



InterCure Announces Another Record-Breaking First Quarter Financial Results

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Toronto, Canada, and Herzliya, Israel– May 17, 2021 – [InterCure Ltd.](#) (TSX: INCR:U, TASE: INCR)(dba Canndoc)("InterCure" or the "Company") today reported financial results for the first quarter of 2021. All amounts are expressed in New Israeli Shekels (NIS), unless otherwise noted.

First Quarter 2021 Financial Highlights

- Record revenue of NIS 33.1 million (CAD 12.2 million), 8 times greater than Q1 2020 and an increase of more than 22% compared to Q4 2020;
- EBITDA for the first quarter was NIS 9.5 million (CAD 3.5 million), and NIS 10.1 million (CAD 3.7 million) for the cannabis sector. This represents an annual run rate of over NIS 40 million (CAD 15 million), a significant increase year over year, driven by revenue growth, improvement in gross profit and operating profit;
- Positive cash flow from operations for the third consecutive quarter of NIS 8 million (CAD 3 million); and
- NIS 40 million cash (CAD 15 million), not including gross amount of NIS 182 million (CAD 68 million) raised by the SPAC prior to the merger;
- Current trends expected to continue in Q2 and throughout 2021;

First Quarter 2021 Business Highlights

- Continued market share growth due to solid demand for Canndoc's branded products and the expansion of GIVOL™ pharmacy chain ;
- Successful launch of premium products under the brand: CANNDOC Cali™. First family of GMP products cultivated and manufactured in Canndoc's advanced southern facility;
- 2 fully operational GIVOL™ medical cannabis pharmacies during the quarter;
- Acquisition of an additional four new pharmacies, increasing the GIVOL™ pharmacy chain to 10 locations across Israel to be fully activated during 2021; and
- Active negotiation to acquire additional locations;

Q1 2021 Financial Highlights – Cannabis Sector

I. thousands NIS)

	<u>Q1-20</u>	<u>Q1-21</u>			
Revenues	4,259	33,051			
Gross Profit ⁽¹⁾	1,516	14,827			
% Gross Profit	%36	45%			
Operating Profit	(1,606)	552,7			
EBITDA ⁽²⁾	(1,313)	065,10			
Net Cash from Operating Activities (consolidated)	(3,897)	7,705			
	<u>Q1-20</u>	<u>Q2-20</u>	<u>Q3-20</u>	<u>Q4-20</u>	<u>Q1-21</u>
Revenues	4,259	11,185	22,497	27,094	33,051
Gross Profit ⁽¹⁾	1,516	4,814	10,755	13,302	14,827
EBITDA ⁽²⁾	(1,313)	1,575	6,970	8,675	10,065

(1) Gross profit before effect of fair value.

(2) EBITDA adjusted for changes in the fair value of inventory, share-based payment expense, impairment losses (and gains) on financial assets, non-controlling interest and other expenses (or income). This is a non-IFRS financial measure and does not have a standardized meaning prescribed by IFRS

First Quarter 2021 Results

First quarter revenue reached a record-breaking NIS 33 million, increasing market share leadership, an increase of 8 times compared to revenue of NIS 4 million in the prior year period. First quarter revenue reflects an increase of more than 22% sequentially compared to fourth quarter 2020 revenue of NIS 27 million.

Revenue growth was supported by solid demand for Canndoc's branded products, strategic and exclusive partnerships and the expansion of its distribution and dispensary footprint - GIVOL™ pharmacy chain. Continued increase in operating profit, EBITDA and net profit reflects InterCure's effective cost structure and operational excellence. Solid demand for Canndoc's branded products continued through the breakout of the Gaza conflict. Although demand remains high, some challenges to supply may occur if the conflict expands. Currently, all InterCure's facilities and distribution channels are fully operational. Revenue growth expected to continue in the second quarter and throughout 2021.

CAD \$68 million (gross) raised by successful completion of the SPAC merger with Subversive Acquisition LP and the signed LOI for the acquisition of Israeli medical cannabis LP 'Better' positions the company to further lead market consolidation as the fastest-growing profitable cannabis company outside of North America. On April

20th InterCure applied to list on the Nasdaq and expects to begin trading by the end of Q2.

"During Q1 2021, we executed another solid quarter with record revenue growth, profitability and cash from operations marking our leading brands and strong business model. We achieved this while reaching a number of strategic goals, including the successful launch of our Californian genetics branded products and expanding GIVOL™ pharmacy-dispensary to 10 locations across the country" said **InterCure CEO Alexander Rabinovich**. "These milestones continue to solidify our leadership position while we are measuredly expanding our winning model globally to every market adopting the GMP – medical cannabis regulations. Our focus on high quality branded products, strong distribution and retail platforms and our global strategic partnerships provides us a significant runway for short and long-term profitable growth."

These Q1 2021 results are consistent with the preliminary results the Company provided in its press release on May 10, 2021.

Consolidated Financial Statements and Management's Discussion and Analysis

InterCure's unaudited financial statements and accompanying notes for the periods ended March 31, 2021 and 2020 and related management's discussion and analysis of financial condition and results of operations ("MD&A") are available under the Company's profile on SEDAR: <https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00048838>

About InterCure (dba Canndoc)

InterCure (dba Canndoc) (TSX:INCR.U, TASE:INCR) is the leading, fastest growing and the most profitable Israeli cannabis company. Canndoc, a wholly owned subsidiary of InterCure, is Israel's largest licensed cannabis producer and one of the first to offer Good Manufacturing Practices (GMP) certified and pharmaceutical-grade medical cannabis products. InterCure leverages its market leading distribution network, best in class international partnerships and a high-margin vertically integrated "seed-to-sale" model to be the most profitable cannabis company globally outside of North America.

InterCure is listed on the Toronto Stock Exchange under the symbol INCR.U and trades on the Tel Aviv Stock Exchange under the symbol INCR.TA. Listing of InterCure's Shares on NASDAQ Expected in Q2 2021 and Will Trade Under the Symbol "INCR".

For more information, visit: <http://www.intercure.co>

Non-IFRS Measures

This press release makes reference to certain non-IFRS financial measures. Adjusted EBITDA, as defined by InterCure, means earnings before interest, income taxes, depreciation, and amortization, adjusted for changes in the fair value of inventory, share-based payment expense, impairment losses (and gains) on financial assets, non-controlling interest and other expenses (or income). This measure is not a recognized measure under IFRS, does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. InterCure's method of calculating this measure may differ from methods used by other entities and accordingly, this measure may not be comparable to similarly titled measures used by other entities or in other jurisdictions. InterCure uses this measure because it believes it provides useful information to both management and investors with respect to the operating and financial performance of the company.

Forward-Looking Statements

This press release may contain forward-looking information within the meaning of applicable securities legislation, which reflects InterCure's current expectations regarding future events. The words "will", "expects", "intends" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. Specific forward-looking information contained in this press release includes, but is not limited to: future trends, the success of its global expansion plans, the expected annualized revenue for 2021, its continued growth, the expected operations, financial results business strategy, competitive strengths, goals and expansion and growth plans, expansion strategy to major markets worldwide and the expected listing of the Company's shares on the NASDAQ. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond InterCure's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to: changes in general economic, business and political conditions, changes in applicable laws, the Canadian regulatory landscapes and enforcement related to cannabis, changes in public opinion and perception of the cannabis industry, reliance on the expertise and judgment of senior management, as well as the factors discussed under the heading "Risk Factors" in Subversive Acquisition LP's final long form prospectus dated March 15, 2021, which is available on SEDAR at www.sedar.com. InterCure undertakes no obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

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