the year	(36,784)	(72,793)	(63,533)
Taxes paid	306	(12,887)	(7,611)
Adjustments required to present cash flows from operating activities (A)	53,319	18,754	17,513
Net cash provided by (used in) operating activities	**16,841**	**(66,926)**	**(53,631)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(3,549)	(4,376)	(2,619)
Loans granted (Note 12B)	(545)	(928)	(5,159)
Increase in restricted cash	(909)	(465)	(60)
Decrease in restricted cash	212	9,053	4,650
Acquisition of Subsidiaries, net of cash acquired (Note 8)	(114)	1,108	-
Deconsolidation of subsidiaries, net of cash (Note 8)	2,430	(253)	-
Investments in equity accounted investee	(651)	-	-
Brand acquisition	-	(450)	-
Repayment of loans granted	196	14,000	11,291
Proceeds from sales of property, plant and equipment	-	-	25
Interest received	939	-	845
Payments of contingent consideration	-	-	(4,200)
Net cash provided by (used in) investing activities	**(1,991)**	**17,689**	**4,773**
Cash flows from financing activities			
Receipt on account of shares and warrants (Note 18I)	-	34,000	-
Issuance of shares and warrants (Note 18I)	1,500	-	-
Lease payments	(5,007)	(5,460)	(4,713)
Receipt of loans from banks	10,150	188,441	62,726
Repayment of loans from banks	(45,272)	(175,238)	(119,919)
Dividend distribution to non-controlling interests	-	(98)	-
Repayment of loan from related party	-	-	(76)
Receipt of loan from related party and controlling shareholder	11,000	-	-
Interest paid	(19,029)	(15,190)	(20,907)
Net cash provided by (used in) financing activities	**(46,658)**	**26,455**	**(82,889)**
Decrease in cash and cash equivalents	(31,808)	(22,782)	(131,747)
Exchange differences in respect of balances of cash and cash equivalents	(44)	(39)	297
Balance of cash and cash equivalents at beginning of year	78,318	101,139	232,589
Balance of cash and cash equivalents at end of year	**46,466**	**78,318**	**101,139**

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

Consolidated Statements of Cash Flows

	For the year ended December 31		
	2025	2024	2023
		NIS in thousands	
A) Adjustments required to present cash flows from operating activities			
Adjustments to items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income:			
Gain from deconsolidation of subsidiaries	3,266	(1,326)	-
Impairment losses on property, plant and equipment	-	-	4,589
Impairment losses on goodwill	-	-	63,101
Changes in loan measured at fair value through profit or loss	-	-	2,330
Depreciation	17,148	15,371	13,166
Share-based payment (Note 18M)	2,429	2,281	2,592
Changes in the fair value of financial assets through profit or loss, net	2,149	(371)	661
Finance expenses, net	16,859	20,115	19,718
Remeasurement of contingent consideration	-	-	1,067
Tax expense (benefit)	(7,319)	(14,530)	2,248
Loss on sale of property, plant and equipment	-	394	412
Changes in loan from non-controlling interest	-	-	(1,014)
Gain in respect of acquisition of a subsidiary	-	(202)	-
Change in liabilities in respect of employee benefits, net	(92)	132	(184)
Change in consideration payable in shares	-	6,082	
	34,440	27,946	108,686
Changes in assets and liabilities items:			
Decrease (increase) in trade receivables	30,843	8,427	(23,492)
Increase (decrease) in other receivables	(21,551)	4,837	(64,918)
Decrease (increase) in inventory	10,981	(13,237)	34,664
Decrease (increase) in biological assets	4,966	(4,201)	5,543
Increase in trade payables	(8,816)	(8,900)	(47,627)
Increase in other payables	2,456	3,882	4,657
	18,879	(9,192)	(91,173)
	53,319	**18,754**	**17,513**
B) Material non-cash activities			
Disposal (acquisition) of subsidiary, net of cash against share issuance (Note 8)	-	(8,098)	-
Deconsolidation of subsidiaries, net of cash (Note 8)	-	1,020	-
Purchase of property, plant and equipment	10,384	5,970	7,364
Additions to right-of-use assets	767	6,733	2,976
Issuance of shares and warrants	34,000		
De-recognition of non-controlling interests	-	-	13,561

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

C) Aggregate cash flows derived for the Company as a result of acquisitions (Note 8):

	2025	2024
	NIS in thousands	
Trade and other receivables	114	3,325
Inventory and biological assets	-	2,622
Property, plant, equipment and right-of-use asset	85	10,199
Trade and other payables	(294)	(13,585)
Short term loan	25	198
Short term loan to related parties	-	-
Goodwill	184	7,939
Issuance of shares	-	(8,098)
Non-controlling interests	-	-
Contingent consideration	-	-
Deferred consideration	-	-
Lease liability	-	(3,506)
Financial assets measured at fair value through profit or loss	-	(202)
Total acquisition of subsidiary, net of cash	**114**	**(1,108)**

D) Aggregate cash flows derived for the Company as a result of disposal of subsidiaries:

	2025	2024
	NIS in thousands	
Trade and other receivables	(3,661)	(4,468)
Inventory and biological assets	(1,317)	(1,351)
Property, plant, equipment and right-of-use asset	(69)	(3,601)
Trade and other payables	2,478	4,638
Short term loan	-	1,020
Goodwill	(5,586)	(4,548)
Issuance of shares	1,341	1,020
Payables for deferred consideration due to acquisitions	-	4,080
Non-controlling interests	1,118	1,941
Contingent consideration	-	120
Loss (gain)	3,266	(1,326)
Total disposal of subsidiary, net of cash	**(2,430)**	**(2,475)**

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

Note 1 - General

A. The Company's activity

InterCure Ltd. (hereinafter: the "Company") is a public company which is listed on the Tel Aviv Stock Exchange ("TASE") and the Nasdaq Global Market ("Nasdaq"), domiciled in Israel. Its offices are located in Herzliya, Israel. The Company is engaged in the medical cannabis sector mainly through its holdings of Canndoc Ltd. (hereinafter: "Canndoc"), Pharmazone Pharmacy Ltd. (hereinafter: "Pharmazone") and Cannolam Ltd. ("Cannolam"). The Company also has additional holdings in the biomed sector.

Canndoc:

The Company holds 100% of Canndoc's issued and paid-in capital.

The Company, through Canndoc, is engaged in research, marketing, cultivation, production and distribution of medical cannabis products in Israel and around the world.

Cannolam:

The Company holds 100% of the shares of Cannolam Ltd., an Israeli private company, which holds, independently and/or through its owned subsidiaries, the exclusive rights to the production, importing, distribution and use of leading international cannabis and lifestyle trademarks in the territory of the State of Israel. Inter alia, Cannolam Ltd. has exclusive rights in respect of the brands Cookies, Mr. Nice and Oxon Pharma.

Pharmazone:

The Company holds 100% of the shares of Pharmazone, an Israeli private company, which operates a pharmaceutical and medical cannabis trading house.

Note 1 - General (Cont.)

Other Holdings:

During 2022 and 2024, the Company engaged in a series of agreements for the acquisition or opening of 6 and 6 pharmacies, respectively.

During 2025 the Company entered into agreements for the acquisition of 100% of a trading house in southern Israel and the Company engaged in an agreement to purchase 100% of a company that is mainly engaged in research and development of cannabis-based medical products. See also Note 8.

Investments in the biomed sector:

The Company invested in two companies in the biomed sector: F.O.R.E Biotherapeutics Ltd. (formerly known as NovellusDX Ltd., hereinafter: "Fore") and Cavnox Ltd. (hereinafter: "Cavnox"). For additional details regarding investments in the biomed sector, see Note 11.

B. Other Significant Events During the Reporting Period

1. Following the brutal attacks on Israel, in October 2023, the Israeli Government declared a state of war. The security situation has led, inter alia, to a disruption in the chain of supply and production, a decrease in the volume of national transportation, a shortage in manpower as well as a decrease in the value of financial assets and a rise in the exchange rate of foreign currencies in relation to the New Israeli Shekel. In addition, the downgrading of Israel's credit rating by the international rating agencies and the effects on the country's budget have also affected the economy in general and the business activity of many companies and consequently also financial reporting.

   In June 2025 the war significantly expanded to another front with the State of Israel opening a direct confrontation with Iran in the framework of operation "Rising Lion". Upon the commencement of this operation, the State of Israel declared a special home-front situation and closed its airspace. This confrontation further intensified the impact of the war on the operations of many companies.

   In October 2025, a ceasefire was reached between Israel and Hamas in the Gaza Strip.

   Since the beginning of the war, the Southern facility has been damaged, including its inventory, property, plant and equipment and biological assets. In addition, until the first half of 2024, the southern facility was designated by the Israeli authorities as a closed military area and there was limited access to the site. The Company began the process of restoring the Southern facility in 2024, and returned to production in July 2024.

   The Company is working diligently with the Israeli Tax authorities to obtain full compensation for the damages caused to the Company. As of December 31 2025, the Company submitted applications to the Israeli Tax authorities to receive compensation in the amounts of NIS 243 million for the inventory and biological assets lost and the impairment of goodwill, NIS 6 million for the property, plant and equipment and NIS 2 million for loss of profits in the pharmacies.

Note 1 - General (Cont.)

As of the date of the approval of these financial statements the Company has received advances in the amount of NIS 81.5 million.

The Company believes that it will be entitled to compensation from the Israeli Tax authorities for all direct and indirect damages suffered, including loss of profits. See Note 12B(A) and Note 19D.

2. In March 2025, the Company raised NIS 35.5 million in a private placement offering and issued shares and warrants in a private allocation. See Note 18I.

3. On September 17, 2025, the Company entered into a share purchase agreement to acquire 100% of Botanico Ltd. ("Botanico"), a company that has exclusive rights to distribute The Flowery's acclaimed U.S. cannabis brands and genetics in Israel and across international markets.

   The acquisition will be executed in two stages: in the first stage, the Company will acquire 50% of Botanico's share capital in consideration for 2,261,345 of the Company's ordinary shares and 205,710 options in a private placement offering. In the second stage, pursuant to the share purchase agreement, within two years, the Company will complete the acquisition of the remaining 50% of Botanico's share capital in consideration for an additional 2,252,317 of the Company's ordinary shares and 204,889 options. The closing of this acquisition has not yet occurred.

4. In November 2025, the Company entered into a share purchase agreement and collaboration agreements with Cannasoul R&D Ltd., to acquire 28% ownership stake with an exclusive path to increase its holdings to 51% within two years for consideration of NIS 651 thousand.

C. Definitions:

In these consolidated financial statements:

Company	-	InterCure Ltd.
Group	-	The Company and its subsidiaries.
Related Parties	-	As defined in IAS 24.
USD	-	U.S. dollars.
NIS		New Israeli shekel.
Subsidiaries	-	Companies which are controlled by the Company (as defined in IFRS 10), directly or indirectly, and whose financial statements are fully consolidated with the Company's reports.
Investee companies	-	Subsidiaries and companies, including a partnership or joint venture, the Company's investment in which is stated, directly or indirectly, on the equity basis.
Controlling shareholder	-	As defined under the Israeli Companies Law.

Note 2 - Material Accounting Policies

Framework for preparation of the financial statements

The accounting policies described below was applied in the financial statements consistently, in all of the presented periods, unless specified otherwise.

A. Presentation basis of the financial statements

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the IASB.

The Company's financial statements are prepared on a historical cost basis, except for financial and biological assets measured at fair value through profit or loss and contingent consideration.

In its preparation of the financial statements, management is required to use material accounting estimates. Management is also required to exercise discretion in the process of applying the material accounting policies. The issues which require significant discretion and the use of estimates, which have a significant impact on the amounts which were recognized in the financial statements, are specified in Note 3. Actual results may differ significantly from the estimates and assumptions which were used by Company management.

B. Functional and presentation currency

These consolidated financial statements are presented in NIS, which is the Company's functional currency, and have been rounded to the nearest thousand, except when otherwise indicated. The NIS is the currency that represents the principal economic environment in which the Company operates.

Note 2 - Material Accounting Policies (Cont.)

C. Basis of consolidation

Non-controlling interests

Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the parent company.

Measurement of non-controlling interests on the date of the business combination

As of December 31, 2025, the non-controlling interests balance contain non-controlling interests that were measured at the date of the business combinations at their proportionate interest in the identifiable assets and liabilities of the acquiree.

Allocation of profit or loss and other comprehensive income to the shareholders

Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests. Total profit or loss and other comprehensive income is allocated to the owners of the Company and the non-controlling interests even if the result is a negative balance of non-controlling interests. Regarding the separate legal entities that were established with the Kibbutzim and in accordance with the agreements between the parties, in case of losses, the Company will be the only one to bear the full losses.

Joint operations

In joint operations the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Company recognizes in relation to its interest its share of the assets, liabilities, revenues and expenses of the joint operation.

Note 2 - Material Accounting Policies (Cont.)

D. Contingent consideration

The consideration transferred as part of business combinations includes the fair value of any contingent consideration. After the acquisition date, the Company recognizes changes in the fair value of contingent consideration classified as a financial liability in profit or loss.

E. Biological assets

In accordance with IAS 41, the Company measures biological assets which are mostly comprised of medical cannabis plants and agricultural produce at fair value less selling costs until harvesting. The Company's estimates are based on sales data in the last 12 months activity deducted from sales costs in accordance with its production and sales agreements. This value is used as the cost basis of inventory after the harvest. Profit or loss due to changes in fair value less selling costs are included under the Company's profit / loss in the year when they materialized. Growing costs in respect of the biological assets are capitalized to the cost of the biological assets. When calculating the fair value of a biological asset, the Company is required to use various estimates and approximations, including, inter alia, estimates regarding the growth stage of the seedlings until the harvest date, harvesting costs, selling costs, costs associated with oil extraction and packaging of finished products, estimates regarding the selling price of the Company's products, and estimates of materials lost in process. Changes in these assumptions may result in significant changes in the value of the biological asset, the value of inventory, and the cost of sales, as well as in the fair value component in respect of the biological asset.

F. Inventory

Inventory is measured as the lower of either cost or net realizable value. The cost of purchased inventory is determined on a first in – first out (FIFO) basis. The Company classifies the cannabis agricultural produce from a biological asset to inventory when harvesting, according to the fair value less selling costs on that date. This value serves as the cost basis of inventory. Processing costs and other additional costs which materialize in the process of bringing the inventory to its current location and condition are added to the cost of inventory. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs to completion and the costs required to execute the sale. The Company periodically evaluates the condition and age of inventory, and provisions for slow inventory are made accordingly. In order to evaluate these provisions, the Company analyzes the expiration rates of the inventory and in accordance recognizes a provision for slow moving inventory.

Note 2 - Material Accounting Policies (Cont.)

G. Revenue recognition

Revenue from contracts with customers is recognized in the statement of income when the control of the asset or of the service has been transferred to the customer. The control transfer date is generally the date of delivery to the customer. Revenue is measured and recognized according to the fair value of the proceeds which are expected to be received in accordance with the contract terms, less amounts which have been collected for third parties (e.g., taxes). Revenue is recognized in the statements of profit or loss up to the extent to which it is expected to flow to the Company, and the revenue and costs, if relevant, are reliably measurable.

When determining the amount of revenue from contracts with customers, the Company evaluates whether it functions as a primary provider, or as an agent in the contract. Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected credits and returns which are estimated based on historical data and past experience.

The Company estimates credits and returns according to the rate of actual credits and returns from total sales multiplied by the sales in the last quarter.

Product sales

In retail sales that are made through pharmacies owned by the Company, control is transferred at a point in time that the products are sold to the end customer. In wholesale sales, control is transferred at a point in time that the products are sold to pharmacies that aren't under the Company's control.

In cases where the products are transferred to the distributor and held by them in consignment until their sale by the distributor to a third party which constitutes the end customer, the Company recognizes revenue from their sale on the date when they are sold by the distributor to the third party.

H. Property, plant and equipment

Depreciation is calculated in equal annual rates according to the straight line method, throughout the asset's useful lifetime, as follows:

	%
Machinery and equipment	7-15
Computers	33
Buildings and greenhouses	10
Bearer plants	7

Cannabis genetics (bearer plants) that were purchased are depreciated when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Note 2 - Material Accounting Policies (Cont.)

I. Goodwill

The cash-generating unit to which the goodwill is allocated for the purpose of goodwill impairment test is the Company's Cannabis segment, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. See Note 10

J. Impairment

Non-financial assets

Timing of impairment testing

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Once a year, on December 31, or more frequently if there are indications of impairment, the Group estimates the recoverable amount of each cash generating unit that contains goodwill, or intangible assets that have indefinite useful lives or are unavailable for use. See also Note 3 and Note 10.

K. Income tax expense

Deferred taxes

Deferred tax assets are recognized for unused carryforward tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. The Company determines the amount of deferred tax assets that can be recognized based upon taxable income forecast which carryforward losses can be offset. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets that were not recognized are reevaluated at each reporting date and recognized if it has become probable that future taxable profits will be available against which they can be utilized.

L. Financing income and expenses

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

In the statements of cash flows, interest paid is presented as part of cash flows from financing activities.

Note 2 - Material Accounting Policies (Cont.)

M. Financial instruments:

A. Financial assets

Financial assets are measured on the date of initial recognition at fair value plus transaction costs which are directly attributable to the acquisition of the financial asset, except in case of a financial asset measured at fair value through profit or loss, for which the transaction costs are carried to the statement of income.

The Company classifies and measures the debt instruments in its financial statements based on the following criteria:

(A) The Company's business model for the management of financial assets; and

(B) The characteristics of the financial asset's contractual cash flows.

The Company has investments in financial assets measured at fair value through profit or loss (see also Note 7, Note 8 and Note 11) and other debt instruments measured at amortized cost.

B. Impairment of financial assets

The Company evaluates, on each reporting date, the loss provision in respect of financial debt instruments which are not measured at fair value through profit or loss.

The Company distinguishes between two situations involving recognition of a loss provision.

A) Debt instruments whose credit quality has not significantly deteriorated since the initial recognition date, or cases involving low credit risk – the loss provision which will be recognized in respect of that debt instrument will take into account expected credit loss during the 12 month period after the reporting date; or

B) Debt instruments whose credit quality has significantly deteriorated since the initial recognition date, and cases involving credit risk which is not low – the loss provision which will be recognized will take into account expected credit losses throughout the instrument's remaining lifetime.

The Company applies the expedient, which was determined in the standard, according to which it assumes that a debt instrument's credit risk has not significantly increased since the initial recognition date if it was determined, on the reporting date, that the instrument's credit risk is low, for example, when the instrument has an external rating of "investment grade".

Impairment in respect of debt instruments which are measured at amortized cost is carried to the statement of income against a provision.

Note 2 - Material Accounting Policies (Cont.)

The Company also has financial assets with short credit periods, such as trade receivables, to which it is entitled to apply the expedient specified in the model, i.e., the Company will measure the loss provision in an amount equal to the expected credit losses throughout the instrument's entire lifetime. The Company chose to adopt the expedient in respect of those financial assets.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

C. Financial liabilities measured at amortized cost

The financial liabilities measured at amortized cost include mainly loans and borrowings from banks, bank overdrafts, finance lease liabilities, and trade and other payables.

N. Fair value measurement

All assets and liabilities which are measured at fair value, or whose fair value was disclosed, are divided into categories in the fair value hierarchy, based on the lowest level of inputs which is significant to the measurement of fair value in its entirety:

Level 1: Quoted prices (without adjustments) in an active market of identical assets and liabilities (See Note 7).

Level 2: Inputs which are not quoted prices which are included in level 1, which are directly or indirectly observable.

Level 3: Inputs which are not based on observable market data, as described in Note 6 – Biological Assets, and Note 11 – Investments in financial assets measured at fair value through profit or loss (investments in companies in the biomed sector).

O. Government grants

Government grants are recognized initially at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Unconditional government grants are recognized when the Company is entitled to receive them. An asset is recognized when there is a high level of certainty of its receipt. Grants that compensate the Company for expenses incurred are presented as a deduction from the corresponding expense. When a grant cannot be associated with a specific expense because it is granted for loss of profits, it is classified as Other expenses (income), net in the Consolidated Statements of Profit or Loss. See Note 12B(A).

Note 2 - Material Accounting Policies (Cont.)

P. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability without adjustment for the Company's credit risk. The carrying amount of the provision is adjusted each period to reflect the time that has passed and the amount of the adjustment is recognized as a financing expense.

The Company recognizes a reimbursement asset if, and only if, it is virtually certain that the reimbursement will be received if the Company settles the obligation. The amount recognized in respect of the reimbursement does not exceed the amount of the provision.

Q. Leases

Leased assets and lease liabilities

The Company has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are accounted for such that lease payments are recognized in profit or loss on a straight-line basis, over the lease term, without recognizing an asset and/or liability in the statement of financial position.

The lease term

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

The Company anticipates exercising extension options due to the significance of the underlying asset to the Company's operation and the Company's past experience with similar leases.

Depreciation of right-of-use asset

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated depreciation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the useful life or contractual lease period, whichever earlier, as follows:

☐ Buildings 5-10 years

Subleases

In leases where the Group subleases the underlying asset, the Group examines whether the sublease is a finance lease or operating lease with respect to the right-of-use received from the head lease. The Group examined the subleases existing on the date of initial application based on the remaining contractual terms at that date.

Note 2 - Material Accounting Policies (Cont.)

R. New standards, amendments to standards and interpretations not yet adopted

Standard/interpretation amendment	The requirements of the publication	Effective date and transitional provisions	Effects
IFRS 18, Presentation and Disclosure in Financial Statements	This standard replaces IAS 1, *Presentation of Financial Statements*. The standard provides guidance for improving the structure and content of the financial statements, particularly the income statement. The standard includes new disclosure and presentation requirements as well as requirements that were taken from IAS 1, *Presentation of Financial Statements*. As part of the new disclosure requirements, it is required to present two subtotals in the income statement: operating profit and profit before financing and taxes. Furthermore, the results in the income statement will be classified into three new categories: an operating category, an investing category and a financing category. In addition to the changes in the structure of the income statements, the standard also includes a requirement to provide separate disclosure in the financial statements regarding the use of management-defined performance measures (MPM). Furthermore, the standard adds specific guidance for aggregation and disaggregation of items in the financial statements and in the notes	The standard's initial date of application is for annual reporting periods beginning on or after January 1, 2027 with earlier application being permitted.	The Group is examining the effects of the standard on its financial statements with no plans for early adoption.

Note 3 - Significant Accounting Estimates and Approximations:

In the preparation of the financial statements, management is required to make use of estimates and assumptions which affect the implementation of the accounting policy and the reported amounts of assets, liabilities, income and expenses, regarding which there is a significant risk of the performance of significant adjustments to the carrying amounts of assets and liabilities during the next fiscal year.

Changes in accounting estimates are applied during the period when the estimate was changed.

In the process of applying the material accounting policies in the financial statements, the Group exercised discretion and took into account considerations regarding matters, which have a significant impact on the amounts which were recognized in the financial statements. Information about assumptions and estimates is included in the following notes:

Note 6 - Determination of the fair value of biological assets

The fair value of biological assets and the cost of inventory on the harvest date is determined based on the overall estimates of management for key assumptions.

Note 10 – Goodwill

To determine the recoverable amounts based on value in use, management estimates key underlying assumptions.

Note 12B(A) - Government grants

Income from Government grants is based on management estimates of amounts that will be received

Note 8D, 12A and 12B - Expected credit losses

Management measures expected credit loss allowance for receivables based on estimated loss rate.

Note 15 - Deferred taxes

Management estimates future taxable profits to measure deferred taxes.

Note 16 – Contingent liabilities

Management estimates magnitude and likelihood of outflow of resources.

Note 4 – Cash and Cash Equivalents:

	December 31	
	2025	2024
	NIS in thousands	
Cash	45,228	17,771
Short term deposits	1,238	60,547
	46,466	78,318

All cash is held in NIS

Note 5 – Inventory:

Inventory is comprised of finished goods of dry packaged or rolled medical cannabis and cannabis oil, as well as the outputs of processing procedures, which include, inter alia, agricultural produce which has been transferred from biological assets, where the procedure of processing into finished goods has not yet been completed.

	December 31	
	2025	2024
	NIS in thousands	
Finished goods	18,125	62,706
Goods in process and dried inflorescence	89,882	57,599
Total inventory	108,007	120,305

Note 6 – Biological Assets:

Fair value hierarchy

The biological assets are measured at fair value, using a valuation method according to the fair value levels.

	December 31	
	2025	2024
	NIS thousands	NIS thousands
Biological Assets	57	5,023

As stated in Note 2E above, the Company measures biological assets (level 3), which are mostly comprised of medical cannabis plants and agricultural produce, at fair value less selling costs up to the point of harvest. This value serves as the cost basis of inventory after the harvest.

The Company's biological assets are primarily comprised of medical cannabis seedlings and medical cannabis. Presented below are the changes in biological assets during the reporting period:

	2025	2024
	NIS in thousands	
Balance as of January 1	5,023	822
Costs of growing medical cannabis plants	25,535	26,081
Change in fair value less selling costs	21	1,581
Transfer to inventory	(30,522)	(23,461)
Balance as of December 31	57	5,023

Note 6 – Biological Assets (Cont.):

Disclosure regarding assumptions which were used to estimate the net fair value of biological assets

A. Below are the main assumptions used:

	31/12/2025	31/12/2024
Net growing area (in thousands of square meters)	10.5	10.5
Estimated net yield as of the reporting date (tons) (1)	0.2	1.8
Estimated net selling price (NIS per gram) (2)	15.7	16.8
Estimated growing cycle length (in weeks) (3)	13	13
Estimated growing cycle completion rate (in percent) (4)	2%	23%
Proportion of plants which do not reach the harvesting stage (5)	3%	3%

(1) According to the number of seedlings as of the end of the reporting period
(2) According to the price range of the Company's existing products as of the end of the reporting period
(3) In accordance with the Company's experience, and according to the strains which exist as of the reporting date
(4) By planting date vs. growing cycle length
(5) According to the final product net weight

B. Below is a sensitivity analysis on the fair value of the biological assets (in NIS thousands) in respect of a 10% increase in each of the following variables:

	31/12/2025	31/12/2024
Average selling price	7	612
Proportion of plants which do not reach the harvesting	11	52

Note 7 – Investments in Financial Assets Measured at Fair Value Through Profit or Loss:

As of December 31, 2025 and as of December 31, 2024, the Company holds 3,840,617 shares of XTL Biopharmaceuticals Ltd. (hereinafter: "XTL"), which constitute 0.41% of XTL's issued and paid-up capital.

As of the end of the reporting period, the Controlling Shareholder holds 21.58% of XTL shares.

The fair value of these shares as of the end of the reporting period was based on the quoted share price (level 1) as XTL is a publicly traded company listed in the Nasdaq and the TASE, see also Note 13B.

Note 8 – Investment in Subsidiaries:

The Company has three main subsidiaries, all in the cannabis sector: Canndoc, Pharmazone, and Cannolam, which are wholly owned (100%).

A. Regarding the completion of the acquisition of 100% of Cannolam shares.

B. Subsidiaries – Other Acquisitions

Acquisitions in 2025

Details in respect of subsidiaries

A. On April 18, 2024, the Company engaged in an agreement to purchase 50% of "New day Distribution" trading house, the closing date was in January 2025 subsequent to which the Company holds 100% of "New Day Distribution" trading house, located in Eilat.
B. In May 2025, the Company engaged in an agreement to purchase 100% of "Kanabo Research Ltd", a company that is mainly engaged in research and development of cannabis-based medical products.
C. In November 2025, the Company signed an agreement to end the engagement between the Company and the minority interest shareholders of "My Benyamina" pharmacy, which was signed in October 2021. As a result, My Benyamina pharmacy is no longer controlled by the Company.

Measurement of fair values

Presented hereunder is information regarding the techniques the Group used to measure the fair value of the assets and liabilities recognized as a result of the business combination:

A. Presented below is the fair value, as of the acquisition dates, of the transferred consideration:

	NIS in thousands
Cash paid	235
Assignment of shareholders' loan	(10,474)
Total	**(10,239)**

B. Net cash flow in the acquisition

	NIS in thousands
Consideration paid in cash	(235)
Less – acquired cash and cash equivalents	121
Total	**(114)**

C. Amounts recognized on the acquisition date in respect of assets and liabilities:

	NIS in thousands
Cash and cash equivalents	121
Restricted cash	25
Trade and other receivables	114
Property, plant and equipment and right-of-use asset	85
Trade and other payables	(10,767)
Total identifiable net assets	**(10,422)**

Note 8 – Investment in Subsidiaries: (Cont.)

D. Goodwill

The consideration which was paid in the business combination included amounts associated with the expected benefits from synergy (collaboration), growth in revenue, and future developments in the subsidiaries operating market. These benefits are not recognized separately from goodwill, since the future economic benefits which are expected to arise from them are not reliably measurable. All of the above led to the recognition of goodwill in the amount of NIS 184 thousand.

The goodwill is attributable mainly to the skills and technical talent of the acquiree's work force, and the synergies expected to be achieved from integrating the Company into the group's existing regular business.

Acquisitions in 2024

Details in respect of subsidiaries

A. On January 29, 2024, the Company engaged in an agreement to purchase 100% of "Leon-Pharm" which operates five pharmacies.
B. On April 18, 2024, the Company engaged in an agreement to purchase 50% of "New Day Eilat" pharmacy, subsequent to which the Company holds 100%. The pharmacy is located in Eilat.

Measurement of fair values

Presented hereunder is information regarding the techniques the Group used to measure the fair value of the assets and liabilities recognized as a result of the business combination:

A. Presented below is the fair value, as of the acquisition dates, of the transferred consideration:

	NIS in thousands
Issuance of 1,590,023 ordinary shares of the Company	8,098
Assignment of shareholders' loan	(1,548)
Fair value of the investment prior to the business combination	202
Total	**6,752**

Note 8 – Investment in Subsidiaries: (Cont.)

B. Net cash flow in the acquisition

	NIS in thousands
Consideration paid in cash	-
Less – acquired cash and cash equivalents	1,108
Total	**1,108**

C. Amounts recognized on the acquisition date in respect of assets and liabilities:

	NIS in thousands
Cash and cash equivalents	1,108
Restricted cash	361
Trade and other receivables	3,325
Inventory	2,622
Property, plant and equipment and right-of-use asset	10,199
Goodwill	517
Short term loan	(163)
Trade and other payable	(15,134)
Lease liability	(3,506)
Total identifiable net assets	**(671)**

D. Goodwill

The consideration which was paid in the business combination included amounts associated with the expected benefits from synergy (collaboration), growth in revenue, and future developments in the subsidiaries operating market. These benefits are not recognized separately from goodwill, since the future economic benefits which are expected to arise from them are not reliably measurable. All of the above led to the recognition of goodwill in the amount of NIS 7,422 thousand.

The goodwill is attributable mainly to the skills and technical talent of the acquiree's workforce, and the synergies expected to be achieved from integrating the Company into the group's existing regular business.

E. Impact of the acquisition on the Company's results

Total revenue for the consolidation period ended December 31, 2024, includes approximately NIS 33,135 thousand which is attributable to the subsidiaries acquired.

Additionally, total comprehensive loss for the consolidation period ended December 31, 2024, includes loss of approximately NIS 6,598 thousand which is attributable to subsidiaries acquired.

Had the acquisition taken place at the beginning of the twelve-month period ended December 31, 2024, the total revenue of the acquired subsidiaries would have been NIS 39,901 thousand.

Note 8 – Investment in Subsidiaries: (Cont.)

F. At the date of business combination, the consideration payable in shares was classified as financial liability measured at fair value through profit and loss. As the number of Company's shares to be issued was updated by the parties, and the market price of the Company's share changed, the Company recorded other expenses of NIS 6 million

C. Investment in equity method investee

During 2023 the Company established two companies in Eilat, pharmacy and trading house, with a business partner (hereinafter: "the associates"). The Company holds 50% of the associates' shares and has an option to obtain control on these associates. As of December 31, 2023, the Company granted a loan in the amount of NIS 2.5 million to these associates. As of December 31, 2023, the associates' total assets balance was NIS 4.2 million and total liabilities balance was NIS 4.3 million.

The associates had incurred losses in the amount of NIS 0.1 million in 2023. Since the Company has not incurred legal or constructive obligations or made payments on behalf of the associates, the Company did not recognize its share of the losses in 2023.

On April 18, 2024 the Company engaged in an agreement to purchase an additional 50% of "New day Eilat" pharmacy and 50% of "New day Distribution" trading house, subsequent to which the Company holds 100% from New day Eilat, and from January 2025 the Company holds 100% from "New day Distribution" trading house. See Note 8B.

D. Joint operations

On December 19, 2022, the Company entered into a partnership agreement with Praetorian Global, Inc. the parent company of the cannabis brand, "Binske" to grant InterCure an exclusive right to cultivate, manufacture, market, and distribute Binske-branded products in major global pharmaceutical markets including Israel, Germany, Australia, UK and others. On December 30, 2022, the Company engaged in an agreement with a business partner to establish a 50/50 partnership in order to produce the Binske products. The agreement included an investment by each partner of up to NIS 40 million. The Company invested in the partnership by providing it inventory of NIS 20 million and it has also provided the partnership a loan of NIS 20 million.

During 2024 the partners agreed to terminate the partnership and accordingly the loan was reclassified to other receivables.

During 2025, in light of the deterioration in the financial condition and its progression towards insolvency of the partner, it was agreed to cancel the project and therefore the Company derecognized the balance of the receivables. See Note 12B.

Note 8 – Investment in Subsidiaries: (Cont.)

E. Loss of control in subsidiary

Details in respect of subsidiaries in 2025

In November 2025, the Company signed an agreement to end the engagement between the Company and the minority interest shareholders of "My Benyamina" pharmacy, which was signed in October 2021. As a result, My Benyamina pharmacy is no longer controlled by the Company.

The Company recognized a loss from loss of control in the amount of NIS 3,266 thousand which was recognized as part of other expenses (income), net.

Identifiable assets and liabilities disposed of:

	NIS in thousands
Cash and cash equivalents	(698)
Trade and other receivables	(3,661)
Inventories	(1,317)
Property, plant and equipment and right-of-use asset	(69)
Trade and other payables	2,478
Total identifiable net assets	**(3,267)**

The aggregate cash flows derived for the Company as a result of the disposal:

	NIS in thousands
Cash and cash equivalents received	3,128
Less cash and cash equivalents of the subsidiary	(698)
Total	**2,430**

F. Contingent consideration

Contingent consideration arises from previous purchases for which the settlement has not yet been closed.

Note 8 – Investment in Subsidiaries: (Cont.)

Details in respect of subsidiaries in 2024

A. In March 2024, the Company signed an agreement to end the engagement between the Company and the minority interest shareholders of "Maayan Haim" pharmacy, which was signed in October 2021. As a result, Maayan Haim pharmacy is no longer controlled by the Company.

The Company recognized a profit from loss of control in the amount of NIS 1,264 thousand which was recognized as part of other expenses (income), net.

B. In August 2024, the Company signed an agreement to end the engagement between the Company and the minority interest shareholders of "Amirim Pharm" pharmacy, which was signed in August 2022. As a result, Amirim Pharm pharmacy is no longer controlled by the Company.

The Company recognized a profit from loss of control in the amount of NIS 62 thousand which was recognized as part of other expenses (income), net.

Identifiable assets and liabilities disposed of:

	NIS in thousands
Cash and cash equivalents	(1,575)
Trade and other receivables	(4,468)
Inventories	(1,351)
Property, plant and equipment and right-of-use asset	(3,601)
Trade and other payables	4,638
Financial liabilities	1,020
Overdraft	1,322
Goodwill	(270)
Lease liability	2,725
Total identifiable net assets	**(1,560)**

The aggregate cash flows derived for the Company as a result of the disposal:

	NIS in thousands
Cash and cash equivalents received	-
Less cash and cash equivalents of the subsidiary	(235)
Total	**(235)**

Note 9 – Property, Plant and Equipment and right of use assets:

2025

	Computers and office equipment	Right-of-use asset	Machinery and equipment	Buildings and greenhouses	Total
			NIS in thousands		
Cost					
Balance as of January 1, 2025	7,148	43,588	17,681	91,289	159,706
Disposals	(62)	(128)	-	(7)	(197)
Acquisitions as part of business combination	8	-	77	-	85
Additions during the year	144	810	3,000	10,789	14,743
Balance as of December 31, 2025	**7,238**	**44,270**	**20,758**	**102,071**	**174,337**
Less accumulated depreciation					
Balance as of January 1, 2025	3,490	17,060	8,022	25,890	54,462
Disposals	-	(85)	-	-	(85)
Additions during the year	762	5,250	2,280	8,856	17,148
Balance as of December 31, 2025	**4,252**	**22,225**	**10,302**	**34,746**	**71,525**
Property, plant and equipment, net, as of December 31, 2025	**2,986**	**22,045**	**10,456**	**67,325**	**102,812**

2024

	Computers and office equipment	Right-of-use asset	Machinery and equipment	Buildings and greenhouses	Total
			NIS in thousands		
Cost					
Balance as of January 1, 2024	7,602	36,035	15,807	78,199	137,643
Disposals	(707)	(3,483)		(1,027)	(5,217)
Acquisitions as part of business combination	-	4,303	1,248	4,649	10,200
Additions during the year	253	6,733	626	9,468	17,080
Balance as of December 31, 2024	**7,148**	**43,588**	**17,681**	**91,289**	**159,706**
Less accumulated depreciation and impairment losses					
Balance as of January 1, 2024	2,980	12,062	5,803	19,325	40,170
Disposals	(203)	(705)		(171)	(1,079)
Additions during the year	713	5,703	2,219	6,736	15,371
Balance as of December 31, 2024	**3,490**	**17,060**	**8,022**	**25,890**	**54,462**
Property, plant and equipment, net, as of December 31, 2024	**3,658**	**26,528**	**9,659**	**65,399**	**105,244**

Note 10 – Goodwill:

A. Movement in carrying amount

	Goodwill
	NIS thousands
Balance as at December 31, 2023	**221,080**
Acquisitions during 2024	8,062
Disposal of subsidiaries	(4,548)
Balance as at December 31, 2024	**224,594**
Acquisitions during 2025	184
Disposal of subsidiaries	(5,586)
Balance as at December 31, 2025	**219,192**

B. Goodwill impairment testing

In order to test the impairment of goodwill, the goodwill was allocated to the Cannabis segment (See Note 2I).

On December 31, 2023 the recoverable amount of the cash-generating unit was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the unit with the assistance of independent valuers.

The carrying amount of the unit was determined to be higher than its recoverable amount of NIS 391,720 thousand and an impairment loss of NIS 63,101 thousand was recognized in 2023. The impairment loss was allocated fully to goodwill and is included in other expenses, net.

On December 31, 2024 the recoverable amount of the cash-generating unit was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the unit with the assistance of independent valuers.

The test results indicated that the recoverable amount of the cash-generating unit exceeds its carrying amount. Therefore, no additional impairment loss was recognized in 2024.

On December 31, 2025 the recoverable amount of the cash-generating unit was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the unit with the assistance of independent valuers.

The test results indicated that the recoverable amount of the cash-generating unit exceeds its carrying amount. Therefore, no additional impairment loss was recognized in 2025.

Note 10 – Goodwill: (Cont.)

C. Key assumptions used in calculation of recoverable amount

The key assumptions used in the calculation of recoverable amounts are as follows:

(1) Discount rate

The after-tax discount rate was 18% (2024: 15.25%) and was estimated based on past experience, and an industry average weighted average cost of capital, which was based on a possible range of debt leveraging of 14.4% (2024: 17%) at a market interest rate of 6.88% (2024: 10.21%).

The after-tax discount rate is based on the risk-free rate for 15-year debentures issued by the government in the relevant market, and adjusted for a risk premium.

(2) Terminal value growth rate

A cash flows forecast for 5 years was included in the discounted cash flow model. The long-term growth rate was 3.5%. The terminal value growth rate is consistent with the assumptions that a market participant would make.

D. Sensitivity to changes in assumptions

Below are the effects of the changes in the key assumptions on the recoverable amount:

(1) Discount rate

An increase in the discount rate of 0.5% will affect the calculation of the unit's value in use so that it will decrease by NIS 16,372 thousand. the recoverable amount of the cash-generating unit still exceeds its carrying amount.

(2) Terminal value growth rate

A decrease in the terminal value growth rate of 0.5% will affect the calculation of the unit's value in use so that it will decrease by NIS 6,845 thousand. The recoverable amount of the cash-generating unit still exceeds its carrying amount.

Note 11 – Investment in Assets Measured at Fair Value through Profit or Loss:

The Company's investments in biomed companies are revalued at fair value through profit and loss. The fair value is determined according to valuations, which is based on recent pricing in funding rounds.

	December 31	
	2025	2024
	NIS in thousands	
Fair value of the investment in Fore (A)	122	2,147
Fair value of the investment in Cavnox (B)	-	-
	122	2,147

A. F.O.R.E Biotherapeutics Ltd.

In 2015 the Company signed an investment agreement together with the Pontifa Venture Capital and additional investors, for an investment in F.O.R.E Biotherapeutics Ltd. (formerly known as NovellusDX Ltd.) (hereinafter: the "Agreement" and "Fore").

Fore is developing an innovative technology which is intended to significantly improve the results of treatment of patients suffering from various types of cancer, using designated biological drugs.

In July 2025, Fore raised another round of series D convertible preferred stock in a lower price per share. As a result, the Company recorded approximately NIS 2 million loss.

As of December 31, 2025, the Company's stake in Fore is approximately 0.02% of capital, undiluted (assuming conversion to ordinary shares), and approximately 0.02%, fully diluted.

Note 11 – Investment in Assets Measured at Fair Value through Profit or Loss: (Cont.)

B. Cavnox Ltd.

In October 2021, the Company signed an investment agreement with Cavnox Ltd. (hereinafter: "Cavnox"), a private Israeli company that was established on the basis of knowledge developed at the Technion Institute for Research and Development Ltd. Which relates to cannabis-based treatment for various types of cancer.

The Company invested in Cavnox a total of USD 300 thousand in return for a convertible loan which will be converted to shares of Cavnox in the next qualified financing round of Cavnox.

On December 31, 2023, the fair value of Cavnox according to the valuation is immaterial. Therefore, the Company recorded a loss in the amount of NIS 965 thousand . In 2025 Cavnox entered a liquidation process.

Note 12 – Receivables and Payables

A. Trade receivables, net:

	December 31	
	2025	2024
	NIS in thousands	
Open accounts *	25,419	53,735
Credit cards receivable	2,736	5,861
Provision for doubtful debts	(6,978)	(7,750)
	21,177	51,846

* For additional information, please see Note 13A(2) regarding factoring.

During 2024, due to significant deterioration in the relationship, which was impacted by the war and the damages to the southern facility with one of its customers, who is also a business partner, which included the termination of the partnership (See Note 8D)- the company recorded a specific provision for expected credit loss which was based on a comparative benchmarking analysis with the impairment rate of impaired debts used by non-bank credit institutions and included the examination of the total past-due amounts, including their collaterals, other guarantees and their legal stand.

Following the process of restructuring proceedings filed to the court, the Company recorded an additional impairment.

B. Other receivables:

	December 31	
	2025	2024
	NIS in thousands	
Institutions (A)	122,814	78,458
Prepaid expenses	1,137	1,507
Prepayments to suppliers	4,366	4,501
Loans to non-related parties, net (B)	6,169	40,857
Receivables revenue	608	608
Loans to related parties	428	614
Others	3,274	8,115
	138,796	134,660

Note 12 – Receivables and Payables (Cont.)

(A) As of December 31, 2025, and 2024 the Company received cumulative advance payments for compensation from the Israeli Tax authorities due to damage caused by the ar to the southern facility in a total amount of NIS 83 million and NIS 63 million, respectively.

The institutions balance as of December 31, 2025 and 2024, contains the additional compensation that the Company has reasonable assurance to receive from the Israeli Tax authorities, which is based on the Company and its advisors estimates, at an amount of NIS 114 million and NIS 62 million, respectively.

Generally, compensation received in respect of damage (such as loss of inventory) is recorded in cost of revenue and compensation received in respect of loss of revenue is recorded in other income.

As a result, the Company recorded in 2025 and 2024 other income in the amount of NIS 72 million and NIS 36 million, respectively.

The Company recorded in 2024 cost of revenue in the amount of NIS 7 million. See also Note 1(B)1 and Note 19(D)A.

(B) The balance as of December 31, 2025, is comprised mainly of debts and loans provided to non-related parties as part of mergers and acquisitions processes which did not materialize and were not completed, net of respective provision for impairment. Debts and loans of approximately NIS 60 million includes Better transaction (see Note 16B(2)), SPAC transaction and additional transactions (uncompleted acquisition processes) which are in dispute. The Company examined the total debts and loans, including its collaterals, other guarantees and its legal stand and recorded a provision for impairment in a total amount of NIS 49.5 million, see also other expenses in Note 19D.

During 2025, following Bazelet's request for a stay of proceedings in court due to a restructuring process, the Company recorded an additional impairment provision.

Balance before provision for impairment	60,170
Provision for impairment	(49,594)
Balance after provision for impairment	10,576
classified as short term receivables	6,169
classified as long term receivables	4,407

C. Other payables:

	December 31	
	2025	2024
	NIS in thousands	
Accrued expenses	11,142	8,682
Institutions	13,089	16,562
Payroll and related liabilities	6,125	5,665
Short term lease liability	4,262	4,789
Contingent liability	1,558	3,670
Others	7,277	2,441
	43,453	41,809

Note 13 – Financial Instruments and Management of Financial Risks:

A. Financial risk factors

The Company's activity exposes it to various financial risks, such as market risks (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management plan focuses on activities to minimize possible negative effects on the Company's financial performance.

1) Market risks:

A. Foreign currency risk

The carrying amounts of the Group's financial assets and liabilities which are denominated in foreign currency are as follows:

	Assets		Liabilities	
	As of December 31		As of December 31	
	2025	2024	2025	2024
	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands
Investment in Fore – USD	122	2,147		-
Other receivables – USD	777	1,425		-
Trade payables – USD		-	385	12,491
Trade payables – CAD		-	11,747	2,197

B. Price risk

The Company has invested in marketable shares listed on a stock exchange, which are classified as financial assets in respect of which the Group is exposed to risk due to volatility in the security's price, which is determined based on market prices on the stock exchange. The balance of these investments in the financial statements as of December 31, 2025 is NIS 209 thousand.

Note 13 – Financial Instruments and Management of Financial Risks: (Cont.)

2) Credit risk

Cash and cash equivalents:

Credit risk arises in respect of cash and cash equivalents. The Company engaged with banking corporations which have been given minimum independent ratings of BBB from S&P Global.

Customer debt:

The terms of customer credit are up to end of month + 90 days. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company evaluates provisions for doubtful debts on a case by case basis. The Company has a factoring agreement in respect of customer debt with a leading bank in Israel and other financing institutions. In accordance with the agreement, as of December 2025 and 2024, the Company assigned, through absolute assignment by way of sale, customer debt in the amount of approximately NIS 10 million and 7 million, respectively with an estimate annual interest of 7.6%.

3) Liquidity risk:

The Company evaluates the risk of cash shortage using monthly budgets.

The following table presents the repayment periods of the Group's financial liabilities, in accordance with their contractual terms, by undiscounted amounts (including payments in respect of interest):

As of December 31, 2025

	Up to one year	One year or more	Total
		NIS in thousands	
Credit from banking corporations **	88,802	59,460	148,262
Trade payables and other payables	107,335	-	107,335
Lease liability (1)	4,262	19,489	23,751
Short term loan from related party (Note 23)	11,000	-	11,000
	211,399	78,949	290,348

As of December 31, 2024:

	Up to one year	One year or more	Total
		NIS in thousands	
Credit from banking corporations **	69,435	111,334	180,769
Trade payables and other payables	114,559		114,560
Lease liability (1)	4,789	23,201	27,990
	188,783	134,535	323,319

** The Company is in compliance with the required financial covenants. Therefore, the liabilities are presented under non-current liabilities.

(1) The Company has lease agreements for the Company's offices in Herzliya and for the pharmacies located throughout Israel. the term of the lease agreements ends between 2025 – 2036, depending on the location.

Note 13 – Financial Instruments and Mthegement of Financial Risks: (Cont.)

4) Change in interest curves and inflation expectations

As from 2021 inflation rates in Israel and the world have been rising – in 2021 the rate of change in the Consumer Price Index in Israel increased, an increase that continued also in 2024. In 2024 and 2025 there were no significant changes in interest rates and therefore there was no further impact on the Company.

As of December 2025, the Company has loans in the amount of NIS 148 million.

The changes in the Consumer Price Index in Israel had minor effect on items in the financial statements.

B. Disclosure of fair value

The following table presents the Company's financial assets and financial liabilities which are measured at fair value as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
	NIS in thousands			
Assets:				
Financial assets measured at fair value through profit or loss:				
Investments in investees	117		122	239
Investment in XTL stocks	92			92
Total assets	209		122	331

The following table presents the Company's financial assets and financial liabilities which are measured at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
	NIS in thousands			
Assets:				
Financial assets measured at fair value through profit or loss:				
Investments in investees	83	-	2,147	2,230
Investment in XTL stocks	250	-	-	250
Total assets	333	-	2,147	2,480

Note 13 – Financial Instruments and Management of Financial Risks: (Cont.)

Financial assets

The Company has investments in investees measured at fair value through profit or loss.

The fair value of the investments in these investees as of December 31, 2025 amounted to a total of NIS 331 thousand, in accordance with the last price per share of the recent funding round (level 3) or quoted market price (level 1). For additional information see Note 11 above.

In accordance with the valuation of the investment, the fair value of shares was estimated according to the last price per share of the recent funding round. In this method the Company's aggregate equity value is allocated to the underlying equity securities.

For details regarding the fair value of the investment in XTL shares, see Note 7 above.

Changes in financial instruments whose fair value measurement was classified at level 3:

	Financial assets measured at fair value through profit or loss in	
	2025	2024
	NIS in thousands	
Opening balance	2,147	1,922
Profit (loss) which was recognized in the statement of income	(2,025)	225
Closing balance	122	2,147

C. Sensitivity analysis to changes in market factors:

Exchange rates

The Company is not subject to significant exposure to fluctuations in exchange rates.

Note 14 – Lease liability:

Maturity analysis of the Group's lease liabilities

	December 31, 2025
	NIS thousands
Less than one year	4,262
One to five years	13,811
More than five years	5,678
Total	23,751
Current maturities of lease liability	4,262
Long-term lease liability	19,489
Payments of lease liabilities	5,007

Amounts recognized in profit or loss

	2025	2024	2023
	NIS thousands	NIS thousands	NIS thousands
Interest expenses on lease liability	779	820	726
Variable lease payments not included in the measurement of the lease liability	781	1,152	1,330
	1,560	1,972	2,056

Note 15 – Taxes on Income:

A. Tax rates applicable to the Company

The corporate tax rate has been 23% since 2018.

B. Carryforward tax losses and other temporary differences

The Company has business losses and capital losses for tax purposes which are carried forward to future years and which amount to, as of December 31, 2025, a total of approximately NIS 201,054 thousand.

C. Deferred taxes

The Company recorded deferred tax in the amount of NIS 46,243 thousand in respect of the balance of carryforward loss in the amount of NIS 201,054 thousand.

(1) Recognized deferred tax assets and liabilities

Deferred taxes are calculated according to the tax rate anticipated to be in effect on the date of reversal as stated above.

The movement in deferred tax assets and liabilities is attributable to the following items:

Balance of deferred tax asset as at January 1, 2025	38,365
Changes recognized in biological assets	1,142
Changes recognized in carryforward tax losses	12,489
Other changes	(40)
Changes recognized in provision for ECL	5,488
Changes recognized in other receivables due to the tax authorities	(11,455)
Balance of deferred tax asset as at December 31, 2025	45,989

D. Taxes on income which are included in the statements of profit or loss.

For the year ended December 31

	2025	2024	2023
	NIS in thousands	NIS in thousands	NIS in thousands
Current tax expense (income)	305	(846)	6,294
Deferred tax (income)	(7,624)	(13,684)	(4,046)
Tax expense (benefit)	(7,319)	(14,530)	2,248

Note 15 – Taxes on Income: (Cont.)

E. A reconciliation between the theoretical tax on the earnings before income and the tax expenses for the year ended December 31

	2025	2024	2023
		NIS in thousands	
Loss before taxes on income	44,103	87,323	61,285
tax rate	23%	23%	23%
Total tax benefit (expense) at applicable tax rate	10,144	20,084	14,096
Nondeductible expenses	(609)	(916)	(482)
Nondeductible Share-based payment	(559)	(525)	(596)
Change in temporary differences for which deferred taxes are not recognized	(1,586)	(2,199)	529
Impairment losses on goodwill	-	-	(14,513)
Other differences	(71)	(1,914)	(1,282)
Total tax benefit at applicable tax rate	**7,319**	**14,530**	**(2,248)**

Note 16 – Commitments, Charges and Contingent Liabilities

A. Engagements

1. Canndoc has an advanced propagation and growing facility which is located in Kibbutz Beit HaEmek, in which it develops and grows a wide variety of unique strains of medical cannabis (hereinafter: the "Northern Facility"). As of the reporting date, the northern facility is spread over an area of approximately 5 dunams, whereby Canndoc has the right of first refusal regarding an option to expand the area of the northern facility to a total area of approximately 16 dunams. The northern facility includes a greenhouse for propagating, growing and florescence, as well as a processing facility and operational areas. During the reporting period, Canndoc performed extension, upgrade and adjustment works on the northern facility, for the purpose of ensuring the northern facility's compliance with the high-quality standards required to export from Israel and adjusting the quality of the products to the level required in Israel and in the target countries. The performance of the upgrade works was concluded in the fourth quarter of 2019; On May 21, 2020, an addendum to the agreement was signed, which formalized, inter alia, the investment in the Company's facility in Beit HaEmek.

   On January 1, 2023, a separate legal entity was established, and from this date, the activity of the Northern Facility is executed under this entity.

Note 16 – Commitments, Charges and Contingent Liabilities (Cont.)

2. On April 23, 2019, Canndoc signed a binding agreement with an Israeli corporation which holds agricultural areas in Kibbutz Nir Oz, in the Western Negev, for the construction of a production complex with maximum production potential of up to 88 tons of medical cannabis per year, which will operate in addition to the northern facility (hereinafter: the "Southern Site"). During 2021, the Company completed the investment in the construction of facilities for the purpose of growing and production of inventory.

   On May 26, 2020, Canndoc announced the receipt of a license from the medical cannabis unit at the Israeli Ministry of Health (the "medical cannabis unit"), for the engagement in and holding of a dangerous drug, in accordance with sections 6 and 7 of the Dangerous Drugs Ordinance (New Version), 5733-1973, for the propagation and growing of cannabis plants, and the processing of inflorescence and plants under IMC-GAP quality conditions, in Canndoc's growing facility in southern Israel (hereinafter: the "southern site"), in a commercial scope of approximately 24,500 plants in parallel, as set forth in the growing license (hereinafter: the "growing license"). In accordance with the standard practice, the license is conditional on completing the construction of a post-harvest processing facility, and receipt of full IMC-GAP certification.

   On December 24, 2020, Canndoc announced that it had received a permanent license from the medical cannabis unit. On January 1, 2023, a separate legal entity was established, and from this date, the activity of the Northern Facility is executed under this entity.

B. Contingent liabilities

1. On July 27, 2022 Cantek Group companies (the "Companies") filed a request for a debt settlement with their creditors, and for a stay of proceedings order in accordance with the Insolvency and Economic Rehabilitation Law, all as a result of large debts accumulated by the group of companies.

   On July 31, 2022, the court issued a stay of proceedings order against the Companies and appointed a settlement manager to assist in settling the debts of the Companies. Intercure and Canndoc filed a debt claim against the Companies in September 2022 totaling 3,501,659 NIS, which is secured by a permanent first-degree lien on one of Companies rights on the property pledged to Intercure for the payment of a debt owed to Intercure.

   On March 12, 2026, following an arbitration procedure the Arbitrator ruled in favor of InterCure and approved the claim.

Note 16 – Commitments, Charges and Contingent Liabilities (Cont.)

2. On January 31, 2023, the agreement with Cann Pharmaceutical Ltd. (hereinafter: Cann) to acquire 100% of Cann's shares was automatically terminated after the fact that the closing conditions in accordance with the terms of the agreement were not met. During the negotiations and after the merger agreement was executed, the Company extended loans to Cann, and also provided funding and cultivation services to it, in light of the parties' cooperation.

   On February 14, 2023, the Company filed a statement of claim ("SoC") against Cann with the Tel-Aviv Magistrate Court. In the SoC, the Company argues that Cann owes the Company a NIS 7,875,189 due to written agreements and commitments made by the parties that Cann violated. As part of the SOC, remedies are sought in relation to, inter alia, loans that the Company provided to Cann as well as cultivation services that the Company provided to Cann. On June 6, 2023, Cann's statement of defense was submitted ("SoD") and on February 7, 2024 the Company's statement of reply was submitted. In addition, on June 6, 2023, Cann filed a counterclaim against the company and its officers ("Defendants") for the amount of over NIS 100 million, with the Tel-Aviv Magistrate Court.

   In the counterclaim Cann argues that it suffered damages due to the alleged sabotaging of the merger transaction between Better and InterCure carried out by all of the defendants. Cann requests the court to order the completion of the merger transaction. It also provides two alternate requests: 1. Compensate Cann in the amount of USD 35,000,000; 2. Order a compensation for damages caused on the amount of the activity value of an Australian subsidiary of Cann. In addition, Cann argues that it suffered several damages caused by the defendants.

Note 16 – Commitments, Charges and Contingent Liabilities (Cont.)

On November 18, 2024, the parties submitted a procedural agreement regarding the management of preliminary proceedings. The following day, on November 19, 2024, the court issued a decision approving the agreement and sett a deadline of July 1, 2025, for the parties to submit an update.

On July 1, 2025, the parties submitted a joint motion for approval of a procedural arrangement. On July 6, 2025, the Tel Aviv District Court unexpectedly declined to approve the arrangement and ordered the strikeout of the claim and counterclaim, citing delays in the proceedings. On July 17, 2025, the parties filed a joint notice opposing the strikeout and clarifying that the delays were due to the war in Israel and reserve military service of Company representatives and legal counsel. The court did not accept the parties' joint request and, on the same date, ordered the strikeout of the proceedings, which became effective on July 21, 2025. The strikeout was purely procedural and unrelated to the merits of the case. The Company is currently evaluating its next steps in this matter.

Management rejects the claims made by Cann and plans to dispute them if new claim will be filed.

3. A statement of claim was filed by Geffen Residence & Renewal (formerly: Cannomed Medical Cannabis Industries Ltd.) ("Geffen") with the Tel-Aviv district court on March 6, 2023. According to Geffen, Intercure fundamentally breached the purchase agreement signed between the parties in 2021. It is alleged that Intercure has failed to pay Geffen the full consideration under the agreement. The claim amounts to approximately NIS 8 million. The Company's management, based on its legal advisors, disputes the claim, and is of the opinion that the agreement was breached by Geffen after it gave Intercure false representations under the agreement and did not meet the closing condition that was stipulated in the contract regarding Petach-Tikva pharmacy which did not receive medical cannabis license and accordingly the acquisition was not materialized.

   The Company's SoD was submitted on August 3, 2023, together with the Company's counterclaim for over NIS 1,000,000.

   Initial pre-trial court hearing was held during 2024 and 2025, and court hearings have been scheduled for October 2026.

   At this early and preliminary stage of the case, it is not possible to estimate the claim's chances.

Note 16 – Commitments, Charges and Contingent Liabilities (Cont.)

4. On April 17, 2023, an application for approval of a class action in Israel was filed against 26 defendants, among them the leading cannabis groups in Israel, including Intercure Ltd. And three of its subsidiaries ("the Approval Request"). The main claim in the Approval Request is that the medical cannabis companies advertise their medical cannabis products unlawfully. The court was requested in the Approval Request to determine that the representative class will consist of "any consumer of licensed cannabis and any consumer of unlicensed cannabis starting from the year 2020."

   The claimed compensation in the Approval Request amounts to NIS 420 million. Additionally, the applicants argue that they are entitled to a monetary reward of NIS 42 million and that punitive damages amounting to NIS 84 million are also due.

   On July 20, 2023, the respondents filed a request to dismiss the Approval Request.

   A trial hearing is scheduled to be held on November 16, 2026.

Note 16 – Commitments, Charges and Contingent Liabilities (Cont.)

At this early and preliminary stage of the case, it is not possible to estimate the claim's chances. In light of the above, a provision in respect of the motion was not included in the Company's financial statements.

5. On May 15, 2025, a claim was filed by "Brit Shevet Avraham" against the Company and Canndoc. The lawsuit seeks, among other things, court orders instructing the defendants to remove alleged unlawful publications regarding medical cannabis, to refrain from engaging in any commercial advertising of medical cannabis, and to cease indirect advertising of medical cannabis through collaborations with pharmacies. On September 11, 2025, the defendants filed a motion to dismiss the claim on threshold grounds including lack of legal personality and standing, that the claimant purports to act as a "public plaintiff", and that the action constitutes an indirect attempt to challenge the Ministry of Health's regulatory policy, following prior proceedings that failed.

   On December 7, 2025, the Court ordered a strike out of the claim.

6. Additional claims have been filed by former business partners claiming damages amounting up to NIS 1.6 million. The Company's management rejects the claims based on its legal advisors' opinion and does not expect claims to result in material liabilities.

Note 17 – Loans

A. Composition of long-term loans from banks:

	NIS in thousands
Long-term credit from banks	59,460
Current maturities of long-term loans	47,042
	106,502

B. Information on material loans

	Original loan amount	Interest rate	Loans period (years)	December 31, 2024
		NIS thousands		NIS thousands
Long-term material loans from bank	132,000	Prime rate plus a spread of 1.5%-2.56%	1.5-5.5	97,852
Less current maturities				(40,237)
Total				**57,615**
Short-term material loans from bank	44,500	Prime rate plus a spread of 1.5%-2.5%		44,367

Note 18 – Equity

A. Composition of share capital:

	December 31		December 31	
	2025	2024	2025	2024
	Registered		Issued and paid-up	
Shares with no par value	100,000,000	100,000,000	54,681,335	47,162,713

	Issued and paid-up
Issued and paid-in share capital as of January 1, 2025	47,162,713
Private allocation of shares and warrants (**I**)	7,349,895
Issued shares to Company's employees (**J**)	168,727
Issued and paid-in share capital as of December 31, 2025	**54,681,335**

B. On May 15, 2022, the Company's board of directors authorized management to offer a total of up to 596,937 options to an officer (the Company's Chief Financial Officer) and 7 Canndoc employees, which constitute 1.3% of the Company's shares in accordance with the Company 2015 ESOP plan.

Note 18 – Equity (Cont.)

C. On September 15, 2022, the Company held an annual Special General Meeting of Shareholders, that approved an extension of the exercise period for 1,030,325 options previously granted to the Company's chairman of the board, for an additional 3 years until December 31, 2026.

In 2025, the Company's chairman of the board resigned and therefore the options expired in accordance with the Company's compensation policy

D. On November 14, 2022, the Company's board of directors authorized management to offer a total of up to 287,131 options to Canndoc employees in accordance with the Company 2015 Options Plan.

E. In August 2023, 1,631,708 warrants, which were granted in 2020 to four institutional investors, one additional investor, and the Company's controlling shareholder, expired.

F. During 2024, the Company engaged in several acquisitions. As a result of the acquisitions the Company has committed to issue ordinary shares, as part of the acquisitions considerations, equal to NIS 8 million.

During 2024, the Company allocated 1,590,023 ordinary shares of the Company.

G. In December 2024, the Company allocated 75,000 and 68,557 warrants to the Company's chairman of the board and to an advisor at Intercure.

H. On December 31, 2024, the Company's board of directors approved the repricing of options for employees in the Company, in the amount of 897,896 options, as well as extending their exercise period for an additional year. The incremental amount is approximately NIS 1.4 million. Out of which, NIS 0.7 million were recorded in 2024.

I. On December 31, 2024, the Company's board of directors approved the allocation of company shares, in a private allocation of shares and warrants, to nine investors and one investor, the controlling shareholder of the Company or a company under its control, who will invest a total of approximately NIS 34 million in the Company. the allocation was approved at the general meeting on February 3, 2025.

In February 2025, an additional investor invested NIS 1.5 million.

Following the approval of the general meeting, and all other required approvals, on March 3, 2025, the Company issued 7,349,896 shares and 7,349,896 warrants, and the amount was recorded in equity. The warrants have a term of 4 years, and an exercise price of 5.7 NIS.

J. On July 8, 2025, the Company's board of directors approved the allocation of 168,727 shares to the Company's employees.

K. On September 14, 2025, the Company's board of directors approved the allocation of 461,911 warrants to an advisor at Intercure.

L. Rights associated with shares:

Each share gives its owner the right to participate and to vote in the general meetings (each share has one voting right), and the right to receive dividends and/or bonus shares.

Note 18 – Equity (Cont.)

M. Share-based payment transactions:

Expense recognized in the financial statements

The expense which was recognized in the financial statements for received services is presented in the following table:

	For the year ended December 31		
	2025	2024	2023
	NIS in thousands		
Total expenses recognized from share-based payment transactions	2,429	2,281	2,592

Options plan:

On July 7, 2022, the Company's board of directors resolved to adopt a new plan for the allocation of shares and options to employees, directors, and consultants (the "2022 Options Plan").

Presented below are the main terms of the 2022 Options Plan:

- In accordance with the 2022 options plan, options or shares will be allocated to the Company's employees in accordance with section 102 of the Income Tax Ordinance (New Version), 5721-1961 (hereinafter: the "Income Tax Ordinance"), in accordance with the trustee track or the non-trustee track. Options will be allocated to consultants, service providers, controlling shareholders or any other entity other than Company employees in accordance with section 3(I) of the Income Tax Ordinance only.
- The exercise price of each share option will be approved by the board of directors in its exclusive discretion, in accordance with the provisions of the law, and subject to guidelines which will be recommended by the committee from time to time.

Note 18 – Equity (Cont.)

Changes in share options during the year

Presented below is a table listing the number of share options, the weighted average of their exercise prices, and the changes which were made to the employee options plans during the current year:

	2025		2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		NIS		NIS		NIS
Share options at beginning of year	2,783,512	11.28	3,019,831	11.59	3,402,113	11.44
Share options which were granted during the year	461,911	5.35	143,557	8.96	-	-
Share options which were forfeited during the year	13,198	9.23	54,040	17.71	278,491	15.24
Share options which expired during the year	1,199,599	13.08	325,836	72.88	103,791	6.87
Share options at end of year	2,032,626	10.95	2,783,512	11.28	3,019,831	11.59
Exercisable share options at year end	1,644,170	12.13	2,413,662	9.97	2,386,907	9.14

Note 19 – Expenses:

A. Cost of revenue

	For the year ended December 31		
	2025	2024	2023
		NIS in thousands	
Payroll and associated expenses	4,713	2,105	8,401
Farm operating expenses	10,846	7,399	12,132
Purchases	197,191	211,112	240,765
Depreciation	8,974	4,543	5,295
Changes in inventory *	7,795	(21,907)	(19,379)
	229,519	203,252	247,214

* In 2024, the Company recorded inventory impairment in the total amount of NIS 16 million.

Note 19 – Expenses: (Cont.)

B. General and administrative expenses:

	For the year ended December 31		
	2025	2024	2023
		NIS in thousands	
Payroll and associated expenses	4,921	8,053	10,329
Consulting and professional expenses	9,635	9,599	8,555
Directors' fees	176	289	431
Insurance	1,239	1,640	1,749
Rent and maintenance	4,989	5,796	5,958
Provision for doubtful debts	7,238	16,878	4,363
Fees	666	627	680
Depreciation	8,174	8,666	7,871
Other	3,851	2,121	2,674
	40,889	53,669	42,610

C. Sales and Marketing:

	For the year ended December 31		
	2025	2024	2023
		NIS in thousands	
Payroll and associated expenses	32,247	32,515	31,332
Commission distribution	15,372	15,453	14,834
Other	4,888	6,257	7,103
	52,507	54,225	53,269

Note 19 – Expenses: (Cont.)

D. Other expenses (income):

A. Other income	For the year ended December 31		
	2025	2024	2023
		NIS in thousands	
Remeasurement of contingent consideration	-	-	897
Government reimbursements (Note 1B(1) and Note 12B(A))	69,767	32,897	30,080
Remeasurement of provision for impairment of other receivables		2,403	1,277
Other	320	1,942	1,632
	70,087	37,242	33,886

B. Other expenses	For the year ended December 31		
	2025	2024	2023
		NIS in thousands	
Remeasurement of contingent consideration	-	-	1,964
Impairment losses on goodwill	-	-	63,101
Impairment losses on Property, plant and equipment	-	-	4,589
Impairment of receivables	28,038	12,558	2,330
Other	4,527	11,879	9,040
	32,565	24,437	81,024

Note 20 – Finance income:

	For the year ended December 31		
	2025	2024	2023
		NIS in thousands	
Interest income	1,555	2,700	5,301
Interest in respect of loan from related party	-	-	74
Exchange differences	1,574	47	508
Total finance income	3,129	2,747	5,883

Note 21 – Finance expenses:

	For the year ended December 31		
	2025	2024	2023
	NIS in thousands		
Expenses in respect of fees and interest	18,883	19,825	23,493
Exchange differences	155	70	554
Interest expense in respect of lease liability	779	820	726
Other	171	2,147	828
Total finance expenses	19,988	22,862	25,601

Note 22 – Earnings (Loss) Per Share:

Details regarding the number of shares in the calculation of profit or (loss) per share

	For the year ended December 31					
	2025		2024		2023	
	Weighted number of shares	Profit (loss) NIS in thousands	Weighted number of shares	Profit (loss) NIS in thousands	Weighted number of shares	Profit (loss) NIS in thousands
Number of shares and profit (loss) for calculating basic and diluted profit (loss) per share	53,743,140	(35,710)	45,869,177	(67,795)	45,572,689	(61,959)

In 2025, 7,349,896 warrants and 2,116,820 options were excluded from the diluted weighted average number of shares calculation as their effect would have been anti-dilutive.

Note 23 - Balances and Transactions with Related Parties:

A. Balances with related parties (consolidated)

Composition:

	December 31	
	2025	2024
	NIS in thousands	
Short-term loans (1)	11,000	
Other receivables (Note 12B)	428	614

(1) Loans from related party

On December 31, 2025, the Company's board of directors approved a loan agreement with Mr. Alexander Rabinovich, the controlling shareholder of the Company, in the amount of NIS 11 million.

The loan principal bears annual interest in NIS, calculated annually, according to the minimum interest rate prescribed in section 3J of the Israeli Income Tax Ordinance (6.53% in 2025). The loan can serve as an advance on account of the Controlling shareholder's participation in a future investment round.

B. Transactions with related parties

1. Benefits in respect of the employment of key management personnel (including directors) (*) who are employed in the Company:

	For the year ended December 31					
	2025		2024		2023	
	Number of people	Amount NIS in thousands	Number of people	Amount NIS in thousands	Number of people	Amount NIS in thousands
Short-term employee benefits	3	1,136	4	1,807	4	2,628
Management fees	1	938	1	759	1	781
Share-based payment	3	532	4	1,537	4	1,346
Shares	1	404	-	-	-	-
	3	3,010	4	4,103	4	4,755

(*) The key management personnel include the Chairman of the Board, the Company's Chief Executive Officer and the Chief Financial Officer.

Note 23 - Balances and Transactions with Related Parties: (Cont.)

2. Benefits in respect of key management personnel (including directors) who are not employees of the Company:

	For the year ended December 31					
	2025		2024		2023	
	Number of people	Amount NIS in thousands	Number of people	Amount NIS in thousands	Number of people	Amount NIS in thousands
Management fees	4	516	4	556	4	518
Share-based payment	4	47	4	43	3	0
	4	563	4	599	4	518

(*) The key management personnel who are not employees of the Company include 4 directors.

3. Rental Income - sublease agreement with companies related to the related party

The subsidiary Canndoc leases an office floor, and subleases part of the floor to two companies related to the controlling shareholder.

Revenue of NIS 175 thousand and NIS 169 thousand was recorded in the financial statements in 2025 and 2024, respectively.

Note 24 - Operating Segments:

Operating segments are reported according to the same basis of internal reports that are regularly reviewed by the Company's Chief Operating Decision Maker, who is responsible for allocating resource to the Company's operating segments and assessing their performance.

The Company has 2 operating segments: (A) Investments in portfolio companies in the biomed sector, and (B) Investments in the medical cannabis sector.

A. Investments in portfolio companies in the biomed sector: the Company has investments in XTL, Cavnox and Fore. These investments are measured at fair value through profit or loss. See Note 11.

Presented below are financial data regarding the segment:

	2025	2024
	NIS in thousands	
Gain (loss) from investment in XTL	(158)	116
Gain (loss) from investment in FORE	(2,025)	225
	(2,183)	341

	2025	2024
	NIS in thousands	
Fair value of the investment in XTL	92	250
Fair value of the investment in Fore	122	2,147
	214	2,397

B. Investments in the medical cannabis sector: Canndoc, Cannolam, Pharmazone and other investments as described in Note 8. The Company's Chief Operating Decision Maker (the Chief Executive Officer) reviews the financial results as a single business unit.

Note 24 - Operating Segments: (Cont.)

Operating segment data:

	NIS in thousands		
	Cannabis segment	**Biomed segment**	**Total**
Year ended December 31, 2025			
External revenue	270,200		270,200
Segment profit (loss)	14,358	(2,028)	12,330
General and administrative expenses not attributable to segments			(2,052)
Other expenses, net			(37,522)
Operating Loss			(27,244)
Segment assets	690,338	214	690,552
Segment liabilities	294,195		294,195

	NIS in thousands		
	Cannabis segment	**Biomed segment**	**Total**
Year ended December 31, 2024			
External revenue	238,845	-	238,845
Segment profit (loss)	(39,697)	341	(39,356)
General and administrative expenses not attributable to segments			(40,659)
Other expenses, net			12,807
Operating Profit			(67,208)
Segment assets	760,177	2,397	762,574
Segment liabilities	364,903	-	364,903

Note 24 - Operating Segments: (Cont.)

Major customers

Revenues from one customer of the cannabis segment represents approximately NIS 28 million of the Company's total revenues (In 2024 - approximately NIS 12 million; In 2023 - approximately NIS 42).

Note 25 - Subsequent Events

On February 28, 2026, Israel and the United States initiated a coordinated military operation in Iran. In response, Iran launched missiles and unmanned aerial vehicles toward Israel and other countries in the region. On March 1, 2026, hostilities further expanded to Lebanon following rocket fire by Hezbollah toward Israel.

Following the commencement of the operation, Israeli authorities declared a nationwide "essential activity" emergency status, which includes restrictions on educational activities, public gatherings and workplace attendance (other than essential services), as well as an additional mobilization of military reserve forces.

On April 8, 2026, it was announced that the United States and Iran had reached understandings regarding a temporary ceasefire for a limited period, formulated through international mediation. The Government of Israel announced that it had agreed to the ceasefire in coordination with the United States. According to publications, the ceasefire did not fully apply to the Lebanese arena, and during this period continued exchanges of fire and targeted strikes in Lebanon between the Israeli Defense Forces and Hezbollah were reported, until the declaration of a ceasefire on this front as well on April 15, 2026.

As of the date of approval of these financial statements, the Company is unable to reasonably estimate the potential impact, if any, of these developments on its financial condition, results of operations or cash flows. As of the reporting date and through the date of approval of these financial statements, the Company continues to conduct its commercial and operational activities without material disruption.

ITEM 19. EXHIBITS.

Exhibit	Description
1.1	Articles of Association of InterCure Ltd. (previously filed as Exhibit 1.1 to the Company's Form 20-F, filed on July 14, 2021 and herein incorporated by reference).
2.1	Specimen of Share Certificate for InterCure Ltd.'s Ordinary Shares (previously filed as Exhibit 2.1 to Amendment No. 2 to the Company's Form 20-F, filed on August 16, 2021 and herein incorporated by reference).
2.2*	Description of Securities registered under Section 12.
4.1	Partnership Agreement, dated May 25, 2015, by and among Canndoc Ltd., Beit HaEmek Agriculture, Agricultural Cooperative Society LTD and Beit HaEmek Kibbutz Agricultural Cooperative Society LTD (previously filed as Exhibit 4.2 to the Company's Form 20-F, filed on July 14, 2021 and herein incorporated by reference).
4.2	Partnership Agreement, dated April 8, 2019, between Canndoc Ltd., Kibbutz Nir Oz, Agricultural Cooperative Society and Canndoc Nir Oz Agricultural Cooperative Society (previously filed as Exhibit 4.3 to the Company's Form 20-F, filed on July 14, 2021 and herein incorporated by reference).
4.3	InterCure Ltd.'s 2015 Israeli Shares and Option Allotment Plan (previously filed as Exhibit 4.4 to the Company's Form 20-F, filed on July 14, 2021 and herein incorporated by reference).
4.4	InterCure Ltd.'s 2022 Israeli Option Plan (previously filed as Exhibit 4.4 to the Company's Form 20-F (File No. 001-40614) filed with the SEC on May 1, 2025 and incorporated herein by reference).
4.5	Form of Share Purchase Agreement dated March 3, 2025, by and between InterCure Ltd. and the investors named therein (previously filed as Exhibit 4.5 to the Company's Form 20-F (File No. 001-40614) filed with the SEC on May 1, 2025 and incorporated herein by reference).
4.6	Form of Ordinary Share Purchase Warrant dated March 3, 2025 (previously filed as Exhibit 4.6 to the Company's Form 20-F (File No. 001-40614) filed with the SEC on May 1, 2025 and incorporated herein by reference).
4.7	InterCure Ltd.'s Compensation Policy for Office Holders (previously filed as Exhibit 4.7 to the Company's Form 20-F (File No. 001-40614) filed with the SEC on May 1, 2025 and incorporated herein by reference).
4.8	Form of Indemnification Agreement (unofficial English translation of Hebrew original) previously filed as Exhibit 4.8 to the Company's Form 20-F (File No. 001-40614) filed with the SEC on May 1, 2025 and incorporated herein by reference).
4.9	Form of Share Purchase Agreement, dated September 17, 2025, by and among InterCure Ltd., Botanico Ltd. and the Securities Holders of Botanico Ltd. (previously filed as Exhibit 99.2 to the Company's Form 6-K (File No. 001-40614) filed with the SEC on September 19, 2025 and incorporated herein by reference).
4.10*	Loan Agreement, dated December 31, 2025, between InterCure Ltd. and Alexander Rabinovitch.
8.1*	List of Subsidiaries.
11.1(b)*	Insider Trading Policy.
12.1*	Certification of the Chief Executive Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934.
12.2*	Certification of the Chief Financial Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934.
13.1%	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350.
13.2%	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350.
97.1	Clawback Policy (previously filed as Exhibit 97.1 to the Company's Form 20-F, filed on May 1, 2024 and herein incorporated by reference).
101*	The following financial information from InterCure Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2024, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Statement of Financial Position, (ii) Statements of Comprehensive Loss, (iii) Statements of Changes in Equity, (iv) Statements of Cash Flows and (iv) Notes to Financial Statements.*
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.

% Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report filed on its behalf.

INTERCURE LTD.

Date: April 30, 2026

By: */s/ Amos Cohen*
Amos Cohen
Chief Financial Officer

Exhibit 2.2

DESCRIPTION OF CAPITAL STRUCTURE

The descriptions of the securities contained herein summarize the material terms and provisions of the ordinary shares of Intercure Ltd. (the "Company", "we", "our" or "us"), registered under Section 12 of the Securities Exchange Act of 1934.

Overview

As of the date of this Annual Report, the authorized capital of Intercure consists of 100,000,000 Ordinary Shares, with no par value, of which 54,681,335 are issued and outstanding. All of the Ordinary Shares are validly issued, fully paid and non-assessable. The following is a summary of certain of the rights, privileges, restrictions and conditions attaching to the Ordinary Shares.

Ordinary Shares

Holders of Ordinary Shares are entitled to receive notice of and to attend any meeting of shareholders of Intercure and to one vote per Ordinary Share at any such meetings, to receive dividends if, as and when declared by the Board, and to receive on a *pro rata* basis the remaining property and assets of Intercure upon its dissolution or winding-up.

Dividend Rights

Subject to the preferential rights (if any) of different types of shares that may exist in the future, holders of Ordinary Shares are entitled to receive dividends out of the assets available for the payment or distribution of dividends at such times and in such amount and form as the Board may from time to time determine.

Liquidation Rights

In the event of the liquidation, dissolution or winding-up of Intercure or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holders of Ordinary Shares will be entitled to receive all of Intercure's assets remaining after payment of all debts and other liabilities on a pro rata basis and otherwise without preference or distinction among or between the Ordinary Shares.

Pre-Emptive and Redemption Rights

Holders of Ordinary Shares do not have any pre-emptive or redemption rights.

Transfer of Shares

The Ordinary Shares are issued in registered form and may be freely transferred under the Articles, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of a stock exchange on which the shares are listed for trade.

Ownership Restrictions

The Israeli DDO and regulations promulgated thereunder as well as directives and guidelines issued from time to time by the IMCA (the "Israeli Cannabis Legal Regime"), set out the framework for obtaining a license to conduct medical cannabis activities in Israel, which includes an assessment by the Israeli police as to the fitness of the applicant and making a recommendation to the IMCA or other relevant regulatory authority whether a license should be granted.

In the event of a corporate applicant, such as Intercure (or its subsidiaries), the assessment by the Israeli police extends to the interested parties of such applicant. An "interested party" for these purposes is defined as: (i) a Holder (as that term is defined below) of 5% or more of the issued share capital or voting power in a company, (ii) any person who has the right to designate one or more directors or to designate the chief executive officer of the company or (iii) any person who serves as a director or chief executive officer of the company.

Under the Israeli Cannabis Legal Regime and the relevant terms of the IMCA licenses, each of the following actions requires the prior approval of the IMCA: (i) a Holder (as that term is defined below) becoming an interested party or a person obtaining control of an interested party, or an effective interested party, in each case, whether by virtue of its shareholdings or by virtue of a shareholders agreement; (ii) any share issuances pursuant to which the recipient of the shares becomes an interested party and/or an effective interested party; and (iii) appointing a director or chief executive officer, or extending the terms of their appointment.

The Articles attempt to mitigate the risk of a contravention of the noted regulatory requirements by including provisions that limit the aggregate ownership or control or direction over ownership interests or voting rights of any Holder to no more than 4.99% of the issued and outstanding Ordinary Shares (the "Applicable Limit"), unless such Holder has obtained prior approval from the IMCA. As discussed further below, to the extent a Holder acquires, becomes the Holder of or obtains control or direction over Ordinary Shares in excess of the Applicable Limit in breach of the Approval Requirement, such excess number of Ordinary Shares will automatically, upon the decision of the Board, be forfeited or become dormant shares (the consequences of which are explained below).

Intercure has adopted internal procedures designed to monitor ownership, control or direction and voting power of Holders and to identify any Holder of the Ordinary Shares in excess of the Applicable Limit. Following the end of each taxation year, every Holder holding a number of Ordinary Shares in excess of the Applicable Limit must provide Intercure with a written notice of such Holder's name and address, the number of Ordinary Shares held and a description of the manner in which such Ordinary Shares are held.

There can be no assurance that the IMCA will consider the provisions contained in the Articles or these procedures as sufficient to avoid the automatic expiry of the IMCA licenses in the event that a Holder exceeds the Applicable Limit.

Solely for the purposes of the this section, a "Holder" means a person or group of persons acting together who, directly or indirectly, acquire, hold or maintain control or direction over Ordinary Shares, and shall include, if the Holder is a corporation, its subsidiaries and affiliated companies, or, if the Holder is an individual, her or his immediate family members who reside together or whose livelihood is dependent on one another, and for greater certainty shall also include any person or group of persons that acquires control of any such Holder, all within the meaning of such terms as they are used in, and interpreted and applied under Companies Law.

Dormant Share[1]

Dormant shares shall not have attached to them any rights, privileges or benefits attached to the non-dormant Ordinary Shares during the period they are dormant, including the right to vote, the right to receive dividends or the right to participate in the liquidation and distribution of our assets upon dissolution, and shall remain dormant shares until such time as either (a) Intercure, in its sole discretion, are satisfied that the Holder has received the required approval from the IMCA, and that no prejudice to Intercure, its IMCA licenses, or otherwise, will arise as a result of such dormant shares regaining all of the rights, privileges and benefits attached to Ordinary Shares generally, or (b) such dormant shares have been transferred or sold by the Holder to a different Holder that does not exceed the Applicable Limit before and after such sale. Notwithstanding the foregoing, a Holder of dormant shares shall be entitled to sell any such dormant shares and retain the proceeds associated with such sale.

For greater certainty, if a Holder that exceeds the Applicable Limit is a group of persons acting together, the Ordinary Shares held by each member of such group will automatically become dormant shares on a *pro rata* basis within the group.

IMCA Approval to Exceed the Applicable Limit

A Holder of dormant shares may, at any time, apply to the IMCA or by notice to Intercure, require Intercure to make an application for approval from the IMCA on such person's behalf in order to seek approval to permit such Holder to acquire or hold Ordinary Shares in excess of the Applicable Limit. There is no assurance that the IMCA will provide such approval.

The procedures for seeking approval from the IMCA may include, among other things, police record checks and the submission of certain information to the IMCA and the Israeli police. Non-Israeli Holders may be subject to additional administrative and/or procedural requirements in obtaining the approval from the IMCA than would be required for Israeli Holders (such as the provision of certain declarations), and as a result the applications of non-Israeli Holders may be subject to longer processing times than those submitted by Israeli Holders.

[1] Dormant shares for the purpose hereof shall be regarded as shares with no voting rights, but shall continue to be owned by the shareholder and may be sold or transferred. Once such transfer results in such dormant shares being held by a holder whose ownership of Ordinary Shares does not exceed the Applicable Limit, such shares shall cease to be dormant shares

Exhibit 4.10

LOAN AGREEMENT
Made and executed on December 31, 2025

BY AND BETWEEN:

InterCure Ltd., Company No. 512051699
(the "Company")

AND:

Mr. Alexander Rabinovitch, ID No. [number]
(the "Lender")

WHEREAS, the Lender has agreed to extend to the Company a bridge loan for the purpose of financing the Company's operations and working capital;

WHEREAS, the Company desires to borrow from the Lender, and the Lender desires to lend to the Company, on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Company's entry into this Agreement constitutes a "qualifying transaction" with an interested party, as such term is defined in the Companies Regulations (Reliefs for Transactions with Interested Parties), 2000, and is being entered into pursuant to the resolution of the Company's Board of Directors dated December 31, 2025;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree, declare and stipulate as follows:

1. PREAMBLE

The preamble to this Agreement, including the recitals set forth above, constitutes an integral part hereof and shall be binding upon the parties as if fully set forth in the body of this Agreement.

2. LOAN AMOUNT

Subject to and in accordance with the terms and conditions of this Agreement, the Lender hereby agrees to extend to the Company, and the Company hereby agrees to accept from the Lender, a loan in the aggregate principal amount of NIS 11,000,000 (New Israeli Shekels eleven million) (the "Loan" or the "Principal").

3. DISBURSEMENT OF THE LOAN

The Loan shall be disbursed and made available to the Company by wire transfer of immediately available funds to such bank account as the Company shall designate in writing to the Lender, on such date or dates as shall be mutually agreed upon by the parties in writing.

4. LOAN TERM

Unless earlier repaid, prepaid or otherwise satisfied in accordance with the terms hereof, the term of the Loan shall be twelve (12) months, commencing on the date on which the full amount of the Loan has been disbursed and made available to the Company (the "Loan Term").

5. INTEREST

The outstanding principal amount of the Loan shall bear interest, from and including the date of each disbursement until the date of repayment in full, at a rate per annum equal to the rate prescribed for purposes of Section 3(j) of the Income Tax Ordinance [New Version], 5721-1961, as such rate may be updated and published from time to time in accordance with applicable law (the "Interest"). Interest shall accrue on the basis of a 365-day year and the actual number of days elapsed.

6. REPAYMENT OF THE LOAN

6.1. Subject to the terms and conditions of this Agreement, the Company shall repay to the Lender the outstanding principal amount of the Loan, together with all accrued and unpaid Interest thereon, during the Loan Term or upon the expiration thereof; provided, however, that such repayment obligation shall in each case be subject to and conditioned upon the Company's financial capacity and ability to make such repayment as it may exist from time to time.

6.2. Notwithstanding any provision of this Agreement to the contrary, the Company shall not be obligated to make any payment on account of the Loan or the Interest if, in the reasonable good faith judgment of the Company's board of directors or management, as applicable, and subject to the requirements of any applicable law, the making of such payment would (i) impair the Company's ability to satisfy its obligations to third parties as they become due in the ordinary course of business; or (ii) conflict with or contravene the fiduciary duties of the Company's directors or officers under applicable law.

6.3. The Company shall have the right, exercisable at its sole and absolute discretion, to prepay the Loan, in whole or in part, at any time and from time to time, without premium, penalty, fee or any other additional payment of any kind.

6.4. The timing and amount of each repayment of principal and Interest shall be determined by the Company, acting in good faith and in a commercially reasonable manner, taking into account the Company's then-current cash flow position, outstanding liabilities and overall financial condition and repayment capacity.

7. NO SECURITY

The Loan shall be unsecured and shall be made and accepted without collateral, without liens, pledges or encumbrances of any kind, and without personal or corporate guarantees. The Lender hereby acknowledges and agrees that the Lender shall have no recourse to any assets of the Company other than as an unsecured creditor.

8. USE OF LOAN PROCEEDS

The proceeds of the Loan shall be applied and used by the Company solely for the purpose of financing its general corporate operations, working capital requirements and such other lawful corporate purposes as the Company's board of directors may determine from time to time.

9. CREDIT OF LOAN AGAINST FUTURE INVESTMENT

9.1. In the event that the Company consummates a future equity or equity-linked investment round, including without limitation by way of a private investment in public equity ("PIPE") or similar transaction (an "Investment Round"), in which the Lender elects to participate, then, subject to the receipt of all approvals required by applicable law and the Company's governing documents, the then-outstanding principal amount of the Loan may, at the election of the Lender and with the consent of the Company, be credited to the Lender against the Lender's obligation to contribute funds in such Investment Round.

9.2. Any such crediting shall be effected by way of set-off of the outstanding principal amount of the Loan against the aggregate consideration payable by the Lender to the Company for the shares, securities or other instruments to be issued and allotted to the Lender in the Investment Round, all in accordance with and subject to the definitive terms of the Investment Round as finally determined and duly approved by the competent corporate organs of the Company.

9.3. For the avoidance of doubt, (i) the number and class of shares, securities or other instruments to be issued and allotted to the Lender, (ii) the price per share or unit, (iii) the other material terms and conditions of such allotment, and (iv) the determination of whether accrued and unpaid Interest, if any, shall also be credited against the Lender's investment obligation, shall in each case be determined solely in accordance with the final definitive terms of the Investment Round as lawfully approved by the Company's board of directors and shareholders, as applicable. Nothing in this Agreement shall be construed as predetermining, guaranteeing or creating any right or expectation with respect to any of the terms of any Investment Round.

9.4. In the event that (i) an Investment Round is not consummated, (ii) the Lender does not elect to participate in an Investment Round, or (iii) the approvals required by applicable law or the Company's governing documents for the crediting, set-off and/or allotment are not obtained, then the Loan shall remain outstanding and in full force and effect as a conventional monetary loan obligation, and all provisions of this Agreement relating to the repayment of the Loan, including without limitation the provisions governing the repayment date, Interest and the Company's repayment capacity, shall continue to apply in full.

9.5. Each of the Company and the Lender hereby agrees to negotiate in good faith and to execute and deliver any and all additional documents, instruments, agreements and certificates as may reasonably be required or appropriate for the purpose of implementing and giving effect to the crediting, set-off and/or allotment contemplated by this Section; provided, however, that any such additional document shall be consistent with and shall not materially deviate from the definitive terms of the Investment Round as lawfully approved.

10. APPROVALS

Each of the parties hereto represents, warrants and acknowledges that the execution, delivery and performance of this Agreement, as well as any crediting, set-off, conversion, allotment or other action contemplated hereunder, are and shall be subject to the receipt of all corporate, regulatory and other approvals required by applicable law, including without limitation the Israeli Companies Law, 5759-1999, and the Company's articles of association.

11. ASSIGNMENT OF RIGHTS

The Lender shall not assign, transfer, pledge, hypothecate or otherwise dispose of any of the Lender's rights, interests or obligations under this Agreement, in whole or in part, without the prior written consent of the Company, which consent may be withheld in the Company's sole and absolute discretion. Any purported assignment in violation of this Section shall be null and void and of no force or effect.

12. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by, and construed and interpreted in accordance with, the substantive laws of the State of Israel, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction. The parties hereby irrevocably submit to the exclusive jurisdiction of the competent courts located in Tel Aviv-Jaffa, Israel, for the adjudication of any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or validity thereof.

13. GENERAL PROVISIONS

13.1. Entire Agreement. This Agreement, together with all exhibits, schedules and annexes hereto, constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous negotiations, discussions, correspondence, understandings, representations, warranties and agreements, whether written or oral, relating to such subject matter.

13.2. Amendments. No amendment, modification, supplement or waiver of any provision of this Agreement shall be valid, binding or enforceable unless set forth in a written instrument duly executed by both parties hereto. No oral modification or waiver shall be effective under any circumstances.

13.3. No Waiver. No failure, delay or omission by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All rights and remedies under this Agreement are cumulative and not exclusive of any other rights or remedies provided by law or in equity.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first written above.

InterCure Ltd.	**Mr. Alexander Rabinovitch**
/s/ Amos Cohen	/s/ Alexander Rabinovitch

Exhibit 8.1

Subsidiaries of InterCure Ltd.

InterCure Ltd. has the following subsidiaries:

Subsidiary Name	Country of Incorporation	Ownership Percentage
Canndoc Ltd.	Israel	100%
Cannolam Ltd.	Israel	100%
Leon Pharm Ltd.	Israel	100%
Pharmazone Pharmacy Ltd.	Israel	100%
Ahuza Pharmacy D.Y Ltd.	Israel	100%
Doron Pharmacy Ltd.	Israel	100%
(MSMS) Greenlog Global Ltd.	Israel	100%
Club Pharm Ltd.	Israel	100%
Bio Max Partnership	Israel	55%
Amidar Pharmacy Ltd.	Israel	51%
Medicine Center G.G. Ltd.	Israel	51%
Orni Pharmacy Ltd.	Israel	51%
Arihut Yamim Pharmacy Ltd.	Israel	100%

Exhibit 11.1(b)

InterCure Ltd.

INSIDER TRADING POLICY
AND GUIDELINES WITH RESPECT TO
CERTAIN TRANSACTIONS IN COMPANY SECURITIES

Date: April 29, 2026

This Insider Trading Policy (the "**Policy**") provides guidelines to directors, officers, employees and other related persons of InterCure Ltd. (the "**Company**"), with respect to transactions in the Company's securities. The Company has adopted this Policy in order to ensure compliance with securities laws and to avoid even the appearance of improper conduct by anyone associated with the Company. Failure to comply with these procedures could result in a serious violation of the securities laws by you and/or the Company and can result in both civil penalties and criminal fines and imprisonment. We have all worked hard to establish the Company's reputation for integrity and ethical conduct, and we are all responsible for preserving and enhancing this reputation. The appearance of insider trading can cause a substantial loss of confidence in the Company and its shares on the part of the public and the securities markets. This could result in an adverse impact on the Company and its shareholders. Accordingly, avoiding the appearance of engaging in share transactions on the basis of material undisclosed information can be as important as avoiding a transaction actually based on such information. The Company has appointed its Chief Financial Officer, or in his or her absence, the Company's Chief Executive Officer (the "**Compliance Officer**," as the case may be), as the Company's Insider Trading Compliance Officer.

Applicability of Policy

This Policy applies to all transactions in the Company's securities, including ordinary shares, options, warrants and any other securities the Company may issue from time to time, such as preferred shares, notes and convertible debentures, as well as to derivative securities relating to the Company's shares, whether or not issued by the Company, such as exchange-traded options and debt securities. It applies to all officers of the Company, all members of the Company's Board of Directors, and all employees of, and consultants and contractors to, the Company and its subsidiaries/branches who receive or have access to Material Nonpublic Information (as defined below) regarding the Company (collectively, "**Company Affiliated Persons**"). Company Affiliated Persons, members of their immediate families (which include spouse and minor children), members of their households, other family members living with them or who are supported by them, are sometimes referred to in this Policy as "**Insiders**". This Policy also applies to any trust or other estate in which an Insider has a substantial beneficial interest or as to which he or she serves as trustee or in a similar fiduciary capacity, and to any trust, corporation, partnership or other entity which the Insider controls, including venture capital partnerships. This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as the information is not publicly known. Any employee can be an Insider from time to time, and would at those times be subject to this Policy.

The Policy imposes additional restrictions upon Insiders who have routine access to Material Nonpublic Information, referred to as "**Access Insiders**." Access Insiders are: (1) members of the board of directors, (2) the executive officers, (3) the controller, and (4) the investor relations department of the Company. In addition, other employees of the Company who have routine access to Material Nonpublic Information as determined by the Compliance Officer, who were notified that these additional restrictions apply to them shall also be Access Insiders until otherwise determined by the Compliance Officer.

In addition, the Company itself must comply with securities laws applicable to its own securities trading activities, and must not engage in any transaction involving a purchase or sale of its securities, including any offer to purchase or offer to sell or other disposition of its securities, when it is in possession of Material Nonpublic Information concerning the Company, other than in compliance with applicable law, subject to the policies and procedures adopted by the Company and the exceptions listed in Section XII of this Policy to the extent applicable.

General Policy

It is the policy of the Company to oppose the unauthorized disclosure of any nonpublic information acquired in the work-place and the misuse of Material Nonpublic Information in securities trading.

Specific Policies

Trading on Material Nonpublic Information. No Insider shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell or gift, or other disposition of the Company's securities, during any period commencing with the time that he or she first receives Material Nonpublic Information concerning the Company, and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. As used herein, the term "**Trading Day**" shall mean a day on which the Nasdaq Capital Market is open for trading.

Tipping. No Insider shall disclose (sometimes called a "**Tip**") Material Nonpublic Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company's securities.

Confidentiality of Nonpublic Information. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. In the event any officer, director or employee of the Company receives any inquiry from outside the Company, such as a stock analyst, for information (particularly financial results and/or projections) that may be Material Nonpublic Information, the inquiry should be referred to the Compliance Officer, and to the other appropriate Company officers, as provided for in the Disclosure Policy of the Company, if any, as may be in place from time to time.

Potential Criminal and Civil Liability and/or Disciplinary Action

Liability for Insider Trading. In the United States and many other countries, the personal consequences to an Insider of illegally trading securities while in possession, or on the basis of, Material Nonpublic Information can be quite severe. In the United States there are substantial civil penalties and criminal sanctions which may be assessed for insider trading. Civil penalties are a payment of a penalty of up to three times the illicit windfall. In addition, Insiders may be subject to criminal fines of up to $5,000,000 and up to twenty years in prison for engaging in transactions in the Company's securities at a time when they have knowledge of Material Nonpublic Information regarding the Company.

If you are located or engaged in dealings outside the U.S., be aware that laws regarding insider trading and similar offenses differ from country to country. Employees must abide by the laws in the country where located. However, you are required to comply with this Policy even if local law is less restrictive. If a local law conflicts with this Policy, you must consult the Compliance Officer.

If securities transactions ever become the subject of scrutiny, they are likely to be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction an Insider should carefully consider how the transaction may be construed in the bright light of hindsight. If you have any questions or uncertainties about this Policy or a proposed transaction, please ask the Compliance Officer.

Liability for Tipping. Insiders may also be liable for improper transactions by any person (commonly referred to as a "**Tippee"**) to whom they have disclosed Material Nonpublic Information or any person to whom the Tippee discloses such Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The civil penalties and criminal sanctions for tipping by an Insider are the same as the ones for an Insider conducting insider trading, even if the disclosing person did not profit from the trading. The U.S. Securities and Exchange Commission (the "**SEC**"), the Financial Industry Regulatory Authority ("**FINRA**") and the stock exchanges use sophisticated electronic surveillance techniques to uncover insider trading.

Possible Disciplinary Actions. The seriousness of securities law violations is reflected in the penalties and criminal sanctions such violations carry. These violations may also create negative publicity for the Company and a director's resignation may be sought, or an officer or other employee will be subject to possible Company disciplinary action including ineligibility for future participation in the Company's equity incentive plans or termination of employment.

Individual Responsibility

Every Company Affiliated Person has the individual responsibility to comply with this Policy against insider trading, regardless of whether the Company has recommended a trading window to that person or any other Insiders of the Company. The guidelines set forth in this Policy are not intended to provide a conclusive solution for all circumstances, and appropriate judgment should be exercised in connection with any trade in the Company's securities.

An Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

Applicability of Policy to Inside Information Regarding Other Companies

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's customers, vendors or suppliers ("**Business Partners**"), when that information is obtained in the course of employment with, or other services performed on behalf of, the Company. Civil penalties and criminal sanctions, and termination of employment, may result from trading on inside information regarding the Company's Business Partners. All employees should treat Material Nonpublic Information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

Dissemination of Company Information

The prohibition of the disclosure of Material Nonpublic Information applies to all contacts made within and outside the Company. Care should be taken to prevent the disclosure of Material Nonpublic Information during all contact including phone calls and casual conversation. If in doubt about whether information falls into the category of Material Nonpublic Information, then the information should not be disclosed.

Prior to disclosure to any third party, any officer, director or employee of the Company who is aware of any Material Nonpublic Information concerning the Company that has not been disclosed to the public should report the intention to disclose such information promptly to the Compliance Officer and obtain approval to do so, or otherwise act in accordance with the Company's Disclosure Policy, if any, as may be in place from time to time.

Definition of Material Nonpublic Information

Material Nonpublic Information is information which is material, and that has not been disclosed or otherwise made available to the general public by the Company.

It is not possible to define all categories of material information. Generally, information should be regarded as material if a reasonable investor would consider it important in making an investment decision regarding the purchase or sale of the Company's securities or the information, if made public, would likely affect the market price of the Company's securities. Either positive or negative information may be material. Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Nonpublic information can be material even with respect to companies that do not have publicly traded stock, such as those with outstanding bonds or bank loans.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. If any Insider has questions as to the materiality of information, he or she should contact the Compliance Officer for clarification. Examples of information which is deemed to be material include:

- Financial results;
- Projections of future earnings or losses;
- News of a pending or proposed merger or acquisition;
- New product or project announcements of a significant nature;
- Expansion or curtailment of operations or the gain or loss of a substantial customer;
- Changes in control of the Company or major changes in senior management;
- Significant new joint ventures, alliances, or strategic partnerships or material developments in existing arrangements;
- Impending bankruptcy or financial liquidity problems;
- Significant product defects or modifications;
- Significant pricing changes;
- Events regarding the Company's securities (e.g. stock splits, repurchases, or changes in dividend policy);
- Changes in auditors or auditor notification that the Company may no longer rely on an audit report;
- A significant purchase or sale of assets or disposition of a subsidiary or division;

- New equity or debt offerings, significant borrowings, or other material financial transactions;
- Significant litigation exposure due to actual or threatened litigation;
- Significant actions by regulatory bodies;
- Receipt, cancellation or deferral of significant purchase orders;
- Cyber risk and incidents;
- Proposed payment of a dividend; and
- Any of the above with respect to a subsidiary, or other affiliate of the Company.

Nonpublic information is information that has not been previously disclosed to the general public and is otherwise not available to the general public. It is important to note that information is not necessarily public merely because it has been discussed in the press, which will sometimes report rumors. You should presume that information is nonpublic unless you can point to its official release by the Company in at least one of the following ways:

Information contained in publicly available documents filed with securities regulatory authorities (e.g., filings with the SEC);

Issuance of press releases; or

Meetings with members of the press and the public.

Additional Circumstances Where No Exceptions Apply

There are almost no exceptions to the prohibition against insider trading. For example, it does not matter that the transactions in question may have been planned before the Insider came into possession of the undisclosed material information, regardless of the economic loss that the person may believe he or she might suffer as a consequence of not trading.

As noted above, the definition of Insiders, to which this Policy applies, includes immediate family members of Company Affiliated Persons. Although immediate family is narrowly defined, a Company Affiliated Person should be especially careful with respect to family members or to unrelated persons living in the same household.

Finally, there are no limits on the size of a transaction that will trigger insider trading liability; relatively small trades have in the past occasioned investigations and lawsuits.

Trading Window

The period beginning two weeks after the end of the last month of each calendar quarter and ending two Trading Days following the date of public disclosure of the financial results for that quarter, is a particularly sensitive period of time for transactions in the Company's shares from the perspective of compliance with applicable securities laws. This sensitivity is due to the fact that directors, officers and certain other employees will, during that period, often possess Material Nonpublic Information about the expected financial results for the quarter.

Accordingly, to ensure compliance with this Policy and applicable federal and state securities laws, it is the Company's policy that all directors, officers and employees refrain from conducting transactions involving the Company's securities other than during the period (the "**Trading Window**") commencing at the close of business on the second Trading Day following the date of public disclosure of the financial results for a particular fiscal quarter or year and continuing until the day that is two weeks before the last day of the last month of the next fiscal quarter. As a courtesy to the persons subject to this Policy, the Company may provide advance notice before the Trading Window opens.

From time to time, the Company may also notify that directors, officers, selected employees and others are required to suspend trading because of developments known to the Company and not yet disclosed to the public. In such event, such persons are advised not to engage in any transaction involving the Company's securities during such period and should not disclose to others the fact of such suspension of trading.

The purpose behind the self-imposed Trading Window period is to help establish a diligent effort to avoid any improper transaction. It should be noted, however, that even during the Trading Window, any person possessing Material Nonpublic Information concerning the Company may not attempt to "beat the market" by trading simultaneously with, or shortly after, the official release of Material Nonpublic Information. Although there is no fixed period for how long it takes the market to absorb information, out of prudence a person aware of Material Nonpublic Information should refrain from any trading activity for at least two full Trading Days following its official release, whether or not the Company has recommended a suspension of trading to that person.

NOTWITHSTANDING THESE TIMING GUIDELINES, IT IS ILLEGAL FOR ANY PERSON TO TRADE WHILE IN POSSESSION OF MATERIAL NONPUBLIC INFORMATION, INCLUDING SITUATIONS IN WHICH THE PERSON IS AWARE OF MAJOR DEVELOPMENTS THAT HAVE NOT YET BEEN PUBLICLY ANNOUNCED BY THE COMPANY. TRADING IN THE COMPANY'S SECURITIES DURING THE TRADING WINDOW SHOULD NOT BE CONSIDERED A "SAFE HARBOR," AND ALL DIRECTORS, OFFICERS AND OTHER INSIDERS SHOULD USE GOOD JUDGMENT AT ALL TIMES.

Inquiries

All Insiders should review this Policy carefully and contact the Compliance Officer if they have a concern that a contemplated transaction in the Company's securities might not conform with this Policy.

Certain Exceptions

For purposes of this Policy, the Company considers that the exercise of share options for cash under the Company's share option plans or the purchase of shares under employee purchase plans in effect at the time of the adoption of this Policy and that may be adopted in the future (but not the sale of any such shares) is exempt from this Policy, since the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or the plan. Accordingly, cashless exercises of options are subject to the Policy when they involve the sale of shares into the public marketplace.

The restrictions set forth in this Policy shall not apply to sales made pursuant to a Qualified Plan. For purposes of this exception, a "Qualified Plan" is a written plan for selling the Company's securities which meets each of the following requirements: (a) the plan is adopted by the Insider during a Trading Window and when the Insider is not in possession of material non-public information; (b) the plan is adhered to strictly by the Insider; (c) the plan either (i) specifies the amount of securities to be sold and the date on which the securities are to be sold, (ii) includes a written formula or algorithm, or computer program, for determining the amount of securities to be sold and the price at which and the date on which the securities are to be purchased or sold, or (iii) does not permit the Insider to exercise any subsequent influence over how, when, or whether to effect sales; provided, in addition, that any other person who, pursuant to the plan, does exercise such influence must not have been aware of the material non-public information when doing so; (d) the plan includes a representation from the Insider adopting the plan that such Insider (i) is not aware of any material nonpublic information about the Company or its securities and (ii) is adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"; (e) the plan provides that trading under the plan cannot begin until the later of (i) 90 days after the adoption of the plan or (ii) two business days following the disclosure of the Company's financial results in a Form 6-K or Form 20-F (such period being referred to as the "cooling-off period", but, in either case, not to exceed 120 days following the adoption of the plan, and provided that if the Insider is not a director or officer of the Company, such cooling-off period shall be at least 30 days rather than the longer periods set forth above); and (e) at the time it is adopted the plan conforms to all other requirements of Rule 10b5-1 under the Exchange Act as then in effect. Rule 10b5-1 provides an affirmative defense from insider trading liability under the U.S. federal securities laws for trading plans that meet the above requirements.

In accordance with Rule 10b5-1 under the Exchange Act, any change to the amount, price, or timing of the purchase or sale of securities underlying a Qualified Plan constitutes termination of the Qualified Plan and the adoption of a new Qualified Plan, which triggers the cooling-off period described above. No Insider may have more than one Qualified Plan for purchases or sales of securities on the open market during the same period. In addition, no Insider may have more than one single-trade Qualified Plan during any 12-month period. A single-trade plan is one that has the practical effect of requiring the purchase or sale of securities as a single transaction. With respect to overlapping Qualified Plans, an Insider may have two separate plans provided (i) the later-commencing plan does not begin until all trades have been completed under the first plan or the first plan expires without execution, and trading during the cooling-off period that would have applied if the later-commencing plan was adopted on the date the earlier-commencing plan terminates and (ii) the separate plans satisfy all other conditions applicable to Qualified Plans. With respect to overlapping Qualified Plans, an Insider may have separate plans for "sell-to-cover" transactions in which an Insider instructs an agent to sell securities in order to satisfy tax withholding obligations at the time an equity award vests. Any such additional plan must only authorize qualified "sell-to-cover" transactions. With respect to single-trade Qualified Plans, an Insider may have a single-trade plan for "sell-to-cover" transactions.

In addition to the above requirements, a Qualified Plan shall be signed and dated by the Insider, and submitted to the Compliance Officer at least two (2) trading days before it is filed with the broker who executes it. The Company shall have the right, at all time, to suspend purchases or sales under a Qualified Plan, for instance in the event that the Company needs to comply with requirements by underwriters for "lock-up" agreements in connection with an underwritten public offering of the Company's securities. Any cancellation, suspension, expansion or other modification of a Qualified Plan by the Insider who established it must: (1) be in writing, signed and dated by such Insider, (2) be submitted to the Compliance Officer within two (2) trading days after the cancellation, suspension, expansion or other modification was reduced to writing, and (3) be made during a Trading Window, and when the Insider who established it has no Nonpublic Material Information about the Company.

Additional Information for Directors, Officers and Certain Employees with Routine Access to Material Nonpublic information

Pre-clearance of Transactions: The Company has determined that all Access Insiders should refrain from trading in the Company's securities, even during the Trading Window, without first complying with the Company's "preclearance" process. Each Access Insider should contact the Compliance Officer prior to commencing any trade, gift or other transaction in the Company's securities. At the time of executing a transaction in the Company's securities, such individuals will be responsible for verifying that the Company has not imposed any restrictions on their ability to engage in transactions. If the individual has not completed the transaction within ten (10) trading days of notification of the intention to transact, then the individual must again notify the Compliance Officer that he or she intends to execute a transaction and re-verify the nonexistence of any restrictions on such transaction. For the avoidance of doubt, this paragraph shall not apply to a Qualified Plan, after it has been set up.

Rule 144 and Section 16 Matters for Directors and Officers: Directors and principal officers of the Company must also comply with Rule 144, or another applicable exemption from registration. The practical effect of Rule 144 is that directors and officers who sell the Company's securities may be required to comply with a number of requirements including holding period, volume limitation, manner of sale and SEC filing requirements. The Company may provide separate memoranda and other appropriate materials to its directors and officers regarding compliance with Rule 144. Directors and officers (as defined in Section 16) of the Company must also comply with the provisions of Section 16, which effective March 18, 2026, requires the Company's directors and officers to report transactions in the Company's securities through filing of Form 3, Form 4 and Form 5 with the U.S. Securities and Exchange Commission. It is the responsibility of each director and officer to comply with their Section 16 reporting obligations.

Before each transaction in the Company's securities, each officer and director should contact the Compliance Officer regarding compliance with Rule 144 under the U.S. Securities Act of 1933, as amended ("**Rule 144**"), which contains guidelines for the sale of privately issued shares and sales by affiliates of the Company, if such sales are not covered by an effective registration statement, to the extent applicable, and regarding compliance with the provisions of Section 16(a) of the U.S. Securities Exchange Act of 1934, as amended ("Section 16"), which effective March 18, 2026, require the Company's directors and officers (as defined in Section 16) to make public electronic filings with the U.S. Securities and Exchange Commission reporting their beneficial ownership and to disclose their transactions in the Company's securities.

Specific Requirements

Speculative Trading. No Insider may engage in transactions of a speculative nature at any time. All Insiders are prohibited from short-selling the Company's securities or engaging in transactions involving the Company's based derivative securities. A short sale, for these purposes, means any transaction whereby one may benefit from a decline in the price of the Company's securities. "**Derivative Securities**" are options, warrants, stock appreciation rights or similar rights whose value is derived from the value of an equity security, such as the Company's common stock. This prohibition includes, but is not limited to, trading in the Company's based put and call option contracts, transacting in straddles, hedging or monetization transaction with respect to the Company's securities, and the like. In addition, no Insider shall engage in a transaction with respect to securities of the Company if he or she owns the security, but does not deliver it against such sale (a "short sale against the box") within twenty days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation. The above does not derogate from Insiders' right to hold and exercise options or other derivative securities granted under the Company's employee share option or equity incentive plans as long as such exercise is not prohibited by this Policy.

Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the consent of the owner thereof if such owner fails to meet a margin call. Similarly, securities pledged as collateral for a loan may be sold if the owner thereof defaults on the loan. In case of an owner who is subject to this Policy, these sales may occur at a time when such person is aware of material, non-public information or otherwise not permitted to trade such securities. Therefore, this policy prohibits holding any Company securities in a margin account or pledging any Company securities as collateral for a loan.

Post-Termination Transactions. If an Insider is aware of Material Nonpublic Information at the time such Insider's association with the Company is terminated, whether by the Insider or the Company, the Insider may not trade in Company securities until such information is no longer material or until two Trading Days after such information has become public. In addition, if the Company is not in a Trading Window at the time such association with the Company is terminated, the Insider may not trade in Company securities until two Trading Days after the next announcement of quarterly earnings or of the material, non-public information.

Ad hoc Restrictions. The Compliance Officer has the authority to impose restrictions on trading in the Company's securities by appropriate individuals at any time. In such event, the Compliance Officer will notify the affected individuals, either personally, by email or by voicemail, to inform them of the restrictions.

Open Orders. Any Insider who has placed a limit order or open instruction to buy or sell the Company's securities shall bear responsibility for canceling such instructions immediately upon becoming in possession of Material Nonpublic Information.

Acknowledgement

Please sign the attached acknowledgement form and return it to the Compliance Officer.

If you have any questions with respect to this Policy, please contact the Company's Compliance Officer, at +972 77 460 5012.

ACKNOWLEDGEMENT

I have received, read and understand the Insider Trading Policy and Guidelines with Respect to Certain Transactions in Company Securities of InterCure Ltd., a copy of which is attached hereto, and agree to comply with the provisions thereof.

Date: [_], 2026

Signature

Name

Title

Exhibit 12.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT

I, Alexander Rabinovich, certify that:

1. I have reviewed this annual report on Form 20-F of InterCure Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2026

/s/ Alexander Rabinovich
Alexander Rabinovich
Chief Executive Officer

Exhibit 12.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT

I, Amos Cohen, certify that:

1. I have reviewed this annual report on Form 20-F of InterCure Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2026

/s/ Amos Cohen
Amos Cohen
Chief Financial Officer

Exhibit 13.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER UNDER SECTION 906 OF THE
SARBANES-OXLEY ACT

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of InterCure Ltd. (the "Company") hereby certifies to such officer's knowledge that:

(i) the accompanying Annual Report on Form 20-F of the Company for the year ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 30, 2026

/s/ Alexander Rabinovich
Alexander Rabinovich
Chief Executive Officer

Exhibit 13.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER UNDER SECTION 906 OF THE
SARBANES-OXLEY ACT

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of InterCure Ltd. (the "Company") hereby certifies to such officer's knowledge that:

(i) the accompanying Annual Report on Form 20-F of the Company for the year ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 30, 2026

/s/ Amos Cohen
Amos Cohen
Chief Financial Officer