
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16
Under the Securities Exchange Act of 1934

For the Month of August 2022

001-40614
(Commission File Number)

INTERCURE LTD.

(Exact name of Registrant as specified in its charter)

**85 Medinat ha-Yehudim Street
Herzliya, 4676670, Israel
Tel: +972 77 460 5012**
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Exhibit Index

Exhibit No.	Description
99.1	Management Information Circular
99.2	Form of Proxy
99.3	Unaudited Interim Consolidated Financial Statements for the Period Ended June 30, 2022
99.4	Management's Discussion and Analysis of Financial Condition and Results of Operations for the Period Ended June 30, 2022
99.5	Form 52-109F2 – Certifications of Interim Filings
99.6	Press Release dated August 15, 2022: Intercure Reports Record Breaking Second Quarter Financial Results

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Intercure Ltd.

Date: August 18, 2022

By: /s/ Amos Cohen

Amos Cohen
Chief Financial Officer



**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON SEPTEMBER 15, 2022**

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the shareholders of Intercure Ltd. (the “**Company**”) will be held at the offices of the Company’s attorneys, Doron Tikotzky Kantor Gutman Nass & Amit Gross, at 7 Metsada St., B.S.R Tower 4, Bnei Brak, Israel at 3:00 p.m. (Israel Time), Thursday, September 15, 2022.

The agenda of the Meeting, as more particularly described in the accompanying management information circular dated as of August 10, 2022 (the “**Circular**”), will be as follows:

1. To receive the financial statements of the Company and the auditors’ report thereon, for the year ended December 31, 2021.
2. To reelect members of the board of directors of the Company (the “**Board**”) for the ensuing year.
3. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the adoption of the Company’s Israeli Option Plan (the “**Option Plan**”) as more particularly described in the Circular.
4. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the extension of the exercise period of an aggregate of 1,030,325 stock option awards (“**Options**”) granted to Ehud Barak, the Chairman of the Board under the Company’s Israeli Shares and Options Allotment Plan (the “**Shares and Options Allotment Plan**”) for a period of three (3) years so that they may be exercised at any time until December 31, 2026.
5. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the award of Options granted under the Shares and Options Allotment Plan on August 31, 2021.
6. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the Options granted to Alexander Rabinovitch, the Chief Executive Officer of the Company under the Shares and Options Allotment Plan on June 21, 2022.
7. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the compensation increase for the Chief Executive Officer of the Company.
8. To transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters to be put before the Meeting as identified above are set forth in the accompanying Circular, a copy of which will be available on the Company’s SEDAR profile at www.sedar.com.

Only shareholders whose names have been entered in the register of shareholders at the close of business on August 11, 2022 (the “**Record Date**”) are entitled to notice of, and to vote at, the Meeting and any adjournment or postponement thereof.

Shareholders may attend the Meeting in person or may be represented by proxy. Registered shareholders are encouraged to vote by proxy by following the instructions provided in the enclosed form of proxy and in the Circular. In order to be valid for use at the Meeting, proxies must be deposited not less than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof. The deadline for the deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice. Shareholders who attend the Meeting may revoke their proxies and vote their shares in person.



Non-registered beneficial owners who hold shares in Canada or the United States, whose ordinary shares are registered in the name of a broker, securities dealer, bank, trust company or similar entity (an “**Intermediary**”) should carefully follow the voting instructions provided by their Intermediary.

Beneficial owners who hold ordinary shares through members of the Tel Aviv Stock Exchange (the “**TASE**”) may either vote their shares in person at the Meeting by presenting a certificate signed by the TASE Clearing House member through which the shares are held, which complies with the Israel Companies Regulations (Proof of Ownership for Voting in General Meetings)-2000 as proof of ownership of the shares on the record date, or send such certificate along with a duly executed proxy (in the form filed by us on MAGNA, the distribution site of the Israeli Securities Authority, at www.magna.isa.gov.il), to us at 85 Medinat ha-Yehudim Street, Herzliya, 676670, Israel, Attention: Chief Financial Officer.

DATED at Herzliya, Israel, this 10th day of August, 2022

By Order of the Board of Directors

/s/ Alexander Rabinovitch

Alexander Rabinovitch
Chief Executive Officer



85 Medinat ha-Yehudim Street
Herzliya, 4676670, Israel

MANAGEMENT INFORMATION CIRCULAR

FOR A GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 15, 2022

This management information circular (“**Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of management of the Company. The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual and special meeting (the “**Meeting**”) of holders (“**Shareholders**”) of ordinary shares of the Company (the “**Ordinary Shares**”) to be held on Thursday, September 15, 2022, at 3:00 p.m. Israel time at the offices of the Company’s attorneys, Doron Tikotzky Kantor Gutman Nass & Amit Gross., at 7 Metsada St., B.S.R Tower 4, Bnei Brak, Israel, or at any adjournments thereof.

Throughout this Circular, we use terms such as “Intercure,” “we,” “us,” “our” and the “Company” to refer Intercure Ltd. and terms such as “you” and “your” to refer to our Shareholders.

VOTING INFORMATION

Who Can Vote

Only Shareholders at the close of business on August 11, 2022 shall be entitled to receive notice of and to vote at the Meeting.

How You Can Vote

You can vote your Ordinary Shares by attending the Meeting. If you do not plan to attend the Meeting, the method of voting will differ for Shareholders who hold Ordinary Shares in Israel, Canada and the United States (as described below).

Voting Information for Shareholders Who Hold Ordinary Shares in Israel

Shareholders who hold Ordinary Shares in Israel can vote their Ordinary Shares by attending the Meeting. If you do not plan to attend the Meeting, the method of voting will differ for shares held as a record holder and shares held in “street name” (through a Tel Aviv Stock Exchange (“**TASE**”) member). Record holders of shares will receive proxy cards. Holders of shares in “street name” through a TASE member will also vote via a proxy card, but through a different procedure (as described below).

Shareholders of Record in Israel

If you are a shareholder of record, you can submit your vote by completing, signing and submitting a proxy card, which has been published at www.magna.isa.gov.il, to the Company’s office at 85 Medinat ha-Yehudim Street, Herzliya, 4676670, Israel.

Please follow the instructions on the proxy card.

Shareholders in Israel Holding in “Street Name” through the TASE

If you hold ordinary shares in “street name,” that is, through a bank, broker or other nominee that is admitted as a member of the TASE, your shares will only be voted if you provide instructions to the bank, broker or other nominee as to how to vote, or if you attend the Meeting in person.



If voting by mail, you must sign and date a proxy card in the form filed by us on MAGNA on August 11, 2022 and attach to it a certificate signed by the TASE Clearing House member through which the shares are held, which complies with the Israel Companies Regulations (Proof of Ownership for Voting in General Meetings)-2000 as proof of ownership of the shares on the record date, and return the proxy card, along with the proof of ownership certificate, to the offices of our attorneys, Doron Tikotzky Kantor Gutman Nass & Amit Gross. (Attention: Ronen Kantor, Adv.) located at 7 Metsada st., B.S.R Tower 4, Bnei Brak, Israel, as described in the instructions available on MAGNA.

If you choose to attend the Meeting (where ballots will be provided), you must bring the proof of ownership certificate from the TASE's Clearing House member through which the shares are held, indicating that you were the beneficial owner of the shares on the record date.

Voting Information for Shareholders Who Hold Ordinary Shares in Canada or the United States

Shareholders who hold Ordinary Shares in Canada or the United States can vote their Ordinary Shares by attending the Meeting. If you do not plan to attend the Meeting, the method of voting will differ for registered and beneficial holders of Ordinary Shares (as described below).

Registered Shareholders in Canada or the United States

Registered holders of Ordinary Shares ("**Registered Shareholders**") may vote at the Meeting or may give another person authority to vote at the Meeting on their behalf by appointing a proxyholder. Registered Shareholders must complete, date and sign the Proxy form and return it to the Company's transfer agent, TSX Trust Company, either: (a) by internet voting at www.tsxtrust.com/vote-proxy (b) by fax to 416-368-2502, toll free in Canada and the United States of America at 1-866-781-3111; (c) by mail to Proxy Department, TSX Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1; or (d) scan the completed and signed Proxy and email it to proxyvote@tmx.com. To be valid, Registered Shareholders must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Beneficial Shareholders in Canada or the United States

The information set forth in this section is of significant importance if you do not hold Ordinary Shares in your own name. You are a non-registered shareholder or "**Beneficial Shareholder**" if your shares are held by a nominee, that is, if your Ordinary Shares have been deposited with or held by a bank, a trust company, an investment dealer, a stock broker, a trustee or any other institution.

Under applicable securities legislation, a beneficial owner of securities is a "non-objecting beneficial owner" (or "**NOBO**") if such beneficial owner has, or is deemed to have, provided instructions to the intermediary holding the securities on such beneficial owner's behalf not objecting to the intermediary disclosing ownership information about the beneficial owner in accordance with said legislation, and a beneficial owner is an "objecting beneficial owner" (or "**OBO**") if such beneficial owner has or is deemed to have provided instructions objecting to the same.

If you are a NOBO, you received these materials from your intermediary or its agent, and your intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your shares. The voting instruction form that is sent to a NOBO by the intermediary or its agent contains an explanation as to how you can exercise the voting rights attached to your shares, including how to appoint yourself as proxyholder so you can vote at the Meeting. Please read such instructions carefully in order to ensure that your shares are voted at the Meeting.

If you are an OBO, you received these materials from your intermediary or its agent, and your intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your shares. The Company will not be paying for intermediaries to deliver to OBOs the proxy-related materials and the relevant voting instruction form. Accordingly, OBOs will not receive copies of the proxy-related materials and related documents unless the OBO or their intermediary assumes the cost of delivery. The voting instruction form that is sent to an OBO by the intermediary or its agent should contain an explanation as to how you can exercise the voting rights attached to your shares, including how to appoint yourself as proxyholder so you can vote at the Meeting. Please read such instructions carefully in order to ensure that your shares are voted at the Meeting.



Beneficial Shareholders who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting and may only attend as a guest. If you are a Beneficial Shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder, by inserting your own name in the Appointee Section of the voting instruction form you received, returning the completed form in the envelope provided, via facsimile or the internet, and following all of the applicable instructions provided by your intermediary.

Solicitation of Proxies

By appointing “proxies”, Shareholders may vote at the Meeting whether or not they attend. If a properly executed proxy in the attached form is received by us at least 48 hours prior to the Meeting, all of the shares represented by the proxy shall be voted as indicated on the form or, if no preference is noted, shall be voted in favor of the matter described above, and in such manner as the holder of the proxy may determine with respect to any other business as may come before the Meeting or any adjournment thereof.

The individuals named in the accompanying form of Proxy are directors and/or officers of the Company. **If you are a Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so by inserting the name of that other person in the blank space provided in the Proxy.**

Shareholders may revoke their Proxies by:

- (a) executing a Proxy bearing a later date or a written notice of revocation and delivering to either (i) TSX Trust Company, if the Shareholder holds Ordinary Shares in Canada or the United States, or (ii) the address of the registered office of the Company, if the Shareholder holds Ordinary Shares in Israel, at any time before the deadline for receipt of Proxies or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting or any adjournment of the Meeting and voting the Shareholders' Ordinary Shares in the manner described in this Circular.

Proxies are being distributed to Shareholders on or about August 25, 2022. The solicitation of proxies in Canada and the United States will be primarily by mail. Certain officers, directors, employees, and agents of ours, none of whom will receive additional compensation therefor, may also solicit proxies by telephone, emails, or other personal contact. We will bear the cost for the solicitation of the proxies, including postage, printing, and handling, and will reimburse the reasonable expenses of brokerage firms and others for forwarding material to beneficial owners of shares. We have arranged for intermediaries to forward the meeting materials to Canadian and U.S. beneficial owners of the Ordinary Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

To the extent you would like to submit a position statement with respect to the resolutions described in this proxy statement pursuant to the Israeli Companies Law, you may do so by delivery of appropriate notice to the offices of our attorneys, Doron Tikotzky Kantor Gutman Nass & Amit Gross. (Attention: Ronen Kantor, Adv.) located at 7 Metsada st., B.S.R Tower 4, Bnei Brak, Israel, not later than ten days before the convening of the Meeting. Response of the Board to the position statement may be submitted not later than five days after the deadline for sending the position statement.

Voting by Proxyholder

The Ordinary Shares represented by proxy in the form provided to Shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those Ordinary Shares will be voted for the election of the directors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.



We encourage Shareholders to vote in advance of the Meeting by Proxy. However, you can also vote your Ordinary Shares by attending the meeting in person. Voting in person can revoke any proxy you completed earlier upon your request.

Multiple Record Shareholders or Accounts

You may receive more than one set of voting materials, including multiple copies of this document and multiple Proxies or voting instruction cards. Shareholders of record whose shares are registered in more than one name will receive more than one Proxy. You should complete, sign, date and return each Proxy and voting instruction card you receive.

Our Board urges you to vote your shares so that they will be counted at the Meeting or at any postponements or adjournments of the Meeting.

Quorum

The quorum required to hold the Meeting consists of at least two Shareholders present in person or by proxy who hold or represent between them at least one-third of the voting rights in the Company. If a half hour has passed from the time set for the Meeting and the legal quorum is not yet present, the Meeting shall be adjourned to the same day in the following week at the same time and place (with no need for any notice to the Shareholders) or until such other later time if we serve notice to the Shareholders no less than seven days before the date fixed for the such adjourned meeting (the “**Deferred Meeting**”). The legal quorum at the Deferred Meeting necessary for the matters for which the Meeting was convened shall be two Shareholders who hold and represent at least 10% of the issued and paid-up capital of the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Each person who has been a director or executive officer of the Company at any time since the beginning of the Company’s last financial year and each proposed nominee for election as a director of the Company, as a potential eligible participant under the Option Plan, has a material interest in ratification of the Option Plan. Ehud Barak, as an interested party in the extension of the exercise period of his stock options awards (“**Options**”) under the Option Plan, has a material interest in the extension to the exercise date of the Options issued to him. Alexander Rabinovitch, as Chief Executive Officer of the Company and a recipient of Options under the Option Plan, has a material interest in the ratification of the issuance of the Options and amendments to the compensation package of the Chief Executive Officer.

To the knowledge of management, other than as described above or elsewhere in this Circular, no director or executive officer of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any such person, and no other insider of the Company has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

At the close of business on August 10, 2022, 45,133,945 Ordinary Shares were issued and outstanding. Each Ordinary Share outstanding as of the close of business on the record date is entitled to one vote upon each of the matters to be voted on at the Meeting. There are no other voting securities of the Company issued and outstanding.

The record date for the Meeting is August 11, 2022 (the “**Record Date**”). Shareholders of record at the close of business on the Record Date are entitled to receive notice of the Meeting and to attend and vote at the Meeting. Only Shareholders whose names have been entered in the register of Ordinary Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.



To the knowledge of the directors and executive officers of the Company, only the following persons beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding Ordinary Shares:

Name	Number of Ordinary Shares	Percentage of Outstanding Ordinary Shares
Alexander Rabinovitch	11,969,260	26.37%

PARTICULARS OF MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

At the Meeting, Shareholders will receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2021 and the auditor's report on such statements. The Company's audited consolidated financial statements have been filed on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, and on the Company's website at www.intercure.co and are available upon request.

Election of Directors

The Company's amended and restated articles of association and memorandum (the "**Articles**") provide that the Board must consist of not less than five but no more than 11 directors, including two external directors required to be appointed by Israeli Companies Law ("**Companies Law**") and the relevant regulations. Currently the Board is comprised of six directors, including two external directors who were re-elected at an Extraordinary General Meeting of the Company held on December 30, 2021 to hold office until September 3, 2024 and September 23, 2024, as applicable.

At the Meeting, Shareholders will be asked to elect as directors the four individuals named below (the "**Nominees**"). All four of the Nominees are current directors. The Articles provide that, other than the external directors, for whom special election requirements apply, and any directors appointed by the Board to fill vacancies, each of director will be appointed by a simple majority vote of Ordinary Shares, duly voted at a Shareholders' annual meeting for a term of office that will last until the next annual meeting at which point, a new director may be elected by the Shareholders. Each of the Nominees will be voted on individually. Each of the Nominees has consented to being named as a Nominee in this Circular.

The persons named in the form of proxy intend to vote FOR the election of each of the four Nominees listed below, unless the shareholder has specified that the Ordinary Shares represented by such proxy are to be withheld from voting in respect thereof or withheld from voting with respect to any individual nominee.

The following tables set forth the name of each of the persons proposed to be nominated for election as a director of the Company and current external directors of the Company, all positions and offices in the Company presently held by such Nominee or external director, the Nominee or external director's municipality of residence, principal occupation at the present and during the preceding five years, the period during which the Nominee or external director has served as a director, and the number and percentage of Ordinary Shares of the Company that the Nominee or external director has advised are beneficially owned by the Nominee or external director, directly or indirectly, or over which control or direction is exercised, as of August 10, 2022.

Nominees

Name and municipality of residence	Office held with Intercure	Served as Director of the Company since	Present principal occupation and positions held ⁽²⁾	Number of Ordinary Shares beneficially owned, directly or indirectly, or controlled or directed at present	Percentage of voting share owned or controlled
Ehud Barak Tel Aviv, Israel	Chairman of the Board	September 2018	Chairman of Intercure and Canndoc ⁽³⁾	-	-
Alexander Rabinovitch Bat Chen, Israel	Chief Executive Officer, Director	October 2018	Chief Executive Officer of Intercure ⁽⁴⁾	11,969,260	26.37%
David Salton ⁽¹⁾ Hod Hasharon, Israel	Director	December 2014	Director ⁽⁵⁾ Chief Executive Officer of Canndoc and Director ⁽⁶⁾	-	-
Alon Granot Haifa, Israel	Director	November 2020		-	-

Notes:

- (1) Each is a member of Intercure's Audit Committee, Compensation Committee and Nomination Committee.
- (2) Each of the persons has held these positions for five years other than as described below.
- (3) Ehud Barak serves as a director of several other companies and Senior Fellow non-resident at the Belfer Center for Science and International Affairs at Harvard University.
- (4) Alexander Rabinovitch served as CEO and director of a number of other private and public companies.
- (5) David Salton serves as independent director of ARAN Ltd. (TASE: 1085265) as director of SHL Telemedicine Ltd. (SIXSWISS: SHLTN)) and as Chief Executive Officer and director of Virility Medical Ltd.
- (6) Alon Granot served as Canndoc's Chief Executive Officer until December 2020 and Chief Financial Officer and Executive Vice President at Frutarom Industries Ltd. from 2001 – 2018.

External Directors

Name and municipality of residence	Office held with Intercure	Served as Director of the Company since	Present principal occupation and positions held ⁽²⁾	Number of Ordinary Shares beneficially owned, directly or indirectly, or controlled or directed at present	Percentage of voting share owned or controlled
Lennie Grinbaum ⁽¹⁾ Ramat Hasharon, Israel	External Director	September 2015	External Director	6,743	0.01%
Gideon Hirschfeld ⁽¹⁾ Tel Aviv, Israel	External Director	September 2018	External Director ⁽³⁾	-	-

Notes:

- (1) Each is a member of Intercure's Audit Committee, Compensation Committee and Nomination Committee.
- (2) Each of the persons has held these positions for five years other than as described below.
- (3) Gideon Hirschfeld provides business development and consulting services for medium-sized businesses.



The following are brief biographies of the above directors nominated for re-election.

Ehud Barak has served on Intercure's Board as Chairman since March 2019. Mr. Barak also currently serves on the board of three other Israeli companies: Carbyne Ltd., Guardicore Ltd. and Cypertoka Ltd. Mr. Barak served as the tenth Prime Minister of Israel from 1999 to 2001. Before being elected Prime Minister, Mr. Barak completed an illustrious 36-year career in the Israeli Defence Forces (the "IDF"), as the most decorated soldier in its history. Mr. Barak served in top positions in the IDF, including Head of Planning, Head of Military Intelligence, Commander of the Central Command and Deputy Chief of General Staff. As Chief of the General Staff of the IDF, he was involved in the negotiation and implementation of the 1994 peace treaty with Jordan. Mr. Barak has also served Israel as Minister of the Interior, Minister of Foreign Affairs and Defense Minister. Mr. Barak holds a B.S. degree in mathematics and physics from the Hebrew University in Jerusalem and received his M.S.C in economic engineering systems from Stanford University. Since September 2016, he has served as Senior Fellow non-resident at the Belfer Center for Science and International Affairs at Harvard University. Since March 2013, he has served as founder and Chief Executive Officer of Ergo, a strategic consulting firm.

Alexander Rabinovitch has served on Intercure's Board since October 2018 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 currently the Chief Executive Officer and director of Intercure and G.F.C Green Fields Capital Ltd., a public company listed on the TASE, engaged in investments in renewable energies. 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.

David Salton has served as an independent director of Intercure Ltd. since December 2014. He has over twenty-five years of management experience related to investment banking, investment companies and funds, and start-up companies in the life science industry. In addition to Intercure, Mr. Salton serves as independent director of ARAN Ltd. (TASE: 1085265) and SHL Telemedicine Limited (SixSwiss:SHLTN). Since October 2019, Mr. Salton has served as the Chief Executive Officer of Virility Medical, a startup company, developing consumer medical device. From 2009 to September 2019, Mr. Salton served as Chief Executive Officer and President of Dentack Implants Ltd. Mr. Salton 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., and as board member of several companies listed on the TASE. 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, B.Sc., Economics & Management degree from the Technion, Industrial Engineering faculty, Israel.

Alon Granot has served on Intercure's Board 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. From 2001 to 2018, Mr. Granot served as Chief Financial Officer and Executive Vice President at Frutarom Industries Ltd., or 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, Mr. Granot served as an external director at Inter Industries Ltd., a company that is publicly traded on the TASE. 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.



Option Plan

On July 7, 2022, the Board adopted an Israeli Option Plan (the “**Option Plan**”), subject to regulatory and Shareholder approval at the Meeting, which amended and restated its existing Israeli Shares and Options Allotment Plan, which was adopted in March 2015 (the “**Shares and Options Allotment Plan**”).

If the ordinary resolution adopting the Option Plan is approved by the Shareholders, all future grants of Options will be made under the Option Plan and no additional Options will be granted under the Shares and Options Allotment Plan. Any outstanding Options that were granted under the Shares and Options Allotment Plan will continue to be governed under the Option Plan.

If the ordinary resolution adopting the Option Plan is not approved by the Shareholders, the Option Plan will be cancelled and have no force and effect and any awards granted under it will be forfeited. The Shares and Options Allotment Plan will remain in effect and continue to govern any outstanding Options granted under it.

For a description of the key terms of the Option Plan, see “Statement of Executive Compensation – Option Plan”. The description is qualified in its entirety by reference to the Option Plan, set forth in Appendix A to this Circular. In order to confirm and approve the Option Plan, a majority of votes cast at the Meeting must be voted in favour of the Option Plan.

Accordingly, Shareholders will be asked to approve the following resolutions (the “**Option Plan Resolution**”):

“RESOLVED, THAT:

1. the Option Plan in the form attached as Appendix “A” to the management information circular of the Company dated August 10, 2022 is hereby approved so that all option and share awards by the Company shall be performed in according to the terms and conditions of the Option Plan.”
2. the Company shall have the ability to continue granting Options under the Option Plan until September 15, 2025, which is three (3) years from the date of the Meeting or any adjournment(s) or postponement(s) thereof at which Shareholder approval is being sought; and
3. the unallocated Options permitted under the Option Plan are hereby approved.”

The Board unanimously recommends that Shareholders vote in favour of the adoption of the Option Plan, which it believes is in the best interest of the Company and its Shareholders. In order to be effective, the Option Plan Resolution must be approved by a majority of the votes cast by Shareholders for such resolution. Unless a Shareholder specifies otherwise in a proxy, the management representatives designated in the enclosed form of proxy intend to vote FOR the Option Plan Resolution.

Approval of Extension of the Exercise Period of Stock Options granted to the Chairman of the Board

Ehud Barak, the Chairman of the Board, was previously granted Options by the Company on November 27, 2018 to buy 206,065 Ordinary Shares at a price of NIS 8.90 per Ordinary Share, 412,130 Ordinary Shares at a price of NIS 13.35 per Ordinary Share and 412,130 Ordinary Shares at a price of NIS 17.80 per Ordinary Share (the “**Barak Options**”), which initially had an expiry date of December 31, 2023. Given Ehud Barak’s contributions to the Company and as it has not been prudent to have Ehud Barak exercise the Barak Options, the Board on June 21, 2022 approved extending the expiry date of the Barak Options by an additional three (3) years to December 31, 2026 (the “**Extension**”), subject to the approval of the Shareholders.

Accordingly, Shareholders will be asked to approve the following resolution (the “**Extension Resolution**”):

“RESOLVED, to extend the exercise period of the Barak Options by three (3) years so that they may be exercised at any time until December 31, 2026.”



The Board unanimously recommends that Shareholders vote in favour of the Extension, which it believes is in the best interest of the Company and its Shareholders. Pursuant to Section 613(i) of the TSX Manual, the Extension Resolution must be approved by a majority of the votes cast at the Meeting by all holders of Ordinary Shares present or represented by proxy at the Meeting, excluding Ordinary Shares held directly or indirectly by Ehud Barak, who is an insider of the Company entitled to receive a benefit directly or indirectly from the amendment. Unless a Shareholder specifies otherwise in a proxy, the management representatives designated in the enclosed form of proxy intend to vote **FOR** the Extension Resolution.

Approval of August Option Grant

On August 31, 2021, the Company granted a total of 250,170 Options to certain employees and service providers (the “**August Option Grant**”) under the Shares and Options Allotment Plan. The TSX’s acceptance of the August Option Grant is conditional upon the disinterested Shareholders of the Company ratifying and approving the August Option Grant. Particulars of the August Option Grant are as follows:

Name of Optionee	Date of Grant	No. of Optioned Shares	Exercise Price (NIS)	Expiration Date
Rami Levy	31.8.2021	41,408	20.16	01.09.2025
Amos Cohen	31.8.2021	95,291	20.16	01.09.2025
Einat Zehvi	31.8.2021	46,117	20.16	01.09.2025
Ofir Krispin	31.8.2021	26,924	20.16	01.09.2025
Deganit Gensler	31.8.2021	26,924	20.16	01.09.2025
Izhak Elba	31.8.2021	13,471	20.16	01.09.2025

Accordingly, Shareholders will be asked to approve the following resolution (the “**August Option Grant Resolution**”):

“RESOLVED, to ratify and approve the August Option Grant.”

The Board unanimously recommends that Shareholders vote in favour of the August Option Grant, which it believes is in the best interest of the Company and its Shareholders. Pursuant to Section 613(a) of the TSX Manual, the August Option Grant Resolution must be approved by a majority of the votes cast at the meeting by all holders of Ordinary Shares present or represented by proxy at the Meeting, excluding Ordinary Shares held directly or indirectly by any insiders of the Company entitled to receive a benefit from the arrangement. Each of the officers and directors of the Company are insiders entitled to receive a benefit under the Shares and Options Allotment Plan, which does not contain an insider participation limit, and are therefore not eligible to vote in respect of the August Option Grant Resolution. Unless a Shareholder specifies otherwise in a proxy, the management representatives designated in the enclosed form of proxy intend to vote **FOR** the August Option Grant Resolution.

Approval of CEO Option Grant

On June 21, 2022, the Board of Directors of the Company approved, following receipt of the recommendation of the Compensation Committee, the grant to Alexander Rabinovitch, the Chief Executive Officer of the Company, of a total of 460,000 Options to purchase ordinary shares (the “**CEO Option Grant**”) under the Shares and Options Allotment Plan. The CEO Option Grant includes the vesting of such options over a period of 4 years on a quarterly basis and the exercise price of such option to be NIS 21.76, based on the average of the 30 days prior to the date of the Board of Directors approval. The CEO Option Grant is subject to the approval of the Shareholders.

Accordingly, Shareholders will be asked to approve the following resolution (the “**CEO Option Grant Resolution**”):

“RESOLVED, to ratify and approve the CEO Option Grant as detailed above.”



The Board unanimously recommends that Shareholders vote in favour of the CEO Option Grant, which it believes is in the best interest of the Company and its Shareholders. Pursuant to Section 613(a) of the TSX Manual, the CEO Option Grant Resolution must be approved by a majority of the votes cast at the meeting by all holders of Ordinary Shares present or represented by proxy at the Meeting, excluding Ordinary Shares held directly or indirectly by any insiders of the Company entitled to receive a benefit from the arrangement. Alexander Rabinovitch and each of the officers and directors of the Company are insiders entitled to receive a benefit under the Shares and Options Allotment Plan, which does not contain an insider participation limit, and are therefore not eligible to vote in respect of the CEO Option Grant Resolution. Unless a Shareholder specifies otherwise in a proxy, the management representatives designated in the enclosed form of proxy intend to vote FOR the CEO Option Grant Resolution.

Approval of CEO Compensation Package

Mr. Alexander Rabinovitch, the Chief Executive Officer of the Company is currently entitled to a monthly gross salary of NIS 15,000. It is proposed that such monthly gross salary be increased to NIS 50,000, effective as of June, 2022 (the “CEO Salary Increase”).

Accordingly, Shareholders will be asked to approve the following resolution (the “CEO Compensation Resolution”):

“RESOLVED, to ratify and approve the CEO Salary Increase as detailed above.”

The Board unanimously recommends that Shareholders vote in favour of the resolution approving the compensation of the Company’s Chief Executive Officer, which it believes is in the best interest of the Company and its Shareholders. In order to be effective, the resolution must be approved by a majority of the votes cast by Shareholders for such resolution. Unless a Shareholder specifies otherwise in a proxy, the management representatives designated in the enclosed form of proxy intend to vote FOR the CEO Compensation Resolution.

Required Vote

In accordance with the requirements of the Toronto Stock Exchange (the “TSX”), the votes attached to Ordinary Shares held by insiders of the Company benefitting directly or indirectly from the Extension, August Option Grant or CEO Option Grant will be excluded from the Extension Resolution, August Option Grant Resolution or CEO Option Grant Resolution, as applicable.

Also, in accordance with Companies Law, the approval of the Extension Resolution and the CEO Compensation Resolution also requires the affirmative vote of simple majority of voting power represented and voting on each resolution in person or by proxy at the Meeting in person or by proxy and voting thereon, and as long as one of following conditions is met:

- a. The majority of shares that voted for the approval of the respective resolution includes at least majority of the shares held by non-controlling and non-interested Shareholders voted at the Meeting (excluding abstain votes); or
- b. The total number of shares of non-controlling and non-interested Shareholders that voted against the approval if the respective resolution does not exceed two percent (2%) of the aggregate voting rights in the Company.

Under the Companies Law, (1) the term “controlling shareholder” means a shareholder having the ability to direct the activities of a company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its chief executive officer; and (2) a “personal interest” of a shareholder (i) includes a personal interest of any members of the shareholder’s family (or spouses thereof) or a personal interest of a company with respect to which the shareholder (or such family member) serves as a director or the CEO, owns at least 5% of the shares or has the right to appoint a director or the CEO but (ii) excludes an interest arising solely from the ownership of our ordinary shares.



The Companies Law requires that each Shareholder voting on the appointment of each of the four Nominees, the Option Plan Resolution, the Extension Resolution, the August Option Grant Resolution, the CEO Option Grant Resolution and the CEO Compensation Resolution indicate whether or not the Shareholder has a personal interest in the proposed resolution. **As such, in the Proxy attached to this Circular or voting instruction card you will be asked to indicate whether you have a personal interest with respect to the proposed resolution. If any Shareholder casting a vote in connection hereto does not notify us whether or not they have a personal interest with respect to such resolution, their vote with respect to the applicable resolution will be disqualified.**

If you provide specific instructions with regard to the matters to be voted on at the Meeting, your shares will be voted as you instruct. If you sign and return your Proxy or voting instruction form without giving specific instructions, your shares will be voted in accordance with the recommendations of our Board. The proxy holders will vote in their discretion on any other matters that properly come before the meeting.

If you are a shareholder of record and do not return your proxy card, your shares will not be voted. If you hold shares beneficially in street name, your shares will also not be voted at the meeting if you do not return your proxy card or voting instruction card to instruct your broker how to vote. For all resolutions, a broker may only vote in accordance with instructions from a beneficial owner of shares.

Availability of Proxy Materials

Copies of the proxy card and voting instruction card, the Notice of Meeting and this Circular are available at the "Investor Information" portion of our website, <https://www.intercure.co/> and on our SEDAR profile at www.sedar.com. The contents of our website do not form part of this Circular.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, during the past 10 years, no Nominee proposed for election has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days while the nominee was acting in such capacity; or
- (b) was subject to a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after the nominee ceased to act in such capacity and which resulted from an event that occurred while the nominee was acting in such capacity.

During the past 10 years, no Nominee proposed for re-election has been a director or executive officer of any company that, while the nominee was acting in such capacity, or within a year of the Nominee ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or director appointed to hold its assets.

David Salton was the CEO of Dentack Implants Ltd, a private Israeli company that underwent insolvency proceedings in January 2017. David was the CEO of the noted company as it underwent the proceedings and remained the CEO afterwards.



Personal Bankruptcies

No Nominee proposed for election has, within the 10 years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or director appointed to hold the assets of the nominee.

Penalties or Sanctions

No Nominee proposed for election has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

COMPENSATION OF DIRECTORS

Director Compensation Table

The following indicates compensation provided to the directors for the year ended December 31, 2021.

Name	Fees paid in cash (K- NIS)	Share based awards (K- NIS)	Option based awards (K- NIS)	Non-equity incentive plan compensation (K-NIS)	Pension value (K- NIS)	All other compensation (K-NIS)	Total (K- NIS)
Ehud Barak	334	-	2,621	-	55	-	3,010
Alexander Rabinovitch	159	-	-	-	21	-	180
David Salton	152	-	49	-	-	-	201
Alon Granot	152	-	-	-	-	-	201
Lennie Grinbaum	152	-	49	-	-	-	201
Gideon Hirschfeld	152	-	49	-	-	-	201

Notes:

(1) Fees include a base cash retainer; these amounts are further explained below in “Summary of Director Compensation”.

Summary of Director Compensation

Our objectives regarding director compensation are to follow best practices with respect to retainers and the format and weighting of the cash and equity components of compensation, having regard to the experience and expertise of our Board members and their contributions to the Board.

Under the Companies Law, external directors and non independent director may be compensated only in accordance with the applicable regulations. These regulations permit the payment of cash compensation within a specified range, based on the size of the company, or cash or equity compensation that is consistent with the compensation paid to the other independent directors.

The total compensation for all non-executive directors is comprised of a cash retainer, plus committee fees in accordance with the Companies Law. In addition to the cash retainer and committee fees, the two Israeli external directors and non independent director (as required by the Companies Law) will be paid meeting fees. We may also issue Options to our directors under our Option Plan.



Subject to applicable law, it is expected that the directors will be reimbursed for the reasonable out-of-pocket expenses they incurred in serving as directors.

The non-employee directors and committee members are be paid the following annual retainers:

Position	Type of Fee	Amount Per Year (K- NIS) ⁽¹⁾
Member of the Board	Cash Retainer	72

Note:

- (1) Board members may be entitled to additional per-meeting compensation of 2.5 Thousand NIS.

STATEMENT OF EXECUTIVE COMPENSATION

Executive Officer Compensation

An issuer's "named executive officers" ("NEOs") are comprised of its chief executive officer and chief financial officer (or individuals who serve in similar capacities), and its three most highly compensated executive officers, other than the chief executive officer and chief financial officer, whose total compensation is, individually, more than \$150,000. The NEOs of Intercure for the year ended December 31, 2021 are the following:

Alexander Rabinovitch , Director and Chief Executive Officer

Amos Cohen, Chief Financial Officer

Ehud Barak, Chairman of the Board

Rami Levy, Chief Operating Officer of Canndoc

Moshe Gabrilov, (Former) Chief Marketing Officer of Canndoc

Israeli Corporate Law Matters Impacting Executive Compensation

Under 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 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 Companies Law must have been considered by the compensation committee and board of directors, and shareholder 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 the resolution, 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 the resolution voting against the compensation package does not exceed 2% of the aggregate voting rights in the company.



Companies Law also requires the approval of the compensation of a public company's executive officers (other than a director and/or 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 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.

Incentive Compensation

The purpose of our Option Plan 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 under the Option Plan 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 Ordinary Shares as long term investments and proprietary interests in Intercure. Please see "Statement of Executive Compensation – Option Plan" for a summary of the material terms of the Option Plan.

Termination and Change of Control Benefits

For a summary of the termination benefits provided under the NEOs' employment agreements, please refer to the "Employment Agreements" section below.

Compensation Governance

Under 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 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, or a Special Approval for Compensation, 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 the applicable resolution participating in the vote (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 applicable resolution 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 Companies Law restrictions as the audit committee as to who may not be a member of the committee.

Intercure's Compensation Committee consists of three (3) members, David Salton, Lennie 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 Marketplace Rules (and as defined in NI 58-101), including the additional independence requirements applicable to the members of a compensation committee.

In accordance with Companies Law, the roles of the compensation committee are, among others, as follows:

- 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 shareholders.

The Board has adopted a compensation committee charter setting forth the responsibilities of the committee consistent with the Nasdaq Marketplace Rules.

In general, under 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 a 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 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 the 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 others:

- 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 (or all of the variable components) 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.



Summary Compensation Table

The following table sets out information (in thousands of NIS) concerning the compensation earned by, paid to, or awarded to the NEOs for the year ended December 31, 2021.

Name and Principal Position	Year	Salary (K-NIS)	Share Based Awards (K-NIS)	Option Based Awards (K-NIS)	Non-Equity Incentive Plan Compensation		All Other Compensation (K-NIS)	Total Compensation (K-NIS)
					Annual Incentive Plans (K-NIS)	Long-Term Incentive Plans (K-NIS)		
Alexander Rabinovich Chief Executive Officer	2021	180	-	-	-	-	-	58
Amos Cohen Chief Financial Officer	2021	379	-	637	124	-	457	1,597
Ehud Barak Chairman of the Board	2021	389	-	2,621	-	-	-	3,010
Rami Levy Chief Operating Officer (Canndoc)	2021	939	-	662	124	-	-	1,726
Moshe Gabrilov Former Chief Marketing Officer (Canndoc)	2021	970	-	242	124	-	-	1,337

Employment Agreements, Severance and Other Termination Benefits

(a) Alexander Rabinovitch, CEO and Director

Alexander is not entitled for any payment as a director of Intercure. As Intercure's main shareholder Alexander's employment term was approved by the general assembly on February 7, 2019. Alexander's employment agreement provides for base salary, expenses return according to the Intercure's policy and is entitled to be included under the director & officer insurance and indemnification letter.

(b) Ehud Barak, Chairman of the Board

Ehud was appointed as Intercure's Chairman of the Board in September, 2018 for an indefinite period during which we may terminate the employment agreement, for any reason, by prior notice 60 days or for cause, on 3 days' prior notice. Ehud may terminate the employment agreement, for any reason, by giving 3 business days' advance notice. In addition, Ehud or his survivors will be entitled to a payment of 3 months' salary, in the event of termination of employment due to death or incapacity for work.



Ehud is entitled for base salary for his employment for agreed 40 monthly hours, agreed amount of Intercure's options and other social conditions, including provisions under the Pension and Study Fund Law.

(c) Amos Cohen, Chief Financial Officer

Amos's employment agreement provides for base salary, an annual performance bonus and benefits. Amos will participate in the Option Plan. We may terminate the employment agreement, for any reason, by prior notice of 90 days.

Amos's employment agreement also contains customary confidentiality and non-disparagement covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non- competition and non-solicitation provisions which are in effect during Amos's employment and for the 6 months following the termination of his employment.

(d) Rami Levi, Chief Operating Officer, Canndoc

Rami's employment agreement provides for base salary, an annual performance bonus and benefits. Rami will participate in the Option Plan. We may terminate the employment agreement, for any reason, by prior notice of 90 days.

Rami's employment agreement also contains customary confidentiality and non-disparagement covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non- competition and non-solicitation provisions which are in effect during Rami's employment and for the 6 months following the termination of his employment.

(e) Moshe Gabrilov, Former Chief Marketing Officer, Canndoc

Moshe served as Canndoc's Chief Marketing Officer until December 31, 2021. Moshe's employment agreement provided for base salary, an annual performance bonus and benefits. Moshe was eligible to participate in the Option Plan. The employment agreement provided that we may terminate the employment agreement, for any reason, by prior notice of 90 days.

Moshe's employment agreement also contained customary confidentiality and non-disparagement covenants and certain restrictive covenants that continue to apply following the termination of his employment, including non- competition and non-solicitation provisions which were in effect during Moshe's employment and for the 6 months following the termination of his employment.

The table below shows (in thousands of NIS (New Israeli shekels) the incremental payments that would be made to our NEOs under the terms of their employment agreements upon the occurrence of certain events, if such events were to occur immediately following the date of this Circular.

Name and Principal Position	Event	Severance (K-NIS)	Other Payments (K-NIS)	Total (K- NIS)	Following Change of Control
Ehud Barak Chairman	Termination without cause	20	-	20	-
Alexander Rabinovich Chief Executive Officer	Termination without cause	5	-	5	-



Name and Principal Position	Event	Severance (K-NIS)	Other Payments (K-NIS)	Total (K- NIS)	Following Change of Control
Amos Cohen Chief Financial Officer	Termination without cause	63	-	63	-
Rami Levy Chief Operating Officer (Canndoc)	Termination without cause	63	-	63	-
Moshe Gabrilov Former Chief Marketing Officer (Canndoc)	Termination without cause	63	-	63	-

Outstanding Option-Based Awards

The following table sets out information (in NIS, where applicable) concerning the option-based awards granted to our NEOs outstanding at the year ended December 31, 2021:

Name and Principal Position	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (NIS)	Option expiration date	Value of unexercised in- the-money options (K-NIS)
Alexander Rabinovich Chief Executive Officer	224,756	1.67	Five years from grant date	15,675
Amos Cohen Chief Financial Officer	42,096	18.38	Four years from grant date	99
	5,956	20.16		2
	198,433	8.90		11,344
Ehud Barak Chairman	396,866	13.35	March 31, 2023	22,226
	396,866	17.80		21,835
Rami Levy Chief Operating Officer (Canndoc)	396,866	18.38	Five years from grant date	138
	2,588	20.16		1
Moshe Gabrilov Former Chief Marketing Officer (Canndoc)	58,935	18.38	Four years from grant date	99



Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out, for each of our NEOs, the value of the option-based awards which vested in accordance with their terms during the year ended December 31, 2021. None of the NEOs hold any share-based awards.

Name and Principal Position	Option-Based Awards – Value Vested During the Year (K-NIS)
Alexander Rabinovich Chief Executive Officer	-
Amos Cohen Chief Financial Officer	637
Ehud Barak Chairman	2,623
Rami Levy Chief Operating Officer (Canndoc)	663
Moshe Gabrilov Former Chief Marketing Officer (Canndoc)	245

Note:

(1) Reflects the grant date fair value of stock options (determined in accordance with the Black-Scholes valuation model).

Option Plan

The Board adopted the Option Plan on July 7, 2022, which amends and restates the Company's existing Shares and Options Allotment Plan originally adopted by the Company in March 2015. If approved by the Shareholders at the Meeting, Intercure will be able to grant Options, exercisable into Ordinary Shares, to directors, officers, employees, non-employee service providers and controlling shareholders (as defined the Israeli Income Tax Ordinance [New Version], 5721-1961) of the Company and related companies in order to create incentives for them to share in the development and success of the Company. The Option Plan provides for options to be granted at the determination of the Board (which is entitled to delegate its powers to the Compensation Committee), in each case, subject to applicable law or the rules of any stock exchange. A copy of the Option Plan is attached as Appendix A to this Circular.

The Option Plan is a rolling plan and provides that the maximum number of Ordinary Shares issuable upon the exercise of Options shall not exceed such number which represents 15% of the issued and outstanding Ordinary Shares of the Company from time to time. As a result, should the Company issue additional Ordinary Shares in the future, the number of Ordinary Shares issuable under the Option Plan will increase accordingly. As of August 10, 2022 there are 4,579,900 Ordinary Shares available for grant under the Option Plan, such number being 6,770,091 Ordinary Shares (15% of the issued and outstanding Ordinary Shares of the Company) less 2,190,191 Ordinary Shares (4.85% of the issued and outstanding Ordinary Shares of the Company) issuable upon exercise of the Options currently outstanding under the Shares and Options Allotment Plan.

The Option Plan is considered an "evergreen" plan, since the Ordinary Shares covered by options which have been exercised shall be available for subsequent grants under the Option Plan and the number of options available to grant increases as the number of issued and outstanding Ordinary Shares of the Company increases. In the event that options allocated under the Option Plan expire or otherwise terminate, such expired or terminated options can become available following Board approval under the Option Plan.

Administration

Subject to the limitations set out in the Option Plan, the Board has the exclusive and absolute discretion to determine which directors, officers, consultants, employees and controlling shareholders are eligible to receive Options under the Option Plan, the terms of the grant agreements (including the number of Options that are granted to each participant, the number of Ordinary Shares that are subject to each Option, the times and exercise conditions of the Option and the exercise price), to apply restrictions on the transferability of the Options and terms with respect to the seizure of Options, and to cancel and suspend grants.



Eligibility

All directors, officers, employees, non-employee service providers and controlling shareholders (as defined the Israeli Income Tax Ordinance [New Version], 5721-1961) of the Company and related companies are eligible to participate in the Option Plan. The extent to which any such individual is entitled to receive a grant of an award pursuant to the Option Plan will be determined in the sole and absolute discretion of the Board.

Insider Participation Limit

The Option Plan limits insider participation such that the number of Ordinary Shares issued to insiders within any one-year period and issuable at any time to insiders, under the Option Plan and any other security based compensation arrangement, does not exceed 10% of issued and outstanding Ordinary Shares as at the applicable grant date. The Option Plan does not provide for a maximum number of Ordinary Shares which may be issued to an individual.

Exercise Price

The Option Plan provides that the exercise price of each Option will be determined by the Board at its sole discretion and in accordance with the provisions of applicable law, and subject to the guidelines of the Committee as provided from time to time, provided that while the Ordinary Shares are listed for trading on the TSX, the exercise price cannot be lower than the market value on the grant date (as defined in the Option Plan), which shall not be lower than the closing price of the Ordinary Shares on the TSX on the last trading day that precedes the grant date.

Term

The Board fixes the vesting terms it deems appropriate when granting options and will set the term of options granted under the Option Plan, which term cannot exceed 12 years.

Cashless Exercises

The Board has the authority to accelerate the vesting date of any Options or to require the exercise of the Options, in whole or in part, on a “cashless” basis, pursuant to which the participant will be entitled to receive such number of Ordinary Shares that reflect the “in the money” amount of the options that are exercised in accordance with the following formula:

$$X = \frac{Y(A - B)}{A - N}$$

Y = The number of exercisable Options, subject to the adjustments that are set forth in the Option Plan.

A = The market value of each Ordinary Share on the exercise date.

B = The exercise price of the Option exercised, subject to the adjustments set forth in the Option Plan.

N = The par value of each Ordinary Share (which shall be 0 unless otherwise noted in the Articles).

Termination of Employment or Services

Subject to the terms of the Option Plan and the governing option agreement, upon the cessation of the employer- employee or service provision relationship, any unvested options will expire immediately at the time of termination and any vested options will expire at the earlier of the expiry date in the governing option agreement and (i) three (3) months after the participant’s death; (ii) three (3) months after the resignation of the participant; or (iii) three (3) months following the termination of the relationship without reason. If an optionee’s employment or engagement is terminated for a reason (as defined in the Option Plan) the optionee’s right to exercise all vested and unvested the options granted to him or her will expire immediately.



Transferability

No options granted under the Option Plan may be assigned or transferred to a third party, with the exception of an assignment made to a personal representative of a deceased participant.

Amendments

The Board may amend, change, suspend or terminate the Option Plan at any time without notice to or approval by the Shareholders, unless and to the extent prohibited by applicable law or the rules of any stock exchange. Notwithstanding the foregoing, the following amendments to the Option Plan require the approval of Shareholders: (a) any amendment to the amendment provisions of the Option Plan; (b) any increase in the maximum number of Ordinary Shares issuable under the Option Plan; (c) any reduction in the exercise price or extension of the option period benefiting a participant; and (d) such other matters that may require Shareholder approval under applicable law and the rules of any stock exchange. Further, if an amendment adversely affects the right under any previously granted option, such amendment shall not be effective on such previously option without the written consent of each affected participant.

Except for the items listed above, amendments to the Option Plan will not require Shareholder approval. Such amendments include (but are not limited to): (a) amendments of a “housekeeping” nature; (b) amendments respecting the administration of the Option Plan; (c) changes to the vesting provisions of any Option; (d) changing the termination provisions of any Option (provided that the period during which an Option is exercisable does not exceed 12 years from the date the option is granted and that such option is not held by an insider of the Company); (e) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; and (f) changes to the class of participants eligible to participate under the Option Plan.

Shareholder Approval

In accordance with the requirements of the TSX, the unallocated Options under the Option Plan must be approved every three years by the Company’s Board of Directors and Shareholders. In addition, any amendments requiring shareholder approval under the Option Plan must be placed before Shareholders as such amendments arise. Should the Shareholders vote to approve the Option Plan at the Meeting, unallocated Options will, therefore, need to be approved on or prior to the close of the annual meeting to be held in 2025.

Section 102 of the Israeli Tax Ordinance

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 Option Plan. Under this track, Intercure is not allowed to deduct an expense with respect to the grant of the Options or issuance of shares.

Entitlements Subject to Security Holder Ratification.

On August 31, 2021, the Board granted a total of 250,170 Options to certain employees and service providers. These Options cannot be exercised until such time that the Options granted have been ratified by the Shareholders in the August Option Grant Resolution and will be cancelled if Shareholders do not approve the grant.

Audit Committee Information

The Company’s audit committee for the fiscal year 2021 (the “**Audit Committee**”) consisted of David Salton, as the Chair of the Audit Committee, Lennie Michelson Grinbaum and Gideon Hirschfeld. All Directors who served on the Audit Committee in the fiscal year 2021 were independent, as required by NI 52-110. All members of the Audit Committee are financially literate. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.



The Audit Committee is mandated to assist the Board in fulfilling applicable reporting issuer obligations respecting audit committees and its oversight responsibilities with respect to financial reporting. The Audit Committee's responsibilities include, among other things, reviewing and approving the financial statements of the Company and public disclosure documents containing financial information and reporting on such review to the Board, ensuring that adequate procedures are in place for the reviewing of the Company's public disclosure documents that contain financial information, and overseeing the work and reviewing the independence of the external auditors.

Reference is made to the Company's Annual Information Form dated March 31, 2022 (the "AIF"), which is incorporated by reference in this Circular, for information relating to the Audit Committee of the Company as required under Form 52-110F1. The AIF can be accessed under Intercure's profile on SEDAR at www.sedar.com.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes certain information as of December 31, 2021 regarding compensation plans of the Company under which equity securities are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (NIS)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) (#)
Equity compensation plans approved by securityholders – N/A	-	-	-
Equity compensation plans not approved by securityholders – Shares and Options Allotment Plan ⁽¹⁾	2,190,191	17.6	4,579,900

Note:

- (1) See "Statement of Executive Compensation – Option Plan" above for a description of the material features of the Option Plan). The Shares and Options Allotment Plan was adopted by the Board in March 2015 and did not require securityholder approval. The Option Plan was adopted by the Board as of July 7, 2022, subject to securityholder approval at the Meeting. As of December 31, 2021 options to purchase 2,190,191 Ordinary Shares were outstanding under the Option Plan and up to 4,579,900 Ordinary Shares were available for issuance. Of such outstanding options, options to purchase 1,930,085 Ordinary Shares were vested as of December 31, 2021, with a weighted average exercise price of 17.6 NIS per share, and each will expire ten years from the date of grant.



DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION

Intercure maintains a director and officer insurance policy to limit Intercure's exposure to claims against, and to protect, its directors and officers. In addition, Intercure has entered into indemnification agreements with each of its directors and officers. The indemnification agreements generally require that Intercure indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to Intercure as directors and officers (including to the extent they are also director and officers to any of Intercure's subsidiaries). However, the law in Israel is such that indemnification is provided only in circumstances that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in, or not opposed to, Intercure's best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by Intercure.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

To the knowledge of the management of the Company, no Nominee is indebted to the Company, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management, no informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Company, no proposed nominee for election as a director of the Company and no known associate or affiliate of any such informed person or proposed nominee, has or has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction which has or would materially affect the Company or any of its affiliates.

MANAGEMENT CONTRACTS

To the knowledge of management no directors or officers, nor any of their respective associates or affiliates, has any contract, arrangement or understanding with respect to future employment or the performance of any management functions to the Company or any of its affiliates.

STATEMENT OF CORPORATE GOVERNANCE

Intercure's Canadian corporate governance disclosure obligations are set out in the Canadian Securities Administrators' NI 52-110, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines*. These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of Board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines. Such Guidelines are applicable to Intercure provided that they do not contravene Companies Law.

Set out below is a description of Intercure's approach to corporate governance in relation to the Guidelines.

Board of Directors

Following the Meeting, the Board will be comprised of six directors:

Name	Role
Ehud Barak	Chairman of the Board
Alexander Rabinovich	Chief Executive Officer, Director
David Salton	Director
Lennie Grinbaum	External Director
Gideon Hirschfeld	External Director
Alon Granot	Director



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 is also 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 (in order to discuss, among other things, the Company's corporate governance), and the Compensation Committee (in order to discuss, among other things, the Company's nominating policies. The Board has delegated to the applicable committee those duties and responsibilities set out in each committee's charter.

Independence of the Board

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with Intercure. A "material relationship" is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment. In determining whether a particular director is an "independent director" or a "non-independent director", the Board considers the factual circumstances of each director in the context of the Guidelines.

Assuming the re-appointment of the four Nominees at the Meeting, following the Meeting the Board will be comprised of six members, four of whom are "independent directors" within the meaning of NI 58-101. Gideon Hirschfeld, David Salton and Lennie Grinbaum are considered independent for the purposes of NI 58-101.

Meeting in-camera

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 Chair 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.

Succession planning

The Audit Committee's corporate governance discussions and the Compensation Committee's discussions provide primary oversight of succession planning for senior management, the performance assessment of Intercure's officers, and the Chief Executive Officer's assessments of the other senior officers. From time to time, as appropriate, the Audit Committee may conduct in-depth reviews of succession options relating to senior management positions and, when appropriate, may approve the rotation of senior officers into new roles to broaden their responsibilities and experiences and deepen the pool of internal candidates for senior management positions. The independent directors may participate in the assessment of the officers' performance every year. The Board will approve all appointments of executive officers.

Board Practices

Our Articles provide that Intercure may have between five and 11 directors, including directors who serve as external directors under Companies Law. Following the Meeting, the Board will consist of six directors. Other than the external directors, the 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 the Articles.



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 the Articles. If the number of serving directors is lower than such minimum number, then the Board may only act in an emergency or to fill the office of director which has become vacant pursuant to the Articles, or in order to call a general meeting of our Shareholders for the purpose of electing directors to fill any of the vacancies. In addition, the directors may appoint additional director(s) to fill vacancies of any director who resigned, provided that three quarters of the remaining directors vote in favour of such appointment.

Pursuant to Companies Law and the Articles, a resolution proposed at any meeting of the Board 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 requires at least a majority of the directors then in office who are lawfully entitled to participate in the meeting. If after half an hour, a quorum is not present, the meeting may be adjourned to a future date as decided by the chairman of the board, and in their absence, the directors present at the meeting, provided that all the directors will receive notice of the adjourned meeting at least 24 hours prior to its proposed time of commencement. The quorum for such adjourned meeting of the board shall be not less than 3 members of the board.

Under Companies Law, the chief executive officer of a public company or their relatives may not serve as the chairman of the Board unless approved by the holders of a majority of the shares of the company represented and voted at the meeting in person or by proxy or written ballot, for periods not exceeding 3 years each time, provided that:

- at least a majority of the shares of non-controlling shareholders or shareholders that do not have a personal interest in the approval voted in favor (disregarding abstentions); or
- the total number of shares of non-controlling shareholders or shareholders that do not have a personal interest in the approval voted against the resolution does not exceed 2% of the aggregate voting rights in the company.

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 Companies Law, a minimum of one external director is 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 Board has determined that Intercure requires at least one director with the requisite financial and accounting expertise pursuant to applicable Israeli regulations. The Board has determined that Alexander Rabinovitch, David Salton and Gideon Hirschfeld have the requisite financial and accounting expertise.

External Directors

Under Companies Law, companies incorporated under the laws of the State of Israel that are "public companies" are required to appoint at least two external directors, subject to certain exceptions that are not currently available to Intercure. The appointment of external directors must be made by a general meeting of shareholders no later than three months following the company becoming a "public company".

A person may not be appointed as an external director if the person is a relative of a controlling shareholder or if on the date of the person's appointment or within the preceding two years the person or his or her relatives, partners, employers or anyone to whom that person is subordinate, whether directly or indirectly, or entities under the person's control have or had any affiliation with any of the following, or an affiliated entity: (1) Intercure; (2) any person or entity controlling us on the date of such appointment; (3) any relative of a controlling shareholder; or (4) any entity controlled, on the date of such appointment or within the preceding two years, by Intercure or by a controlling shareholder. If there is no controlling shareholder or any shareholder holding 25% or more of voting rights in the company, a person may not be appointed as an external director if the person has any affiliation to the chairman of the board of directors, the chief executive officer (referred to in Companies Law as a general manager), any shareholder holding 5% or more of the company's shares or voting rights or the senior financial officer as of the date of the person's appointment.



The term “controlling shareholder” means a shareholder with the ability, together or with others, to direct the activities of the company, other than by virtue of being an office holder. Without limitation to the above, Israeli Companies Law defines a shareholder as a person who holds twenty-five percent or more of the voting rights in the general meeting of the company if there is no other person who holds more than fifty percent of the voting rights in the company; for the purpose of a holding, two or more persons holding voting rights in a company each of which has a personal interest in the approval of the transaction being brought for approval of the company shall be considered to be joint holders.

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 as a director for a period of no more than three months during which the company first offered its shares to the public.

The term “relative” is defined as a spouse, sibling, parent, grandparent, descendant, spouse’s descendant, and the spouse of each of the foregoing.

The term “office holder” is defined as a director, general manager, chief business manager, deputy general manager, vice-general manager, any person filling any of these positions in a company even if he holds a different title, and any other manager directly subordinate to the general manager.

A person may not serve as an external director if that person is the controlling shareholder’s relative, or if that person’s relative, partner, employer, a person to whom such person is subordinate (directly or indirectly) or any entity under the person’s control, at the date of appointment or during the previous 2 years, has an affiliation with the company, the controlling shareholder of the company, or controlling shareholder’s relative, or to any affiliated entity, or if such person has a business or professional relationship with any entity that has an affiliation, even if such relationship is intermittent (excluding insignificant relationships). Additionally, any person who has received compensation other than compensation permitted under Companies Law may not serve as an external director

No person can serve as an external director if the person’s position or other affairs create, or may create, a conflict of interest with the person’s responsibilities as a director or may otherwise interfere with the person’s ability to serve as a director or if such a person is an employee of the Israeli Securities Authority or of an Israeli stock exchange. If at the time an external director is appointed all current members of the board of directors, who are not controlling shareholders or relatives of controlling shareholders, are of the same gender, then the external director to be appointed must be of the other gender.

According to regulations promulgated under Companies Law, at least one of the external directors is required to have “financial and accounting expertise,” and the other external director or directors are required to have “professional expertise”. An external director may not be appointed for additional terms unless: (1) such director has “accounting and financial expertise” or (2) he or she has “professional expertise,” and on the date of appointment for another term there is another external director who has “accounting and financial expertise” and the number of “accounting and financial experts” on the board of directors is at least equal to the minimum number determined appropriate by the board of directors. Certain exemptions are granted to companies that are “dually listed”.



The regulations promulgated under Companies Law define an external director with requisite professional qualifications as a director who satisfies one of the following requirements: (1) the director holds an academic degree in either economics, business administration, accounting, law or public administration, (2) the director either holds an academic degree in any other field or has completed another form of higher education in the company's primary field of business or in an area which is relevant to his or her office as an external director in the company, or (3) the director has at least five years of experience serving in any one of the following, or at least five years of cumulative experience serving in two or more of the following capacities: (a) a senior business management position in a company with a substantial scope of business, (b) a senior position in the company's primary field of business or (c) a senior position in public administration.

Until the lapse of a two-year period from the date that an external director of a company ceases to act in such capacity, the company in which such external director served, and its controlling shareholder or any entity under control of such controlling shareholder may not, directly or indirectly, grant such former external director, or his or her spouse or child, any benefit, including by way of (i) the appointment of such former director or his or her spouse or his child as an officer in the company or in an entity controlled by the company's controlling shareholder, (ii) the employment of such former director, and (iii) the engagement, directly or indirectly, of such former director as a provider of professional services for compensation, directly or indirectly, including via an entity under his or her control. With respect to a relative who is not a spouse or a child, such limitations only apply for one year from the date such external director ceased to be engaged in such capacity.

The provisions of Companies Law set forth special approval requirements for the election of external directors. External directors must be elected by a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- such majority includes at least a majority of the shares held by shareholders who are non-controlling shareholders and do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, to which we refer as a disinterested majority; or
- the total number of shares voted by non-controlling shareholders and by shareholders who do not have a personal interest in the election of the external director, against the election of the external director, does not exceed 2% of the aggregate voting rights in the company.

The initial term of an external director is three years. Thereafter, an external director may be re-elected by shareholders to serve in that capacity for up to two additional three-year terms, provided that:

- his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such re-election exceeds 2% of the aggregate voting rights in the company. In such event, the external director so reappointed may not be a "Related" or a "Competing Shareholder", as defined below, or a relative of such shareholder, at the time of the appointment, and is not and has not had any affiliation with a Related or Competing Shareholder, at such time or during the two years preceding such person's reappointment to serve an additional term as external director. The term "Related" or "Competing Shareholder" means a shareholder proposing the reappointment or a shareholder holding 5% or more of the outstanding shares or voting rights of the company, provided, that at the time of the reappointment, such shareholder, the controlling shareholder of such shareholder, or a company controlled by such shareholder, have a business relationship with the company or are competitors of the company;
- the external director proposed his or her own nomination, and such nomination was approved in accordance with the requirements described above;
- his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same majority required for the initial election of an external director (as described above).



The term of office for external directors for Israeli companies traded on certain foreign stock exchanges may be extended indefinitely in increments of additional three-year terms, in each case provided that the audit committee and the board of directors of the company confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the re-election for such additional period(s) is beneficial to the company, and provided that the external director is re-elected subject to the same shareholder vote requirements as if elected for the first time (as described above).

External directors may be removed from office by a special general meeting of shareholders called by the board of directors, which approves such dismissal by the same shareholder vote percentage required for their election, after receiving the board of directors arguments for such removal, or by a court, in each case, only under limited circumstances, including ceasing to meet the statutory qualifications for appointment, or violating their duty of loyalty to the company. If an external directorship becomes vacant and there are fewer than two external directors on the board of directors at the time, then the board of directors is required under the Companies Law to call a shareholders meeting as soon as practicable to appoint a replacement external director.

Each committee of the board of directors that is authorized to exercise the powers of the board of directors must include at least one external director, except that the audit committee and the compensation committee must include all external directors then serving on the board of directors.

External directors may be compensated only in accordance with regulations adopted under Companies Law.

Due to the stringent independence requirements for external directors and because external directors are a statutory requirement under Companies Law, the TSX has granted the Company a waiver from the annual election requirement found in Section 461.1 of the TSX *Company Manual* and permits the Company to elect its external directors for a term of three years. All other directors of the Company must continue to be elected annually.

Position Descriptions

The Board is responsible for the overall stewardship of Intercure. The Board discharges this responsibility directly and through delegation of specific responsibilities to committees of the Board, the Chairman, and officers of Intercure. The Board has not adopted written position descriptions for the Chairman or the role chairs of each of the committees of the Board, on the basis that the role of the Chairman and the role of the chair of each of the committees of the Board is well understood by all of the directors. Currently, the position of Chief Executive Officer is based upon the role of the Chief Executive Officer carried out at companies of similar size and scope and such role and responsibilities are well understood by both the CEO and the other directors.

Diversity

Intercure recognizes the importance of diversity at the Board and executive officer levels and intends to engage in an ongoing discussion of the representation of women on the Board and in executive officer positions with the Intercure. Written policies and specific targets or quotas for gender or other diversity representation have not been adopted for the Board or for executive officer positions with Intercure due to the small size of these groups and the need to consider a balance of criteria in each individual appointment. It is important that each appointment to the Board and as an executive officer be made, and be perceived as being made, on the merits of the individual and the needs of Intercure at the relevant time. In addition, targets or quotas based on specific criteria could limit the Board's ability to ensure that the overall composition of the Board and executive officers meets the needs of Intercure and its shareholders. Furthermore, as required by Companies Law, if at the time an external director is appointed all current members of the board of directors, who are not controlling shareholders or relatives of controlling shareholders, are of the same gender, then the external director to be appointed must be of the other gender. In addition, a director of a company shall not be appointed as an outside director of another company if at such time, a director of the other company is acting as an outside director of the first company.



Currently, as to gender, the Board has one woman director and no women executive officers.

Orientation and Continuing Education

The Audit Committee oversees an appropriate orientation for new Board members in order to familiarize them with Intercure and its business (including Intercure's reporting and organizational structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors), the role of the Board and its committees and the contribution that an individual director is expected to make to the Board, its committees (as applicable) and Intercure.

In addition, Board members are expected to keep themselves current with industry trends and developments and will be encouraged to communicate with Intercure's officers and, where applicable, auditors, advisors and other consultants of Intercure. Board members have access to Intercure's in-house and external legal counsel in the event that they raise any questions or matters relating to the Board members' corporate and director responsibilities and to keep themselves current with changes in legislation. Board members have full access to Intercure's records.

Nomination of Directors

The Compensation Committee and the Board as a whole, are responsible for recommending to the Board candidates for election as directors and candidates for appointment to Board committees.

Director Compensation

The Compensation Committee assists the Board in determining compensation for Intercure's directors and officers. The Compensation Committee consists of three (3) members, David Salton, Lennie 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 the Compensation Committee is independent under the Nasdaq Marketplace Rules (and as defined in NI 58-101), including the additional independence requirements applicable to the members of a compensation committee. Please see "Compensation Governance" above for a description of the role of the Compensation Committee.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics for Intercure's directors, officers and employees that sets out the Board's expectations for the conduct of such persons in their dealings on behalf of Intercure.

Insider Trading Policy

The Board has adopted a customary policy relating to the trading in securities of Intercure by directors, executive officers, employees and other insiders of Intercure and its subsidiaries.

Committees of the Board

The Board has two committees, namely the Audit Committee and Compensation Committee.

ADDITIONAL INFORMATION

Financial information is provided in the Company's comparative financial statements and the Company's MD&A for the year ended December 31, 2021. Copies of the Company's financial statements for the year ended December 31, 2021, together with the auditors' report thereon, the MD&A, and this Circular are available upon written request to the Company (at 85 Medinat ha-Yehudim Street Herzliya, 4676670, Israel, Attention: Chief Financial Officer). The Company may require payment of a reasonable charge if the request is made by a person who is not a Shareholder. These documents and additional information relating to the Company is available on SEDAR at www.sedar.com.



AUDITORS, REGISTRAR AND TRANSFER AGENT

The current auditor of the Company is Somekh Chaikin – KPMG Israel. Somekh Chaikin was appointed as auditor in January 2021.

The registrar and transfer agent for the Company is TSX Trust Company, 1 Toronto Street, Suite 1200 Toronto, ON M5C 2V6.

REPORTING REQUIREMENTS

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, or Exchange Act, applicable to foreign private issuers. We fulfill these requirements by filing reports with the Securities and Exchange Commission (the “**Commission**”). Our filings with the Commission may be inspected without charge at the Commission’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the Commission at 1-800-SEC-0330. Our filings are also available to the public on the Commission’s website at <http://www.sec.gov> and on our SEDAR profile at www.sedar.com.

As a foreign private issuer, we are exempt from the rules under the Securities Exchange Act, or Exchange Act of 1934, as amended, related to the furnishing and content of proxy statements. The circulation of this notice and management information circular should not be taken as an admission that we are subject to the proxy rules under the Exchange Act.

OTHER BUSINESS

Other than as set forth above, as of the mailing of this Circular, management knows of no business to be transacted at the Meeting, but, if any other matters are properly presented at the Meeting, the persons named in the attached form of proxy will vote upon such matters in accordance with their best judgment.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Herzliya, Israel, this 10th day of August, 2022

By Order of the Board of Directors

/s/ Alexander Rabinovitch

Alexander Rabinovitch
Chief Executive Officer

APPENDIX A

InterCure Ltd.

Israeli Option Plan

(*Pursuant to Section 102 of the Income Tax Ordinance (New Version), 5721-1961 and the Amendment to the Income Tax Ordinance Law (No. 132), 5762-2002)

This Plan, as amended from time to time, will be referred to as the Israeli Option Plan of InterCure Ltd.

1. **Preamble**

The purpose of this Plan is to grant Options, exercisable into Shares, to employees, consultants, service providers and directors of the Company and Related Companies, as defined below, in order to create incentives for them to share in the development and success of the Company.

2. **Definitions**

For the purposes of the Plan and the documents associated with it, including the Grant Agreement, as defined below, the following definitions will apply:

- 2.1 **"102 Option"** means an Option that is granted to Employees subject to Section 102 of the Ordinance, as defined in this section below.
- 2.2 **"102 Option with a Trustee"** means an Option that is granted subject to Section 102(b) of the Ordinance that is held in trust by a Trustee for the Employee.
- 2.3 **"102 Option without a Trustee"** means an Option that is granted subject to Section 102(c) of the Ordinance that is not held in trust by a Trustee for the Employee.
- 2.4 **"3(i) Option"** means an Option that is granted to Non-Employees subject to Section 3(i) of the Ordinance.
- 2.5 **"Board of Directors"** means the Company's Board of Directors.
- 2.6 **"Capital Gains Option"** has the meaning attributed to it in Section 5.4 of the Plan.
- 2.7 **"Chairperson"** means the Chairperson of the Committee.
- 2.8 **"Committee"** means a committee that is appointed by the Board of Directors, whose number of members will be no fewer than three (with one of the committee members being an external director and one of them being a director with accounting and financial expertise).
- 2.9 **"Companies Law"** means the Israeli Companies Law, 5759-1999.
- 2.10 **"Company"** means InterCure Ltd., a company incorporated under the laws of the State of Israel.
- 2.11 **"Controlling Shareholder"** has the meaning attributed to it in Section 32(9) of the Ordinance.

- 2.12 **“Employee”** means an employee employed by the Company or a Related Company and a senior officer or director of the Company or a Related Company (even if there is no employer-employee relationship between the parties).
- 2.13 **“Exercise Price”** means the exercise price of each Option.
- 2.14 **“Grant Agreement”** means an option grant agreement between the Company and the Participant, which governs and determines the terms of the allotted Options to the Participant.
- 2.15 **“Grant Date”** means the date on which an Option is granted, as stated in the Grant Agreement with the Offeree.
- 2.16 **“Insider”** has the meaning given to such term in the TSX Company Manual.
- 2.17 **“Market Value”** means, at any given time, the fair market value of a Share, which will be determined as follows:

- (1) If the Shares are listed for trading on a stock exchange or a national market system, the market value will be the closing price of the Shares (or, the closing quote if no sales are reported), as reported on the stock exchange or the national market system, on the last trading day that preceded the Grant Date, as reported by any source selected by the Board of Directors at its discretion, provided that while the Shares are listed for trading on the TSX, the price shall not be lower than the closing price of the Shares on the TSX on the last trading day that precedes the Grant Date, as reported by the TSX.

Without derogating from the foregoing, and only for the purpose of determining tax liabilities in accordance with Section 102(b) (3) of the Ordinance, if, on the Grant Date, the Shares are listed for trade on any stock exchange or national market system, or if the Shares are listed for trade within ninety (90) days of the Grant Date, the Market Value of the Share on the Grant Date will be determined according to the average value of the Shares during the thirty (30) trading days that precede the Grant Date, or during the thirty (30) trading days after the public offering date, as the case may be.

- (2) If there is a current report on the trading price of the Shares through a registered dealer, but there is no report on sale prices, the Market Value will be determined according to the average of the highest offer and the lowest price of the Shares on the last trading day that precedes the Grant Date.
- (3) In circumstances where the Shares are not listed for trading on a stock exchange or a national market system, and there is no current report on the price of the Shares by a registered dealer, the Market Value will be determined by the Board of Directors, acting in good faith.

- 2.18 **“Non-Employee”** means a Service Provider or a non-Employee Insider (including any Controlling Shareholder).
- 2.19 **“Option”** means the right to purchase one or more Shares, subject to this Plan.
- 2.20 **“Ordinance”** means the Income Tax Ordinance (New Version), 5721-1961, in its present form or as amended in the future.
- 2.21 **“Participant”** means a person to whom Options are granted under the Plan.
- 2.22 **“Plan”** means this Plan.
- 2.23 **“Purchasing Company”** means any entity into which the Company merges or that is purchased by it, provided that the Company is not the surviving company.
- 2.24 **“Reason”** means each of the following: (a) conviction of an offense that entails moral turpitude or an offense that affects the Company and/or Related Companies; (b) embezzlement of the Company’s funds and/or funds of Related Companies; (c) a fundamental breach of their obligations to the Company; (d) an immoral act that caused damage to the Company’s reputation; (e) any act or omission that, in the Company’s view, could harm the condition or reputation of the Company.
- 2.25 **“Related Company”** means an “Employer Company” as defined in Section 102(a) of the Ordinance.
- 2.26 **“Section 102”** means Section 102 of the Ordinance, in its present form or as amended in the future, and all of the rules and/or regulations and/or any ruling and/or other statute pursuant to that section, including the Income Tax Rules (Special Tax Terms with Respect to Allotting Shares to Employees), 5763-2003.
- 2.27 **“Service Provider”** means a person or company engaged by the listed issuer to provide services for an initial, renewable or extended period of twelve months or more.
- 2.28 **“Share”** means an ordinary share of the Company, without par value.
- 2.29 **“Tax Authorities”** means the tax authorities in Israel.
- 2.30 **“Transaction”** means (1) a merger, acquisition, or reorganization of the Company with or into another company, provided that the Company is not the surviving company; (2) the sale of all or a substantial part of the Company’s operations.

- 2.31 **“Trustee”** means anyone appointed by the Company to serve as a trustee, and approved by the Tax Authorities, and all subject to Section 102(a) of the Ordinance.
- 2.32 **“TSX”** means the Toronto Stock Exchange.
- 2.33 **“Vesting Date”** means, as determined by the Board of Directors or the Committee, the date on which a Participant becomes entitled to exercise all or a part of the Options granted to the Participant, as stated in Section 11 of the Plan.
- 2.34 **“Work Income Option”** has the meaning attributed to it Section 5.5 of the Plan.

3. **Plan Management**

- 3.1 This Plan will be directly managed by the Board of Directors, or pursuant to the Committee’s recommendation, subject to any valid law, stock exchange requirement and the Company’s Articles of Association. The Board of Directors will have residual authority in the event where no Committee is appointed or if the Committee ceases to serve as the Committee for any reason whatsoever, or if the Committee is not authorized to act under applicable law under the supervision and pursuant to the approval of the Board of Directors.
- 3.2 The Committee will select one of its members as a Chairperson and will convene on the dates and places that will be determined by the Chairperson. The Committee’s meetings will be recorded by means of minutes. The Committee will determine rules and regulations for the management of its work, in accordance with its discretion.
- 3.3 The Committee will have the absolute exclusive authority and discretion with respect to providing the Board of Directors with recommendations, and the Board of Directors will have the exclusive and absolute discretion to decide as follows:
- (1) To determine the identity of the Participants (subject to the limitations set forth in the Plan) and the number of Options that are granted the Participants.
 - (2) To determine the terms of the Grant Agreements, including the number of Options that are granted to each Participant, the number of Shares that are subject to each Option, the times and exercise conditions of the Option, and the Exercise Price, and to apply restrictions on the transferability of the Options, as well as and terms with respect to the seizure of Options, and to cancel and suspend grants.
 - (3) To choose the taxation terms of 102 Options with a Trustee or of 102 Shares with a Trustee.
 - (4) To determine the type of Option that is granted in accordance with Section 102.

The Board of Directors will, subject to complying with all of the applicable rules of the TSX while any Shares are listed for trading on the TSX, have the absolute authority and discretion to decide as follows:

- (1) to change restrictions and conditions that apply to Options;
- (2) to interpret the terms of the Plan and to supervise the Plan's management;
- (3) to fully or partially accelerate the Vesting Dates of the Options that were granted to each Participant, subject to Section 102 of the Ordinance;
- (4) to suspend, terminate or cancel the Plan, in whole or in part; and
- (5) to make decisions or determinations with respect to any other matter that is necessary for the Plan's management.

- 3.4 Subject to complying with all of the applicable rules of the TSX while any Shares are listed for trading on the TSX, the Board of Directors will have the authority to grant to the Participant, at its discretion, in exchange for canceling an Option that was granted to them, a new Option whose Exercise Price is identical, lower or higher than the Exercise Price of the original Option that was canceled, and that is subject to other terms, or to change the Exercise Price of the Option as determined by the Board of Directors in accordance with the terms of the Plan and all applicable laws and rules. While any Shares are listed for trading on the TSX, any proposed amendment to the exercise price of an outstanding Option, and any cancellation and regrant of an Option within a three-month period must be pre-approved by TSX.
- 3.5 Subject to the Company's Articles of Association, all of the decisions of the Board of Directors and/or Committee in connection with the Plan will be made by a majority vote, but any member of the Board of Directors or Committee will not have the right to vote or the right to rank among the members that are needed for the approval or decision of the Board of Directors and/or Committee with respect to granting Options to that member. Any written decision of the Board of Directors and/or Committee will be made in accordance with the Company's Articles of Association.
- 3.6 The Committee's interpretation with respect to each section of the Plan or the Grant Agreement will be final and absolute, unless determined otherwise by the Board of Directors.
- 3.7 Subject to the Company's Articles of Association and the Company's decision, and subject to all of the certificates required under applicable law, including the Companies Law, each member of the Board of Directors or Committee will be indemnified, will not be held personally liable, and will not be liable in any way, for a reasonable expense that they incur (including reasonable consultation expenses) in connection with actions that were taken by them or that they refrain from doing in connection with the Plan, unless such actions were taken fraudulently or in bad faith, up to the amount that is determined by applicable law and/or the Company's Articles of Association. Such indemnification will be in addition to the right to indemnification that the member has, if applicable, by virtue of their being a director of the Company or pursuant to the provisions of the Company's Articles of Association, an agreement, a resolution of the general meeting of shareholders, insurance policies, etc.

4. **Determining the Plan Participants**

- 4.1 Among those qualified to participate in the Plan as Participants are Employees and Non-Employees of the Company or of Related Companies, provided that: (1) Employees will only receive 102 Options or Shares; (2) Non-Employees will only receive 3(i) Options; (3) Controlling Shareholders will only receive 3(i) Options.
- 4.2 The granting of an Option to a Participant under this Plan does not entitle the recipient of the Option to, or deprive them from, the right to participate in other allotments by virtue of the Plan or any other incentive plan of the Company or of Related Companies.
- 4.3 Without limiting the foregoing, any grant of an Option to a director and officer of the Company will be required to be approved and implemented in accordance with the provisions of the Companies Law, as in force from time to time, and/or any law that supersedes it.

5. **Determining the type of Options in accordance with Section 102**

- 5.1 The Company can determine the type of Options that will be granted to Employees in accordance with Section 102 as 102 Option with a Trustee or 102 Option without a Trustee.
- 5.2 The granting of 102 Option with a Trustee under this Plan will be subject to the approval of the Plan by the Board of Directors, and will be subject to the Plan's approval by the Tax Authorities.
- 5.3 102 Option with a Trustee can be classified as Capital Gains Options or as Work Income Options.
- 5.4 102 Option with a Trustee with respect to which the Company determined that the tax that will apply will be capital gains tax in accordance with Section 102(b)(2) of the Ordinance will be hereinafter referred to as **“Capital Gains Options”**.

- 5.5 102 Option with a Trustee with respect to which the Company determined that the tax that will apply will be work income tax in accordance with Section 102(b)(1) of the Ordinance will be hereinafter referred to as **“Work Income Options”**.
- 5.6 The Company’s choice with respect to the type of 102 Option with a Trustee as a Capital Gains Option or as a Work Income Option (hereinafter, the **“Choice”**) will be submitted as required to the Tax Authorities before the Grant Date. The Choice will enter into force as of the first Grant Date and will remain in force at least until the end of the year after the year in which the Company granted a 102 Option with a Trustee for the first time. The Choice will only require the Company to grant the 102 Options with a Trustee that it chooses, and it will apply to all of the Participants who receive 102 Options with a Trustee in the course of the aforementioned period of time, and all in accordance with Section 102(g) of the Ordinance.
- 5.7 All of the 102 Options with a Trustee will be held in trust by a Trustee, as described in Section 6 below.
- 5.8 For the avoidance of doubt, the determination of the type of 102 Option with a Trustee or 102 Option without a Trustee will be subject to the conditions of Section 102 of the Ordinance.
- 5.9 In case of 102 Options with a Trustee, the terms of the Plan and/or Grant Agreement will be subject to the terms of Section 102 of the Ordinance and the approval of the Tax Authorities, and those terms and approval will be an integral part of the Plan and the Grant Agreement. All of the conditions of Section 102 and/or the approval as stated, which are necessary for obtaining and/or maintaining special tax benefits in accordance with Section 102 of the Ordinance, and which are not expressly stated in the Plan or Grant Agreement, will be regarded as applicable to and binding on the Company and the Participants.

6. **Trustee**

- 6.1 102 Options with a Trustee that are granted pursuant to the Plan and/or Shares that are issued pursuant to the exercise of 102 Options with a Trustee will be allotted or issued in the name of the Trustee and held by them in the course of the period of time that is set forth and required under Section 102 and/or any law and/or regulations and special rules that are enacted pursuant thereto (hereinafter, the **“Block Period”**). If the conditions for granting 102 Options with a Trustee are not fulfilled, then the 102 Options with a Trustee that were granted might be regarded as 102 Option without a Trustee, all in accordance with the conditions of Section 102.
- 6.2 The Trustee will not provide the Participant with Shares that were allotted as a result of the exercise of 102 Options with a Trustee before the full payment of the tax liability that stems from the 102 Options with a Trustee that were granted to the Participant.

- 6.3 With regard to 102 Options with a Trustee and Shares issued pursuant to the exercise of such 102 Options with a Trustee, subject to the conditions of Section 102 of the Ordinance, a Participant will not sell or transfer Options or Shares from the Trustee until the lapse of the Block Period that is required pursuant to Section 102 of the Ordinance. Notwithstanding the foregoing, if such a sale or transfer takes place within the Block Period, the sanctions under Section 102 of the Ordinance will apply to the Participant, and the Participant will pay the tax payable pursuant to the provisions of Section 102 of the Ordinance.
- 6.4 Upon receiving a 102 Option with a Trustee, the Participant will sign an undertaking to release the Trustee from any liability for actions or decisions that were made in good faith in connection with the Plan, or for any 102 Option with a Trustee that was granted to them. Further, by executing the Grant Agreement, the Participant releases the Company from any liability for the Trustee's actions.

7. **Reserved Shares, restrictions**

- 7.1 The aggregate number of Shares reserved for issuance under the Plan shall not exceed 15% of the issued and outstanding Shares as at the Grant Date (on a non-diluted basis). Any issuance of Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Shares available for Options grants under the Plan. No Option may be granted if such grant would have the effect of causing the total number of Shares subject to Options to exceed the above-noted total percentage of Shares reserved for issuance pursuant to the exercise of Options.
- 7.2 While the Shares are listed for trading on the TSX, subject to the rules of the TSX, if Options granted under this Plan expire, terminate or cease to be exercisable without having been exercised in full, the Shares which were reserved for issue pursuant to such Options but which were not issued become available for issue pursuant to the exercise of other Options under the Plan.
- 7.3 While the Shares are listed for trading on the TSX, notwithstanding the foregoing, the number of Shares: (a) issued to Insiders within any one year period, and (b) issuable to Insiders, at any time, under the Plan, when combined with all of the Company's other security-based compensation arrangements, must not exceed 10% of the Shares as at the applicable Grant Date.
- 7.4 The granting of an Option to a Participant under the Plan will be pursuant to a written Grant Agreement between the Company and the Participant in the form approved by the Board of Directors pursuant to the recommendation of the Committee, as provided from time to time. Each Grant Agreement will state, *inter alia*, the number of Shares issuable from the exercise of the Option, the type of Option granted (e.g., Capital Gains Option, Work Income Option, 102 Option without a Trustee, or Option 3(i)), the Grant Date, the Exercise Price, the expiry date of the Option and other terms as determined by the Committee or Board of Directors, provided that they are in compliance with the terms of the Plan.

8. **Exercise Price**

- 8.1 The Exercise Price of each Option will be determined by the Board of Directors at its sole discretion and in accordance with the provisions of applicable law, and subject to the guidelines of the Committee as provided from time to time, provided that while the Shares are listed for trading on the TSX, the Exercise Price cannot be lower than the Market Value on the Grant Date.
- 8.2 The Exercise Price will be paid by the holder of the exercised Option in a way that is determined by the Board of Directors, including by means of cash or check, and in the currency determined by the Board of Directors.
- 8.3 Without limiting the generality of the foregoing, and subject to the payment of applicable tax by the Participant, the Board of Directors will have the authority to accelerate the Vesting Date of any Options or to require the exercise the Options, in whole or in part, on a “cashless” basis, pursuant to which the Participant will be entitled to receive Shares that reflect the “in the money” amount of the Options that are exercised in accordance with the formula below.

For the avoidance of doubt, it is hereby clarified that, according to this exercise method, the Options can only be exercised into the number of Shares that reflects the “in the money” amount of the Options.

The number of Shares that will be issued to a Participant using the “cashless” method will be determined according to the following formula:

$$X = \frac{Y(A - B)}{A - N}$$

Y = The number of exercisable Options, subject to the adjustments that are set forth in the Plan.

A = The Market Value of each Share on the exercise date.

B = The Exercise Price of the Option exercised, subject to the adjustments set forth in the Plan.

N = The par value of each Share (which shall be 0 unless otherwise noted in the Articles of Association of the Company).

9. Adjustments

Upon each of the following events, the Options granted under the Plan will be subject to the following adjustments:

- 9.1 In case of a Transaction, each Option granted under the Plan that is yet to be exercised will be replaced by, or converted into, options of the Purchasing Company (or a parent company or a subsidiary of the Purchasing Company) with an Exercise Price that will be suitably adjusted so as to reflect the economic outcome of the Transaction, and all of the other conditions of the Grant Agreement will remain in force or amended, as determined by the Board of Directors, whose decision will be exclusive and final. The Company will inform the Participant of the Transaction in a manner and form that will be deemed appropriate by the Board of Directors at least ten (10) days before the closing of the Transaction.
- 9.2 Notwithstanding the foregoing and subject to the provisions of applicable law, the Board of Directors will have the discretion to determine, with respect of any Grant Agreement, that the Grant Agreement contain a provision that states that if, upon the occurrence of the Transaction, the Purchasing Company (or a parent company or a subsidiary of the Purchasing Company) does not agree to convert or replace the Options outstanding but not yet exercised as of the closing of the Transaction, the Vesting Date of the Options may be accelerated to allow the Participant to exercise those Options ten (10) days prior to the closing of the Transaction.
- 9.3 For the purpose of Section 9.1 above, an Option will be regarded as replaced or converted if, following the Transaction, the Option grants the Participant the right to purchase or receive the consideration (shares, options, cash, other securities or any other asset) received as a result of the Transaction by the shareholders of the Company with respect to any Share held on the closing date of the Transaction by such shareholders (and, if such shareholders are given a choice with respect to the consideration, the type of consideration chosen by the holders of the majority of Shares); provided that, if such consideration is received in case of a Transaction is not only given in the form of ordinary shares (or the equivalent thereof) of the Purchasing Company (or a parent company or a subsidiary thereof), the Board of Directors may, after receiving the consent of the Purchasing Company, determine that the consideration that is received upon the exercise of the Option will only consist of ordinary shares (or the equivalent thereof) of the Purchasing Company (or the parent company or its subsidiary), whose market price is equal to the price of the Share received by the holders of the majority of the Shares involved in the Transaction; and provided that the Board of Directors may determine, at its discretion, that, in such cases of replacement or conversion of Options with options of the Purchasing Company, such Options will be replaced with any type of any other asset, including cash, in a manner that is fair under the circumstances.

- 9.4 If it is decided to voluntarily liquidate the Company when Options remain issued and outstanding, the Company will inform all of the Participants of the aforementioned decision, and each Participant will have ten (10) days to exercise any vested Options that have yet to be exercised, in accordance with the exercise process that is described in the Plan. Upon the lapse of those ten (10) days, all the Options that have yet to be exercised will expire without the possibility of any future exercise.
- 9.5 In any event where changes occur to the issued share capital of the Company by way of a share dividend, share splitting, consolidation or replacement, changes to the Company's capital structure or any similar events, the number and type of Shares that can be allotted under the Plan and/or the number and type of Shares that will be derived from the exercise of the Options will be adjusted, and the Exercise Price will be adjusted accordingly so as to proportionally preserve the economic interest underlying the Options.
- 9.6 If the Company offers its shareholders securities of any kind by way of issuing rights of the Company, no adjustment will be made to the Options on account of those rights.

10. **Terms of Options and exercising Options**

- 10.1 If a Participant wishes to exercise an Option that they own, they will notify the Company or a representative thereof in writing, in the form and manner determined by the Company, and, as needed, by the Trustee in accordance with the requirements of Section 102. The exercise of the Option will be in force upon the receipt of the exercise notice by the Company and/or a representative thereof and the payment of the Exercise Price by the Participant. In the Option exercise notice, the Participant will state the number of Options that the Participant wishes to exercise. In addition, the Participant shall include in the notice all of the other documents that the Participant is required to execute and requested by the Company.

- 10.2 The Option will expire if it is not exercised on such date that is the earlier of the following: (i) the expiry date noted in the Grant Agreement, provided that the period of time for the aforementioned exercise does not exceed 12 years as of the Grant Date; and (ii) its expiry pursuant to Section 10.5.
- 10.3 The Options or any part thereof will be exercisable by the Participant in full, at any time, from time to time, upon their vesting in accordance with the applicable Grant Agreement, and before their expiry date, provided that, subject to the conditions of Section 10.5 below, the Participant is an Employee or Non-Employee during the period of time that begins upon the Grant Date of the Options exercised and the exercise date.
- 10.4 Subject to Section 10.5, if the Participant ceases to be an Employee or a Non-Employee, all of the Options held by the Participant will expire in accordance with Section 10.5. Notice of the termination of labor relations or the provision of services will be regarded as the termination of such a relationship. For the avoidance of doubt, in the event where a labor relationship or service provision is terminated, the Options that are not yet vested that are held by such Participant will not be exercisable, unless otherwise determined by Board of Directors in its sole and absolute discretion.
- 10.5 Notwithstanding the foregoing, and unless otherwise stated in the Grant Agreement, a Participant may exercise an Option on a date that falls after the termination of the employer-employee or service provision relationship, but only with respect to Options that vested on or prior to the date on which the relationship was terminated, in accordance with the Grant Agreement, and all in accordance with the following:
- (1) If the relationship was terminated without a Reason, the Participant will have the right to exercise the vested and not expired Options held for three (3) months after the end of the relationship.
 - (2) If the relationship ended as a result of the Participant's death or disability, the Participant or their legal heirs will have the right to exercise the vested and not expired Options held for three (3) months after the end of the relationship.
 - (3) The Board of Directors may approve to extend the three (3) month period of time by a period of time that will not exceed the original expiry date of the Option, and all subject to the provisions of Section 102 of the Ordinance.

For the avoidance of doubt, if the relationship was terminated for a Reason, the Options held by the Participant will expire upon the termination date (whether or not the Participant, on the date of the relationship's termination, was entitled to exercise some of the Options) and the Participant will have no rights in connection with such Options.

- 10.6 A Grant Agreement may include additional conditions, which conditions shall be applicable to the Options contained therein.
- 10.7 With regard to 102 Options without a Trustee, upon the termination of the relationship with the Company or Related Companies and the Participant, the Participant shall provide the Company with collateral or a guarantee for the payment of the tax that applies on the date of the sale of the Shares, all in accordance with Section 102 of the Ordinance. If the Participant fails to provide such collateral, the Options will expire.
- 10.8 Options shall be exercisable only by the Participant during his or her lifetime and shall not be assignable or transferable other than by will or by the laws of descent and distribution following the Participant's death.

11. **Plan Period**

The Plan will enter into force upon its adoption by the Company's Board of Directors, and will expire ten (10) years after its adoption, subject to any applicable laws and rules of any stock exchange.

12. **Changes to or termination of the Plan**

- 12.1 Subject to applicable laws and rules of any stock exchange, at any time, and, as the case may be after consulting the Trustee, the Board of Directors may amend, change, suspend or terminate the Plan without seeking shareholder approval, unless the amendment is specifically prohibited by the TSX Company Manual, or the TSX does not permit a security based compensation arrangement to give a board of directors discretion to make such amendment without shareholder approval. Such amendments, changes, suspensions or termination will not derogate from the rights of any Participant, unless otherwise agreed to in writing by the Participant and the Company. The termination of the Plan will not derogate from the rights of the Committee to exercise the powers entrusted to it under the Plan, with respect to Options that were granted under the Plan before its termination.
- 12.2 Without limiting the generality of the foregoing, the Board of Directors may make the following types of amendments to the Plan without seeking shareholder approval (unless and to the extent prohibited by applicable laws or the rules of any stock exchange):
- (1) amendments of a "housekeeping" nature, which include amendments to eliminate any ambiguity or correct or supplement any provision contained herein;
 - (2) amendments respecting the administration of the Plan;

- (3) changes to the vesting provisions of any Option;
- (4) changing the termination provisions of any Option (provided that the period during which an Option is exercisable does not exceed 12 years from the date the option is granted and that such option is not held by an Insider);
- (5) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; and
- (6) changes to the class of Participants eligible to participate under the Plan.

Notwithstanding the foregoing, shareholder approval will be required in the case of: (i) any amendment to the amendment provisions of the Plan; (ii) any increase in the maximum number of Shares issuable under the Plan; (iii) any reduction in the exercise price or extension of the option period benefiting a Participant; and (iv) while any Shares are listed for trading on the TSX, any amendment to remove or exceed the insider participation limit (as set out in Section 7.3 of the Plan and defined in Part I of the TSX Company Manual), in addition to such other matters that may require shareholder approval under applicable law and the rules of any stock exchange.

13. Applicable rules

The Plan and the granting and exercise of Options hereunder, and the Company's undertaking to issue Shares upon the exercise of the Options, will be subject to all of the applicable laws, regulations and rules of the State of Israel, Canada or the United States or any other country that has jurisdiction over the Company and the Participant, including the registration of the Shares in accordance with the United States Securities Act of 1933, the rules of the TSX, applicable Canadian provincial and territorial securities laws, the Ordinance and the certificates issued by government ministries or stock exchanges, as required. Nothing contained in this Plan shall require the Company to register the Shares in any jurisdiction.

14. Continued employment

No provision of this Plan and the Grant Agreement with a Participant may be interpreted as an undertaking and/or consent on the part of the Company and/or any Related Company to continue to employ the Participant, and no provision of the Grant Agreement and/or Plan may be interpreted as granting the Participant any right to continue to be employed by or to provide services to the Company and/or a Related Company, or as restricting the right of the Company and/or a Related Company to terminate the employment of any Participant at any time.

15. **Applicable law and jurisdiction**

The Plan will be managed, interpreted and enforced in accordance with the laws of the State of Israel that apply to agreements that were made therein, regardless of choice of law principles. The exclusive jurisdiction under this Plan will be entrusted to the competent courts in Tel Aviv, Israel.

16. **Taxation and other arrangements that pertain to the issuance of Shares to the Participant**

16.1 The Participant will exclusively incur all of the tax liabilities that are derived from the allotment, granting and exercise of Options and the transfer of and payment for Exercise Price pursuant to the exercise of Options or any other act (of the Company and/or Related Companies and/or the Trustee and/or the Participant). The Company and/or Related Companies and/or the Trustee will deduct, in accordance with applicable law, regulations and rules, all taxes, including withholding taxes. The Participant agrees to indemnify the Company and/or Related Companies and/or the Trustee for and to exempt them from any liability with respect to the payment of such taxes, interest and fines, as well as any other payments, including charges that originate in the need to withhold tax or the failure to withhold tax with respect to any payment that was transferred to the Participant.

16.2 The Company and/or the Trustee, as the case may be, will not transfer Share certificates to the Participant until all of the aforementioned compulsory payments are paid in full.

17. **The Plan's non-exclusivity**

The adoption of the Plan by the Board of Directors will not be interpreted as amending, changing or canceling any incentivizing arrangement that was approved beforehand or as restricting the Board of Director's authority to adopt other incentivizing arrangements as it deems fit, including the granting of additional options not under the Plan, and those arrangements can apply generally or in certain cases.

For the avoidance of doubt, any previous granting of Options to Participants in the framework of their employment agreements and not in the framework of a previous option plan will not be regarded as approved incentivizing arrangements for the purposes of this Section.

18. **Multiple agreements**

The terms of each Option may differ from those of other Options that are granted under the Plan. The Board of Directors may grant more than one Option to any Participant, whether in addition to or as an alternative to one or more Options that were granted to that Participant.



Appointment of Proxyholder – Form of Proxy

I/We, being holder(s) of ordinary shares (the "Shares") of InterCure Ltd., (the "Company"), hereby appoint: Alexander Rabinovitch, Chief Executive Officer of the Company, or failing him, and Amos Cohen, Chief Financial Officer of the Company, OR

Print the name of the person you are appointing if this person is someone other than the individuals listed above

as proxy of the undersigned, to attend, act and vote on behalf of the undersigned in accordance with the below direction (or if no directions have been given, as the proxy sees fit) on all the following matters and any other matter that may properly come before the Annual and Special Meeting of Shareholders (the "Holders") of the Company to be held at 3:00 pm (Israel Time) on September 15, 2022 (the "Meeting") to be held at 7 Metsada st., B.S.R. Tower 4, Bnei Brak, Israel and at any and all adjournments or postponements thereof in the same manner, to the same extent and with the same powers as if the undersigned were personally present, with full power of substitution.

Management recommends voting FOR the following Resolutions. Please use a dark black pencil or pen.

1. Election of Directors. To elect members of the board of directors of the Company (the "Board"):

- | | | | |
|--------------------------|------------------------------|----------------------------------|----------------------------------|
| 1. Ehud Barak | <input type="checkbox"/> FOR | <input type="checkbox"/> AGAINST | <input type="checkbox"/> ABSTAIN |
| 2. Alexander Rabinovitch | <input type="checkbox"/> FOR | <input type="checkbox"/> AGAINST | <input type="checkbox"/> ABSTAIN |
| 3. David Salton | <input type="checkbox"/> FOR | <input type="checkbox"/> AGAINST | <input type="checkbox"/> ABSTAIN |
| 4. Alon Granot | <input type="checkbox"/> FOR | <input type="checkbox"/> AGAINST | <input type="checkbox"/> ABSTAIN |

2. Are you a controlling shareholder of the Company, or do you have a personal interest in the approval of any director's re-election other than a personal interest unrelated to relationships with a controlling shareholder of the Company? Please note: If you do not mark either Yes or No, your shares will not be voted for this proposal.

- | | | |
|--------------------------|------------------------------|-----------------------------|
| 1. Ehud Barak | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 2. Alexander Rabinovitch | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 3. David Salton | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 4. Alon Granot | <input type="checkbox"/> YES | <input type="checkbox"/> NO |

3. Option Plan Resolution. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the adoption of the Company's Israeli Option Plan (the "Option Plan Resolution").

☐ FOR ☐ AGAINST ☐ ABSTAIN

4. Are you a controlling shareholder of the Company, or do you have a personal interest in the approval of the Option Plan Resolution other than a personal interest unrelated to relationships with a controlling shareholder of the Company? Please note: If you do not mark either Yes or No, your shares will not be voted for this proposal.

☐ YES ☐ NO

5. Extension Resolution. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the extension of the exercise period of options granted to the Chairman of the Board for a period of three (3) years so that they may be exercised at any time until December 31, 2026 (the "Extension Resolution").

☐ FOR ☐ AGAINST ☐ ABSTAIN



6. Are you a controlling shareholder of the Company, or do you have a personal interest in the approval of the Extension Resolution other than a personal interest unrelated to relationships with a controlling shareholder of the Company? Please note: If you do not mark either Yes or No, your shares will not be voted for this proposal.

☐ YES ☐ NO

7. August Option Grant Resolution. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the options granted on August 31, 2021 (the "August Option Grant Resolution").

☐ FOR ☐ AGAINST ☐ ABSTAIN

8. Are you a controlling shareholder of the Company, or do you have a personal interest in the approval of the August Option Grant Resolution other than a personal interest unrelated to relationships with a controlling shareholder of the Company? Please note: If you do not mark either Yes or No, your shares will not be voted for this proposal.

☐ YES ☐ NO

9. CEO Option Grant Resolution. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the options granted to the Chief Executive Officer of the Company on June 21, 2022 (the "CEO Option Grant Resolution").

☐ FOR ☐ AGAINST ☐ ABSTAIN

10. Are you a controlling shareholder of the Company, or do you have a personal interest in the approval of the CEO Option Grant Resolution other than a personal interest unrelated to relationships with a controlling shareholder of the Company? Please note: If you do not mark either Yes or No, your shares will not be voted for this proposal.

☐ YES ☐ NO

11. CEO Compensation Resolution. To consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to affirm, ratify and approve the compensation increase for the Chief Executive Officer of the Company (the "CEO Compensation Resolution").

☐ FOR ☐ AGAINST ☐ ABSTAIN

12. Are you a controlling shareholder of the Company, or do you have a personal interest in the approval of the CEO Compensation Resolution other than a personal interest unrelated to relationships with a controlling shareholder of the Company? Please note: If you do not mark either Yes or No, your shares will not be voted for this proposal.

☐ YES ☐ NO

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted FOR a matter by Management's appointees or, if you appoint another proxyholder, as that other proxyholder sees fit. On any amendments or variations proposed or any new business properly submitted before the Meeting, I/We authorize you to vote as you see fit.**

Signature(s)

Date

Please sign exactly as your name(s) appear on this proxy. Please see reverse for instructions. All proxies must be received by 3:00 p.m. (Israel time), on Tuesday, September 13, 2022

Form of Proxy – Annual Meeting of Shareholders of InterCure Ltd., to be held on September 15, 2022 (the "Meeting")

Notes to Proxy

1. This proxy must be signed by a Holder or his or her attorney duly authorized in writing. If you are an individual, please sign exactly as your name appears on this proxy. If the Holder is a corporation, a duly authorized officer or attorney of the corporation must sign this proxy, and if the corporation has a corporate seal, its corporate seal should be affixed.

2. If the securities are registered in the name of an executor, administrator or trustee, please sign exactly as your name appears on this proxy. If the securities are registered in the name of a deceased or other holder, the proxy must be signed by the legal representative with his or her name printed below his or her signature, and evidence of authority to sign on behalf of the deceased or other holder must be attached to this proxy.

3. Some Holders may own securities as both a registered and a beneficial Holder; in which case you may receive more than one Circular and will need to vote separately as a registered and beneficial Holder. Beneficial Holders may be forwarded either a form of proxy already signed by the intermediary or a voting instruction form to allow them to direct the voting of securities they beneficially own. Beneficial Holders should follow instructions for voting conveyed to them by their intermediaries.

4. If a security is held by two or more individuals, any one of them present or represented by proxy at the Meeting may, in the absence of the other or others, vote at the Meeting. However, if one or more of them are present or represented by proxy, they must vote together the number of securities indicated on the proxy.

All Holders should refer to the Circular for further information regarding completion and use of this proxy and other information pertaining to the Meeting.

This proxy is solicited by and on behalf of Management of the Company.

How to Vote

For Shareholders Who Hold Shares in Canada or the United States:

INTERNET

- Go to www.tsxtrust.com/vote-proxy
- Cast your vote online
- View Meeting documents

TELEPHONE

Use any touch-tone phone, call toll free in Canada and United States
1-888-489-5760 and follow the voice instructions

To vote using your smartphone, please scan this QR Code



To vote by telephone or Internet you will need your 13 digit control number located on this proxy. If you vote by Internet or telephone, do not return this proxy.

MAIL, FAX or EMAIL

- Complete and return your signed proxy in the envelope provided or send to:

TSX Trust Company
c/o Proxy Department
P.O. Box 721
Agincourt, ON M1S 0A1

- You may alternatively fax your proxy to 416-368-2502 or toll free in Canada and United States to 1-866-781-3111 or scan and email to proxyvote@tmx.com

An undated proxy is deemed to be dated on the day it was received by TSX Trust Company.

For Shareholders Who Hold Shares in Israel:

INTERNET

- Go to <https://votes.isa.gov.il/>
- Cast your vote online

MAIL

- Complete and return your signed proxy to:

InterCure Ltd.
85 Medinat ha-Yehudim Street
Herzliya, 676670, Israel
Attention: Chief Executive Officer

All proxies must be received by 3:00 p.m. (Israeli Time) on Tuesday, September 13, 2022.

Intercure Ltd.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As Of June 30, 2022

(Unaudited)

Intercure Ltd.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As Of June 30, 2022

(Unaudited)

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Condensed Consolidated Interim Statements of Financial Position

		June 30	December 31
		2022	2021
	Note	NIS in thousands	
<u>Current assets</u>			
Cash and cash equivalents		221,267	196,217
Restricted cash		24,030	21,083
Trade receivables		26,681	17,407
Other receivables		46,355	33,244
Inventory	5	90,799	62,313
Biological assets	6	7,956	5,566
Financial assets measured at fair value through profit or loss	7	250	330
		417,338	336,160
<u>Non-current assets</u>			
Property, plant and equipment and right-of-use asset		92,679	86,509
Goodwill		278,673	*268,291
Deferred tax assets		1,809	3,020
Financial assets measured at fair value through profit or loss		2,565	2,565
		375,726	360,385
Total assets		793,064	696,545

* Immaterial adjustment of comparative data, see Note 2 (2)

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

Condensed Consolidated Interim Statements of Financial Position

	June 30	December 31
	2022	2021
Current liabilities		
Short term loan and current maturities	92,212	70,559
Trade payables	83,837	64,474
Other payables	25,442	41,050
Contingent consideration	19,662	15,780
Short term loan from non- controlling interest	1,742	1,722
	222,895	193,585
Non-current liabilities		
Borrowings	47,438	11,877
Liabilities in respect of employee benefits	588	224
Loan from related party	-	76
Lease liability	20,052	21,371
	68,078	33,548
Total liabilities	290,973	227,133
Equity		
Share capital, premium and other reserves	625,559	623,567
Capital reserve for transactions with controlling shareholder	2,388	2,388
Receipts on account of shares	8,541	8,541
Accumulated losses	(157,456)	(186,468)
Equity attributable to owners of the Company	479,032	448,028
Non-controlling interests	23,059	*21,384
Total equity	502,091	469,412
Total equity and liabilities	793,064	696,545

* Immaterial adjustment of comparative data, see Note 2 (2)

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

Condensed Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income

	Note	Six months ended June 30,		Three months ended June 30,		Year ended December 31
		2022	2021	2022	2021	2021
		NIS in thousands				
Revenue		182,506	78,281	95,277	45,230	219,677
Cost of revenue before fair value adjustments		105,107	43,587	53,735	25,962	123,688
Gross income before impact of changes in fair value		77,399	34,694	41,542	19,268	95,989
Unrealized changes to fair value adjustments of biological assets		7,881	2,445	3,026	1,752	6,574
Loss from fair value changes realized in the current year		2,270	2,430	942	1,072	11,432
Gross Profit		83,010	34,709	43,626	19,948	91,131
Research and development expenses		338	717	176	356	1,235
General and administrative expenses		16,958	7,773	8,650	4,497	27,206
Selling and marketing expenses		24,112	8,423	14,282	4,854	23,214
Other expenses (income), net		1,124	(290)	929	(290)	2,971
Changes in the fair value of financial assets through loss or (profit), net.		123	(326)	73	(162)	1,868
Share based payments		2,441	3,818	1,590	1,814	6,452
Operating Profit		37,914	14,594	17,926	8,879	28,185
Financing expenses		6,099	492	3,805	403	9,581
Financing income		8,805	-	7,092	-	130
Profit before tax on income		40,620	14,102	21,213	8,476	18,734
Tax on income		(10,445)	(4,309)	(5,737)	(2,538)	(11,441)
Total comprehensive Profit		30,175	9,793	15,476	5,938	7,293
Attribution of net profit for the quarterly:						
To the Company's shareholders		29,012	9,405	15,638	6,192	4,690
To non-controlling interests		1,163	388	(162)	(254)	2,603
Total		30,175	9,793	15,476	5,938	7,293
Profit per share						
Basic Profit *		0.64	0.29	0.35	0.14	0.12
Diluted Profit *		0.64	0.24	0.34	0.12	0.11

* Immaterial adjustment of comparative data, see Note 2 (2)

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

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital, premium and other reserves	Capital reserve for transactions with controlling shareholder	Receipts on account of shares	Accumulated losses	Equity attributable to owners of the Company	Non- controlling interests	Total equity
	NIS in thousands						
As of January 1, 2022	623,567	2,388	8,541	(186,468)	448,028	21,384	469,412
Profit for the period	-	-	-	29,012	29,012	1,163	30,175
Issuance of shares for the acquisitions	-	-	-	-	-	512	512
Settlement in cash of an obligation to issue shares	(449)	-	-	-	(449)	-	(449)
Share-based payment	2,441	-	-	-	2,441	-	2,441
As of June 30, 2022	625,559	2,388	8,541	(157,456)	479,032	23,059	502,091
As of January 1, 2021	452,259	2,388	11,017	(191,158)	274,506	17,603	292,109
Profit for the period	-	-	-	9,405	9,405	388	9,793
Exercise of share options	3,551	-	(749)	-	2,802	-	2,803
Share-based payment	3,818	-	-	-	3,818	-	3,818
Issuance of shares, net of issuance costs	135,997	-	-	-	135,997	-	135,997
As of June 30, 2021	595,625	2,388	10,268	(181,753)	426,528	17,991	444,519

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

Condensed Consolidated Interim Statements of Cash Flows

	Six months ended June 30,	
	2022	2021
	NIS in thousands	
Cash flows from operating activities		
Profit for the period	30,175	9,793
Interest paid	(7,525)	(695)
Taxes on income paid	(5,517)	(1,038)
Adjustments required to present cash flows from operating activities (A)	(14,132)	1,648
Net cash provided by operating activities	3,001	9,708
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,912)	(4,499)
Grant of loan	(17,007)	(2,129)
Acquisition of Subsidiary and activities, net of cash acquired	1,760	(12,272)
Settlement in cash of an obligation to issue shares	(449)	-
Investment in assets measured at fair value through profit or loss	-	-
Restricted cash due to share issue	-	-
Increase in deposit	(1,651)	(11)
Payment for contingent consideration	(4,168)	-
Payment to payables for investment	(10,365)	-
Net cash used in investing activities	(42,792)	(18,911)
Cash flows from financing activities		
Exercise of share options	-	2,802
Lease payments	(1,097)	(340)
Receipt of loans from banks	120,910	-
Repayment of loans from banks	(63,825)	41,200
Receipt of loan to related party and controlling shareholder	158	244
repayment of loan from related party and controlling shareholder	(239)	(936)
Payment of Contingent consideration	285	-
Proceeds from issuance of shares as part of private issuance, net	-	128,221
Net cash provided by financing activities	56,192	171,191
Increase in cash and cash equivalents	16,401	161,988
Exchange differences in respect of balances of cash and cash equivalents	8,649	393
Balance of cash and cash equivalents at beginning of year	195,272	37,888
Balance of cash and cash equivalents at end of year	220,322	200,269

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

Condensed Consolidated Interim Statements of Cash Flows

	Six months ended June 30,	
	2022	2021
	NIS in thousands	
A) Adjustments required to present cash flows from operating activities		
Adjustments to items in the consolidated statement of comprehensive income:		
Depreciation	4,629	2,501
share-based payment	2,441	3,818
Changes in the fair value of financial assets through profit or loss, net	127	(326)
Finance expenses (income), net	(2,706)	493
Change in liabilities in respect of employee benefits, net	364	-
Contingent consideration	827	
Expenses (Income) tax	10,445	4,309
	16,127	10,795
Changes in assets and liabilities items:		
Decrease (increase) in trade receivables	(8,684)	3,073
Decrease (increase) in other receivables	4,506	(1,451)
Increase in inventory	(27,175)	(5,344)
Increase in biological assets	(2,390)	(80)
Increase (decrease) in trade payables	17,186	(11,492)
Increase (decrease) in other payables	(13,702)	6,147
	(30,259)	(9,147)
	(14,132)	1,648

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

Notes to Condensed Consolidated Interim Financial Statements

Note 1 - GeneralA. The Company's activity

Intercure Ltd. (hereinafter: the "Company") is a public company which is listed on the Tel Aviv Stock Exchange, Toronto Stock Exchange and Nasdaq, domiciled in Israel. Its offices are located in Herzliya. The Company is engaged in the medical cannabis sector mainly through its holdings of the entire issued and paid-up capital of Canndoc Ltd. (hereinafter: "Canndoc"), the entire issued and paid-up capital of Pharmazone Ltd. (hereinafter: "Pharmazone") and through its 50.1% stake in the issued and paid-in capital of Cannolam Ltd, The Company also has additional holdings in the biomed sector.

During 2022, the Company engaged in 3 agreements for the acquisition of pharmacies. See note 3A.

Investments in the biomed sector:

The Company invested in three companies in the biomed sector: Regenera Pharma Ltd. (hereinafter: "Regenera"), NovellusDX Ltd. (hereinafter: "Novellus") and Cavnex Ltd. (hereinafter: "Cavnex"). For additional details regarding investments in the biomed sector, see Note 7.

B. 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.

Note 2 - Significant Accounting Policies1. Basis of Preparation of the financial statements

The Group's condensed consolidated financial statements (hereinafter: the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (hereinafter: "IAS 34").

These financial statements have been prepared in a condensed format as of June 30, 2022, and for the six months then ended ("condensed consolidated interim financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2021 and accompanying notes ("annual consolidated financial statements").

Notes to Condensed Consolidated Interim Financial Statements

Note 2 - Significant Accounting Policies (Cont'd)

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on August 15, 2022.

2. Immaterial adjustment of comparative data

Subsequent to release of the Company's annual consolidated financial statements and prior to the release date of these interim condensed consolidated financial, an error was discovered in the accounting treatment of Non-controlling interests.

The Company examined the materiality of the error that was discovered in its financial statements with respect to the relevant reporting periods, and after examining the quantitative and qualitative parameters it reached the conclusion that the aforesaid error has no effect on how the users of the consolidated financial statements make economic decisions and/or analyze the aforesaid financial statements. Therefore, the error is not a material error that requires issuing revised consolidated financial statements of the Group.

Presented hereunder are the effects of the correction, which was included in the comparative data in these interim financial statements by marking the corrected items with "immaterial adjustment".

(1) Effect of the correction on the statement of financial position

	December 31, 2021		
	As presented in the past	Effect of correction	As presented in these financial statements
	NIS thousands	NIS thousands	NIS thousands
Goodwill	258,070	10,221	268,291
Non-controlling interests	11,163	10,221	21,384

Note 3 - Transactions and Events During the Reporting Period

A. Acquisitions:

On January 19, 2022, the Company engaged in an agreement to purchase 51% of "Orni" pharmacy located in Tel Aviv.

On February 5, 2022, the Company engaged in an agreement to purchase 100% of "Maayan Haim" pharmacy located in Ashdod.

On April 24, 2022, the Company engaged in an agreement to purchase 51% of "Amidar" pharmacy located in Naharia.

On May 15, 2022, the Company opened a pharmacy in Vienna, Austria.

The acquisitions were for immaterial consideration which was recorded as provisional.

Notes to Condensed Consolidated Interim Financial Statements

Note 3 - Transactions and Events During the Reporting Period (Cont'd)

Amounts recognized on the acquisition date in respect of assets and liabilities:

	NIS in thousands
Cash and cash equivalents	1,760
Restricted cash	-
Trade and other receivables	1,250
Deferred tax assets	-
Inventory	1,311
Property, plant and equipment and right-of-use asset	62
Goodwill	150
Short term loans	-
Current maturities	(67)
Trade and other payable	(2,827)
Financial liabilities	-
Loan from non-controlling interest	(92)
Liabilities in respect of employee benefits	-
Lease liability	-
Total identifiable net assets	1,547

- B. During the reporting period, the Company borrowed loans in an aggregate amount of NIS 63 million for periods of 4-5 years at interest rates ranging from Prime +1.97% to Prime +2.05%.
- C. On February 16, 2022, the Company engaged in an agreement with Cann Pharmaceutical Ltd. ("Better"), a Israeli medical cannabis multi-national operator known as "Better" to acquire 100% of Better's shares, which includes "Better's" unique strains, cultivation site, intellectual property, and commercial operations in Israel as well it's international activities. Purchase price of USD 35 million: paid with InterCure shares at the valuation of USD 10 per share. The acquisition closing is subject to customary closing conditions as well as specific approvals of the Israel Medical Cannabis Agency (IMCA), the Toronto Stock Exchange (TSX), as well as the approval of the court in Israel.
- D. On March 1, 2022, the company signed a definitive agreement (hereinafter: "Agreement") with Altman Health LP ("Altman Health"), the market leader of OTC and nutritional supplements in over 1,700 points of sale, including all major pharmacies across Israel. The newly formed company will focus 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 Dangerous Drugs Act.

Note 4 - Cultivating Facilities

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. As of the publication date of the report, the suspensory conditions for the fulfillment of the agreement have not yet been met.

Notes to Condensed Consolidated Interim Financial Statements

Note 4 - Cultivating Facilities (Cont'd)

In Kibbutz Beit HaEmek, as of June 30, 2022 the Company had approximately NIS 11 million in Property, plant and equipment, net, in respect of facilities that are used by the activity. Held inventory and biological assets of approximately NIS 1 million, with immaterial amount of liabilities that are directly attributed to the activity. During the reporting period the activity generated revenue of approximately NIS 2 million and generated a net loss of approximately NIS 1 million (30% of these results is attributable to Kibbutz Beit HaEmek).

In Kibbutz Nir-Oz, as of June 30, 2022 the Company had approximately NIS 52 million in Property, plant and equipment, net, in respect of facilities that are used by the activity. Held inventory and biological assets of approximately NIS 7 million, with immaterial amount of liabilities that are directly attributed to the activity.

During the reporting period the activity generated revenue of approximately NIS 8 million and generated a net income of approximately NIS 1 million (26% of these results is attributable to Kibbutz Nir-Oz).

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.

	June 30,	December 31,
	2022	2021
	NIS in thousands	
Finished goods	55,465	39,256
Goods in process and dried inflorescence	35,334	23,057
Total inventory	90,799	62,313

Notes to Condensed Consolidated Interim Financial Statements

Note 6 - Biological Assets:

The Company measured 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:

	June 30, 2022	December 31, 2021
	NIS in thousands	
Balance as of January 1	5,566	3,153
Costs of growing medical cannabis plants	23,075	24,556
Change in fair value less selling costs	7,881	6,574
Transfer to inventory	(28,566)	(28,717)
Balance as of the end of the period	7,956	5,566

Disclosure regarding assumptions which were used to estimate the net fair value of biological assets

A. below are the main assumptions used:

	June 30 2022	December 31 2021
Net growing area (in thousands of square meters)	10.5	10.5
Estimate net yield as of the reporting date (tons) (1)	2.5	1.6
Estimated net selling price (NIS per gram) (2)	17.4	17.4
Estimated growing cycle length (in weeks) (4)	13	13
Estimated growing cycle completion rate (in percent) (5)	26%	29%
Proportion of plants which do not reach the harvesting stage	8%	8%

- (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) The Company's estimate regarding the future ratio of sales
- (4) In accordance with the Company's experience, and according to the strains which exist as of the reporting date
- (5) By planting date vs. growing cycle length

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:

	June 30 2022	December 31 2021
	NIS in thousands	
Change of average selling price	962	673
Change of proportion of oil products	41	50
Change of proportion of plants which do not reach harvest	(64)	(445)

Notes to Condensed Consolidated Interim Financial Statements

Note 7 - Investments in Financial Assets Measured at Fair Value Through Profit or Loss:

- A. As of June 30, 2022 and as of December 31, 2021, the Company holds 3,840,617 shares of XTL Biopharmaceuticals Ltd. (hereinafter: "XTL"), which constitute 0.70% of XTL's issued and paid-up capital.

XTL is a public traded company listed in the Tel-Aviv stock exchange.

On January 19, 2022, the Company engaged in an agreement to purchase 51% of "Orni" pharmacy. As of this date, Orni held an investment in financial assets measured at fair value through profit or loss, in amount of NIS 47 thousand in various tradable stocks.

The fair value of these two financial assets as of the end of the reporting period was estimated based on the quoted share price (level 1).

The fair value and changes in securities which were classified "Financial assets measured at fair value through profit or loss" during the reporting periods was as follows:

	June 30	December 31
	2022	2021
	NIS in thousands	
Balance for the beginning of the period	330	376
Acquisition of subsidiary	47	-
Changes in fair value carried to the statement of income	(127)	(46)
Balance for the end of the period	250	330

- B. 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 are mostly performed using the OPM method.

	June 30	December 31
	2022	2021
	NIS in thousands	
Fair value of the investment in Regenera	-	-
Fair value of the investment in Novellus	1,600	1,600
Fair value of the investment in Cavnex	965	965
	2,565	2,565

Notes to Condensed Consolidated Interim Financial Statements

Note 8 - Operating segment data:

Reconciliation of operating segment data include cancellation of assets of the cannabis segment, addition of the investment in accordance with the equity method, and addition of assets and liabilities which were not attributed to segments.

	NIS in thousands*			
	<u>Cannabis segment</u>	<u>Biomed segment</u>	<u>Reconciliations</u>	<u>Total</u>
Six months ended June 30, 2022				
External revenue	182,506	-	-	182,506
Segment profit (loss)	44,393	(123)	-	44,270
General and administrative expenses not attributable to segments				(5,232)
Other expenses, net				(1,124)
Operating profit				37,914
Segment assets	678,251	2,815	111,998	793,064
Segment liabilities	354,231	-	(63,257)	290,974
Six months ended June 30, 2021				
External revenue	78,281	-	-	78,281
Segment profit	19,279	326	-	19,605
General and administrative expenses not attributable to segments				(5,301)
Other expenses, net				290
Operating profit				14,594
Segment assets	328,129	3,843	256,514	588,486
Segment liabilities	45,824	-	98,144	143,968
Three months ended June 30, 2022				
External revenue	95,277	-	-	95,277
Segment profit (loss)	21,922	(73)	-	21,849
General and administrative expenses not attributable to segments				(2,994)
Other expenses, net				(929)
Operating profit				17,926
Segment assets	74,071	(30)	(24,713)	49,328
Segment liabilities	181,006	-	(149,255)	31,751

Notes to Condensed Consolidated Interim Financial Statements

Note 8 - Operating segment data: (Cont'd)

	NIS in thousands*			
	<u>Cannabis segment</u>	<u>Biomed segment</u>	<u>Reconciliations</u>	<u>Total</u>
Three months ended June 30, 2021				
External revenue	45,230	-	-	45,230
Segment profit	11,127	162	-	11,289
General and administrative expenses not attributable to segments				(2,701)
Other expenses, net				290
Operating Profit				8,878
Segment assets	222,808	162	22,040	245,009
Segment liabilities	5,205	-	94,809	100,013
Year ended December 31, 2021				
External revenue	219,677	-	-	219,677
Segment profit (loss)	44,646	(1,868)	-	42,778
General and administrative expenses not attributable to segments				(11,620)
Other expenses, net				(2,971)
Operating Profit				28,187
Segment assets	551,435	2,895	131,994	686,324
Segment liabilities	132,562	-	94,571	227,133

Note 9 - Subsequent events:

On July 27, 2022, the Company purchase 51% of “Refua Center” pharmacy located in Bnei Brak. The purchase amount is immaterial.



INTERCURE

INTERCURE LTD.

Interim Management Discussion & Analysis
(Unaudited)

For the quarter ended on June 30, 2022

Management's Discussion and Analysis of Intercure

This Management's Discussion and Analysis ("MD&A") is dated August 2022 and provides an analysis of the financial operating results for the quarter ended June 30, 2022. In this MD&A, references to the "Company," "Intercure," and "we," "us," and "our" are intended to refer to the business and operations of Intercure Ltd. and its subsidiaries, unless the context clearly indicates otherwise.

This MD&A should be read in conjunction with the Company's audited quarterly consolidated financial statements and the accompanying notes for the quarter ended June 30 2022 (the "Quarter Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS")

Amounts are presented in thousands of NIS, except for data otherwise noted that may be presented in CAD. The CAD/NIS exchange rate used, unless noted otherwise, was 2.543 NIS for 1 CAD.

Forward-Looking Statements

This MD&A may contain forward-looking information within the meaning of applicable securities legislation, which reflects Intercure's current expectations regarding future events, including statements regarding developments in the Company's operations in future periods, adequacy of financial resources, and future plans and objectives of the Company. The words "anticipate", "expect", "believe", "could", "estimate", "intend", "may", "plan", "potential", "should", "will", "would", and similar words, phrases or expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

Forward-looking information in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions include: our ability to build our market share and enter new markets and industry verticals; our ability to attract and retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; our ability to execute on profitability initiatives; currency exchange and interest rates; our ability to respond to the changes and trends in our industry or the global economy; our ability to maintain sufficient and effective production and R&D capabilities; the impact of competition; future production and supply levels, and future consumer demand levels; the price of cannabis and cannabis related products; the demand for our products will grow for the foreseeable future; the effectiveness of mitigation strategies undertaken with respect to COVID-19, and the severity, duration and impacts of COVID-19 on the economy and our business, which is highly uncertain and cannot reasonably be predicted and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

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 Israeli 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 the Company's most recent Annual Information Form (the "AIF"), which section is hereby incorporated herein by reference. 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.

All the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

Non-IFRS Measures

In this MD&A, we use 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, non-controlling interest and other expenses (or income); and

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

"Gross profit" before effect of fair value.

Second Quarter 2022 and Recent Financial & Operating Highlights


- Record revenue of approximately \$37 million (NIS 95 million), more than double the revenues of the second quarter of 2021 and representing sequential growth of over 9%.
- Tenth consecutive quarter of high growth representing an annualized run rate revenues of \$150 million (NIS 381 million).
- Adjusted EBITDA increased 90% year-over-year to \$9 million, representing 23% of revenues and 4% sequential growth.
- Gross profit increased over 115% year-over-year and 16% sequentially to over \$16 million.
- Net income of \$6 million in the second quarter, representing over 160% growth year-over-year.
- Eighth consecutive quarter of positive cash flow from operations, exited the quarter with \$96 million in cash.
- Company expects continued increases in revenues during the third quarter of 2022 and throughout the year.
- Continued market share growth during the quarter due to solid demand for Canndoc's branded products and expansion of the Company's medical cannabis dispensing operations.

Second Quarter 2022 and Recent Financial & Operating Highlights

- Successful opening of the first flagship Cookies retail location in Austria, located in the center of Vienna.
- Continued expansion of the Company's medical cannabis dedicated pharmacy chain with the grand opening of InterCure's flagship Cookies branded pharmacy in Be'er Sheva, the largest city in Israel's southern region. Additionally, the Company added a new pharmacy located in the northern city of Nahariya.
- During the quarter, the Company's leading medical cannabis dedicated pharmacy chain included 24 retail locations across Israel, of which 16 were actively dispensing medical cannabis.
- During the quarter, the Company scaled up its cultivation and production facilities by enlarging the Southern facility's post-harvest, nursery and grow houses further solidifying it as the largest and most advanced facility of its kind in the region.
- The cultivation operation successfully added and produced 12 new highly demanded strains into its growth cycles. Including high THC Cookies cultivars. Post quarter, the Company successfully launched four new premium branded products, cultivated at the Southern Facility.

First Half 2022 Financial Highlights

- Record revenue of approximately \$72 million (NIS 182 million), more than 130% than the revenues of the first half of 2021.
- Gross profit increased over 120% year-over-year to over \$30 million (NIS 77 million).
- Adjusted EBITDA for H1 2022 increased 100% year-over-year to \$17 million (NIS 43 million).
- Record profits before taxes for the first half of almost \$16 million (over NIS 41 million) representing 188% growth year-over-year.



"We are proud to deliver our tenth consecutive quarter of profitable growth, solidifying our operational excellency and leading position. We remain focused on developing and launching the highest quality pharmaceutical grade medical cannabis products as our target markets are evolving at a rapid pace. During the second quarter we have successfully ramped up our upstream and downstream operations and executed our global expansion to meet the solid demand for our high-quality branded products. We expect this growth to continue, while we remain focused and committed to expand our unique platform, building shareholder value and improving quality of life for patient communities."

Alexander Rabinovich

InterCure's Chief Executive Officer

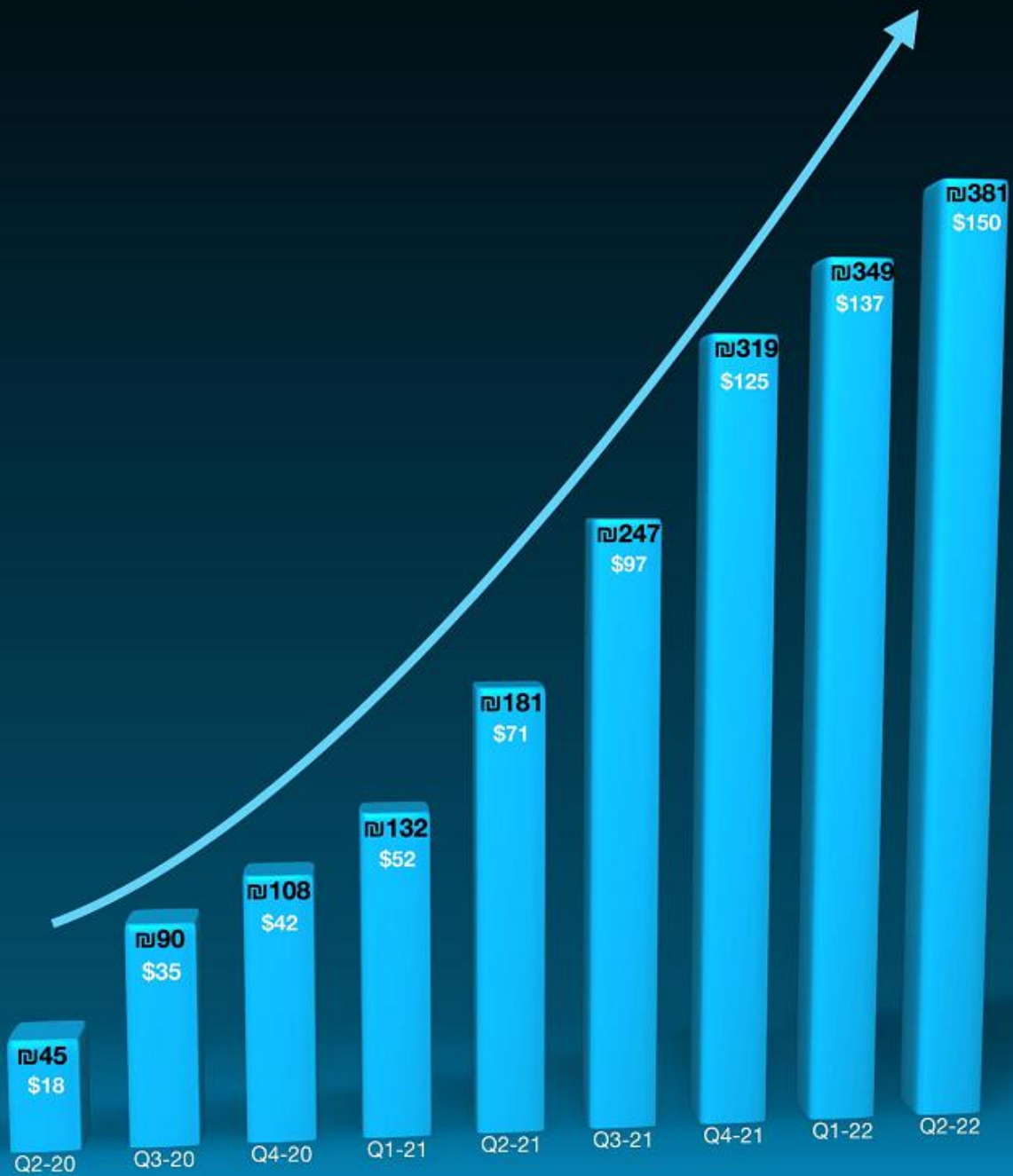
"Our teams delivered another strong quarter across all sectors, focusing on execution of our profitable growth strategy and fiscal discipline. With a strong balance sheet and over \$96 million cash on hand, we are well positioned ahead of the consolidation process."

Amos Cohen

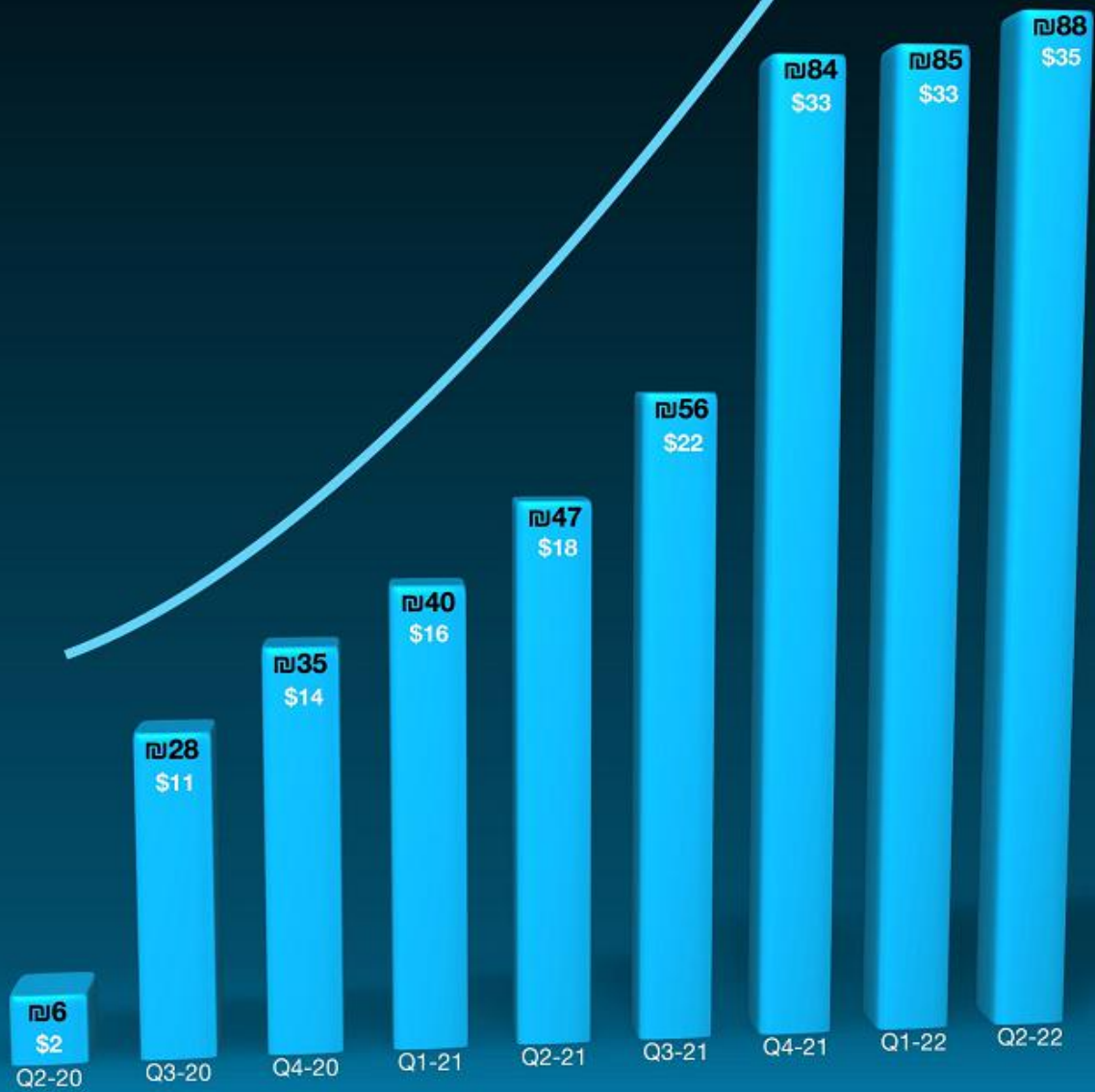
InterCure's Chief Financial Officer

Cannabis Sector

Annualized Quarterly Revenue Run Rate (millions)

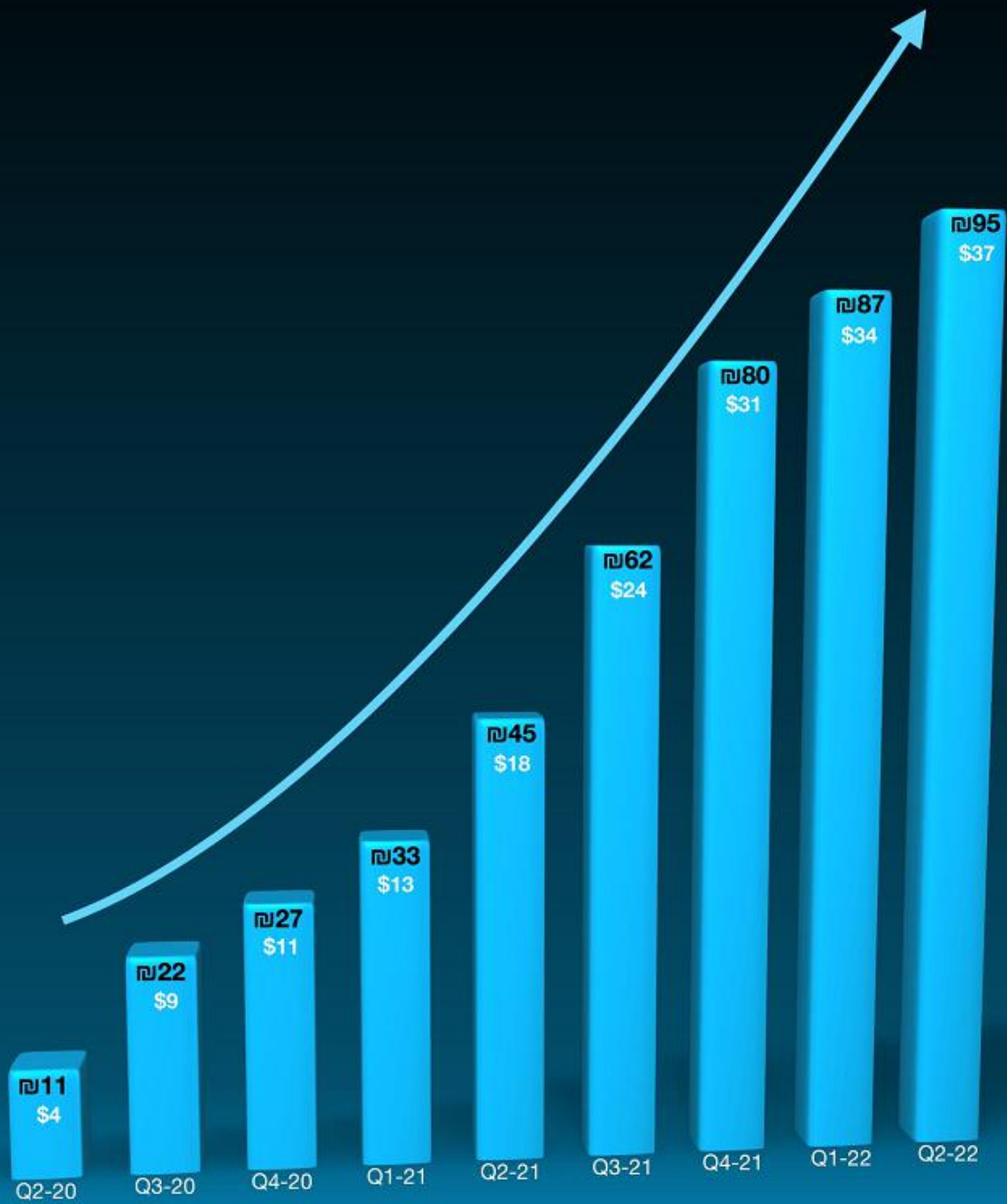


Annualized Adjusted EBITDA (millions)*

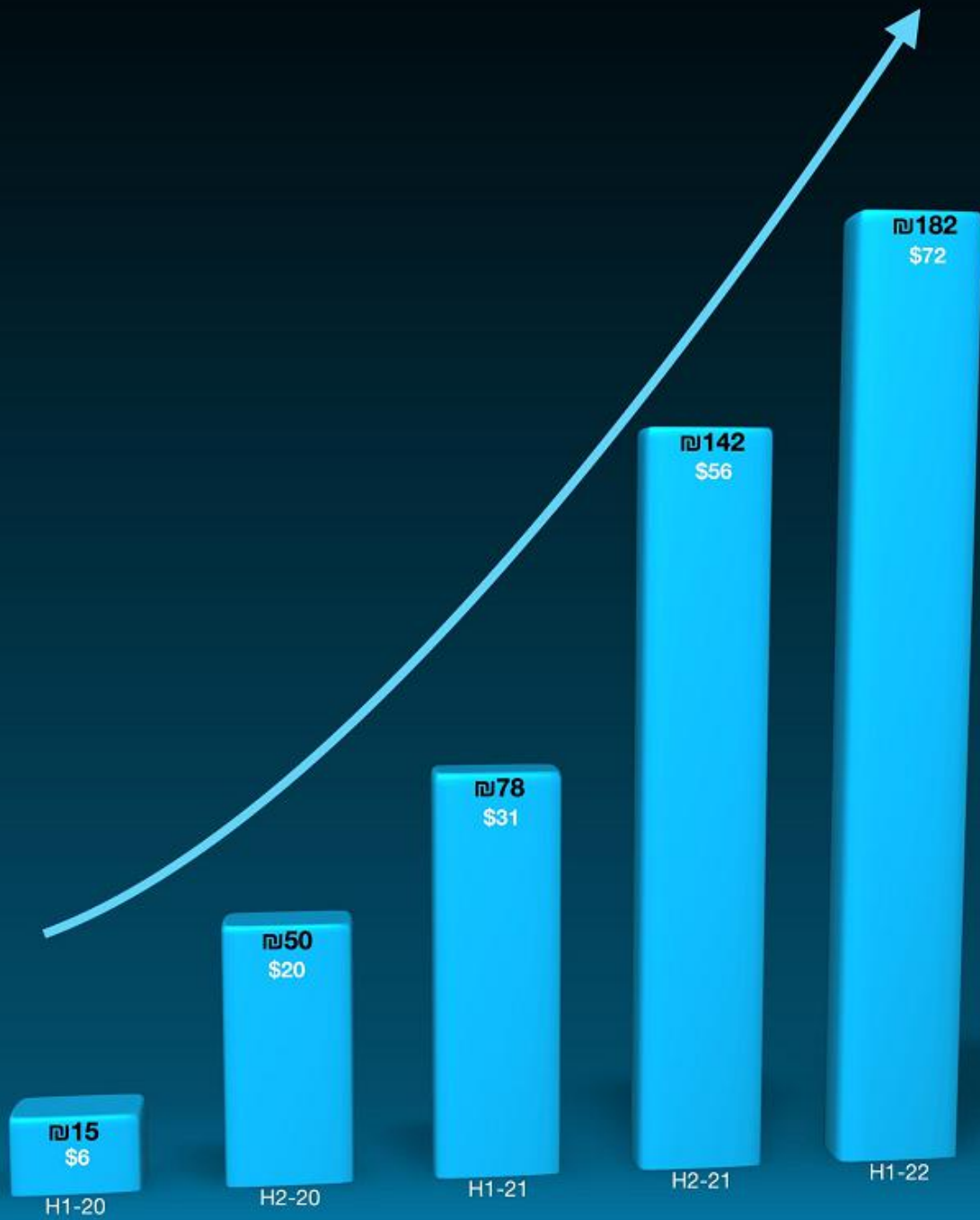


*Cannabis sector

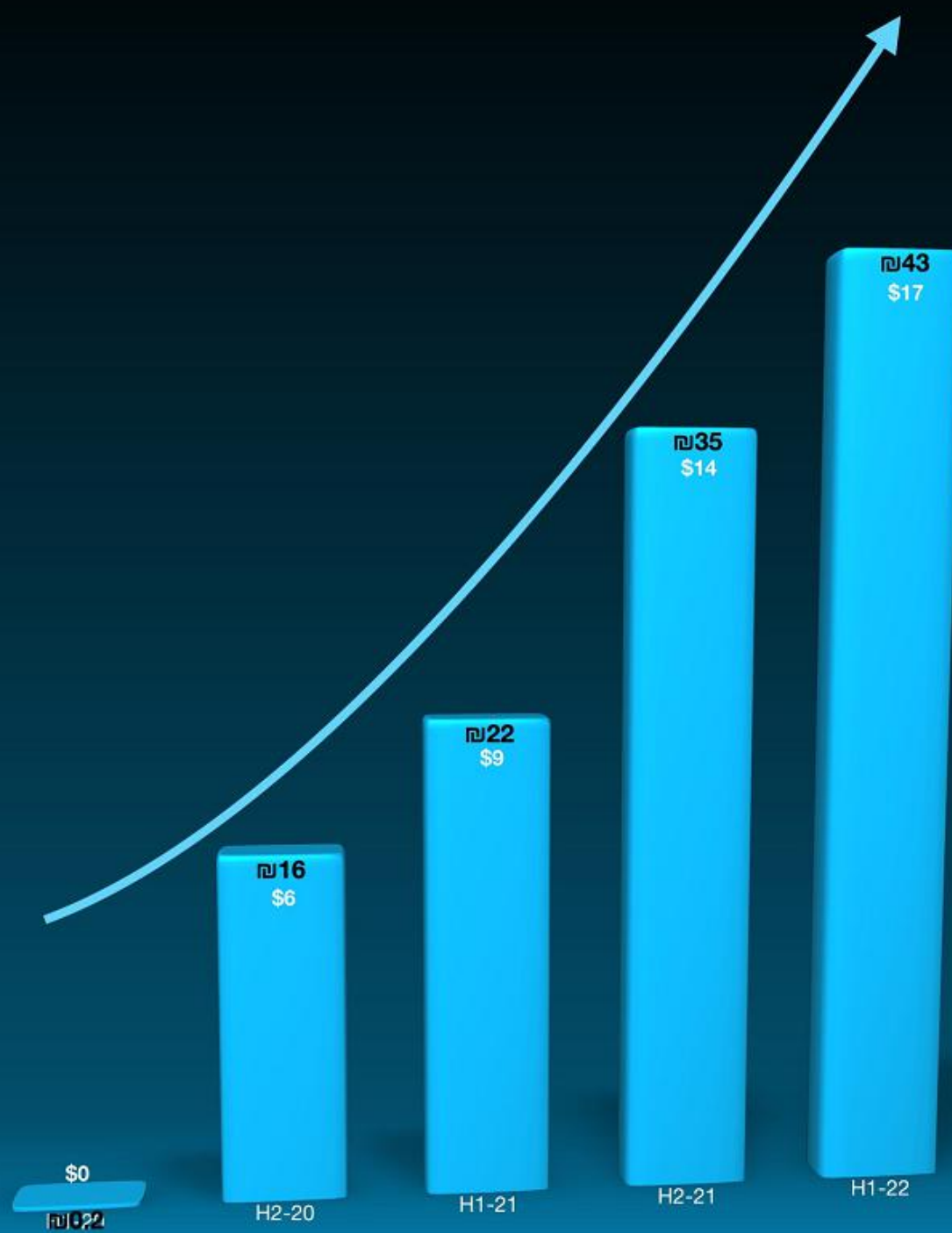
Quarterly revenues (millions)



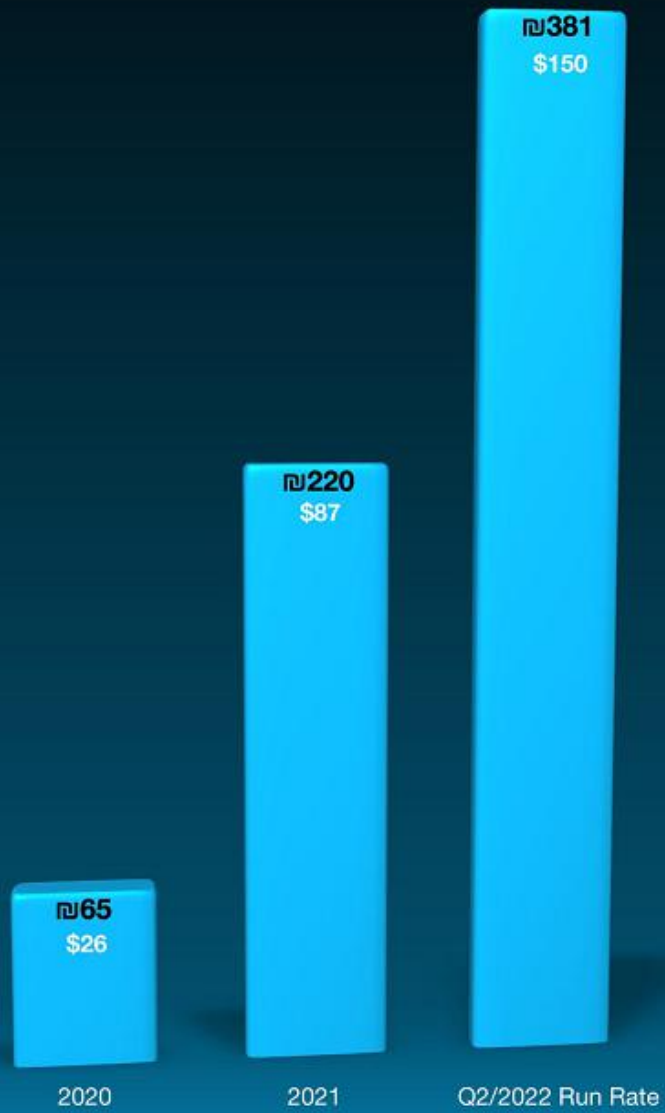
Half revenues (millions)



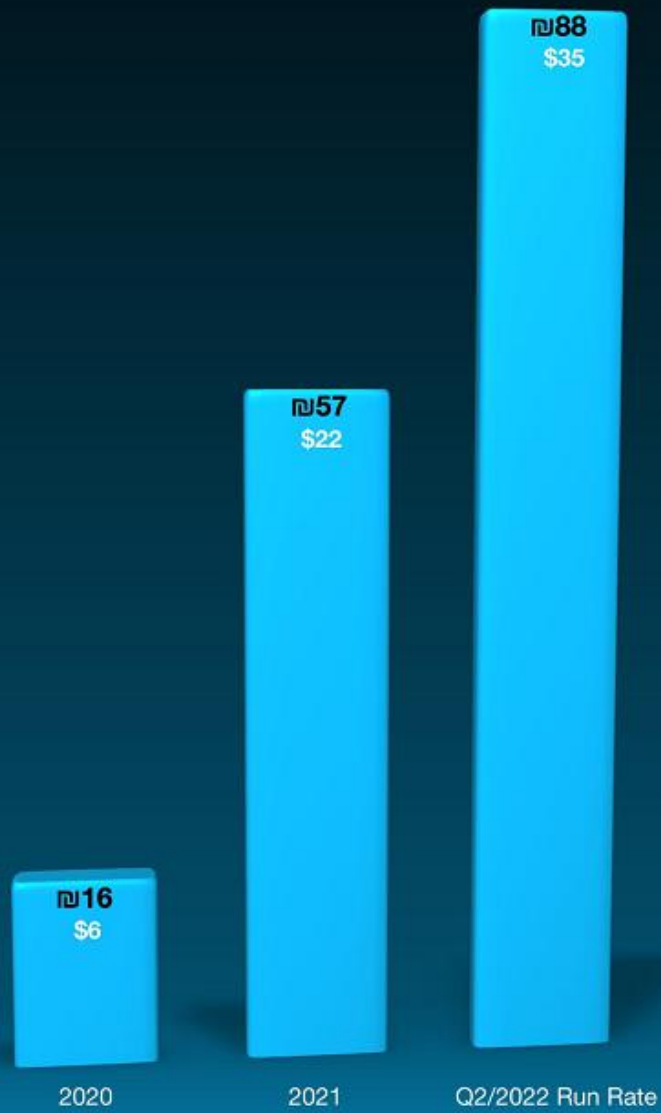
Half Adjusted EBITDA (millions) *



Annual Revenue (millions)



Adjusted EBITDA (millions)*



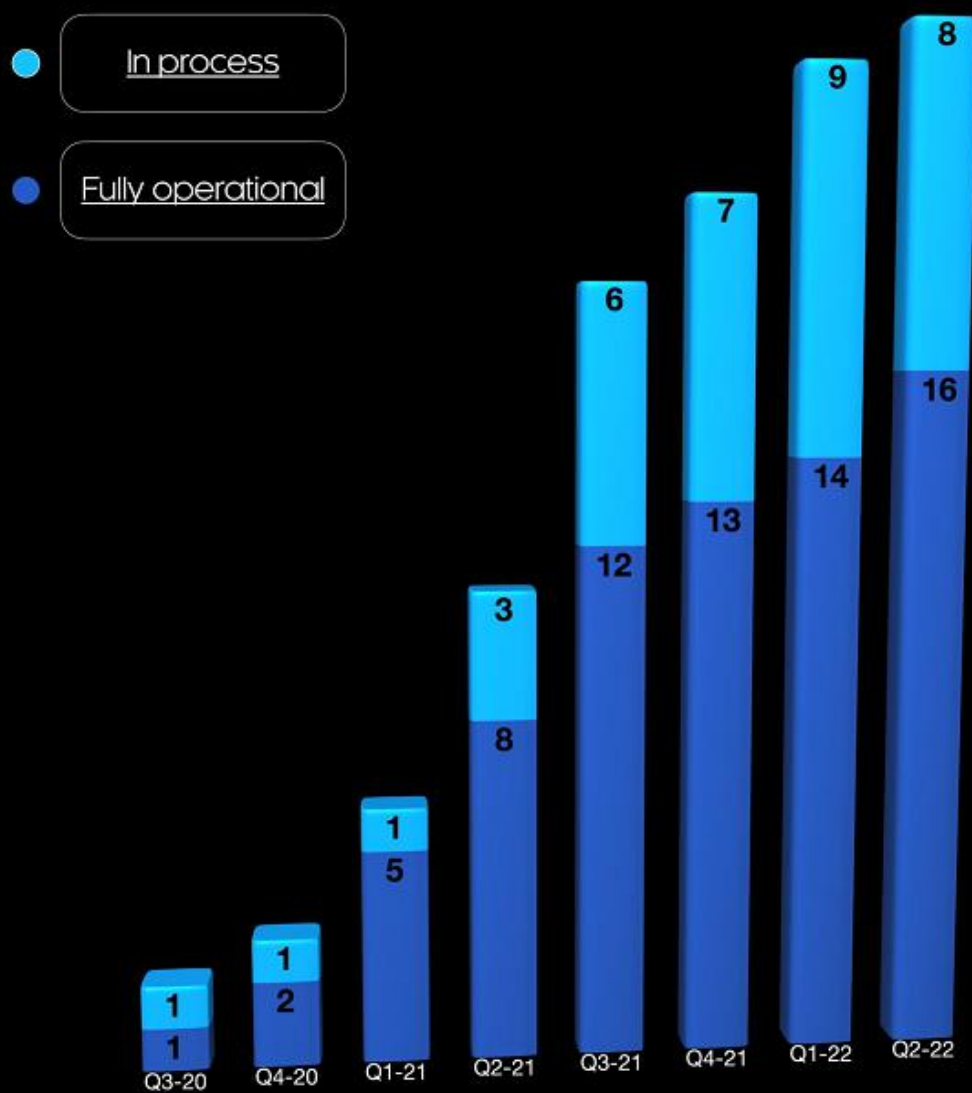
*Cannabis Sector

Cash (millions)

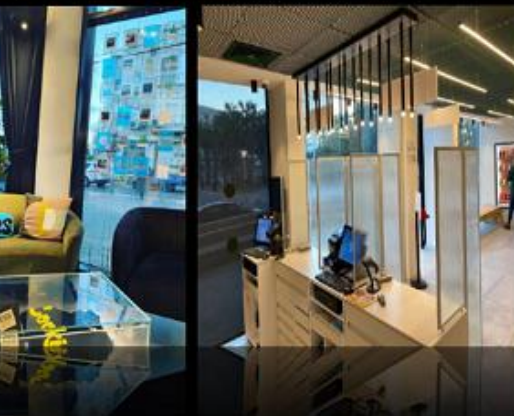
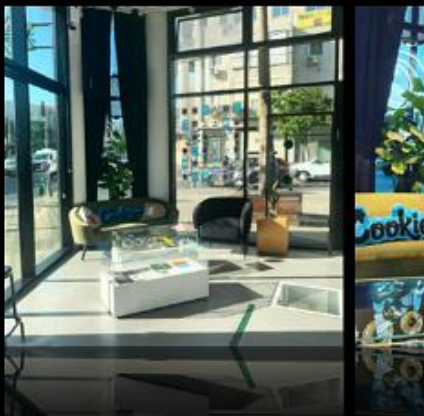




Expanding our leading medical cannabis dispensing
pharmacies chain



Expanding our leading medical cannabis dispensing
pharmacies chain



The Southern Facility



New Releases



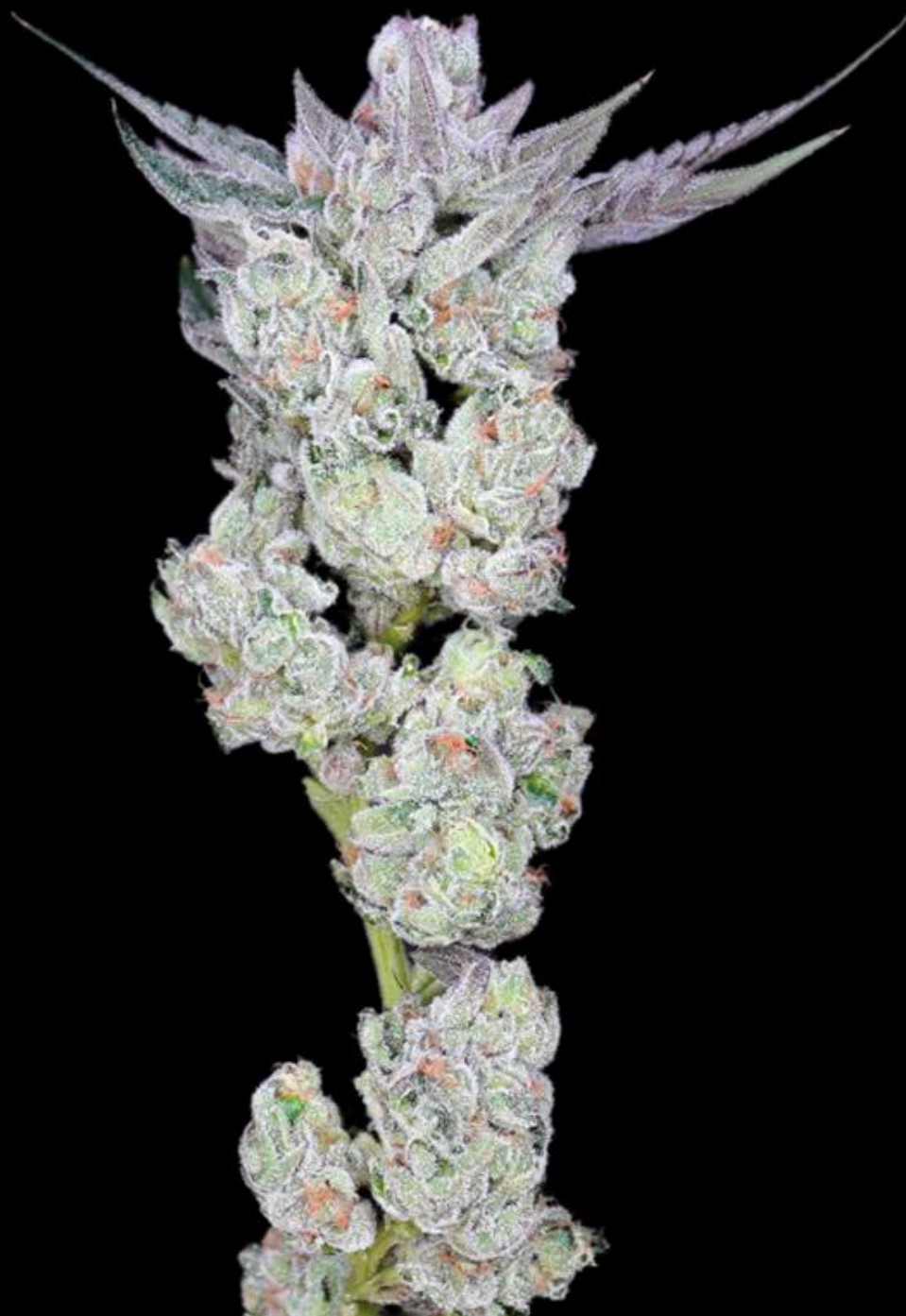
Cultivated at the Southern Facility

CN0117



Cultivated at the Southern Facility

CN0120



Cultivated at the Southern Facility

CN0174

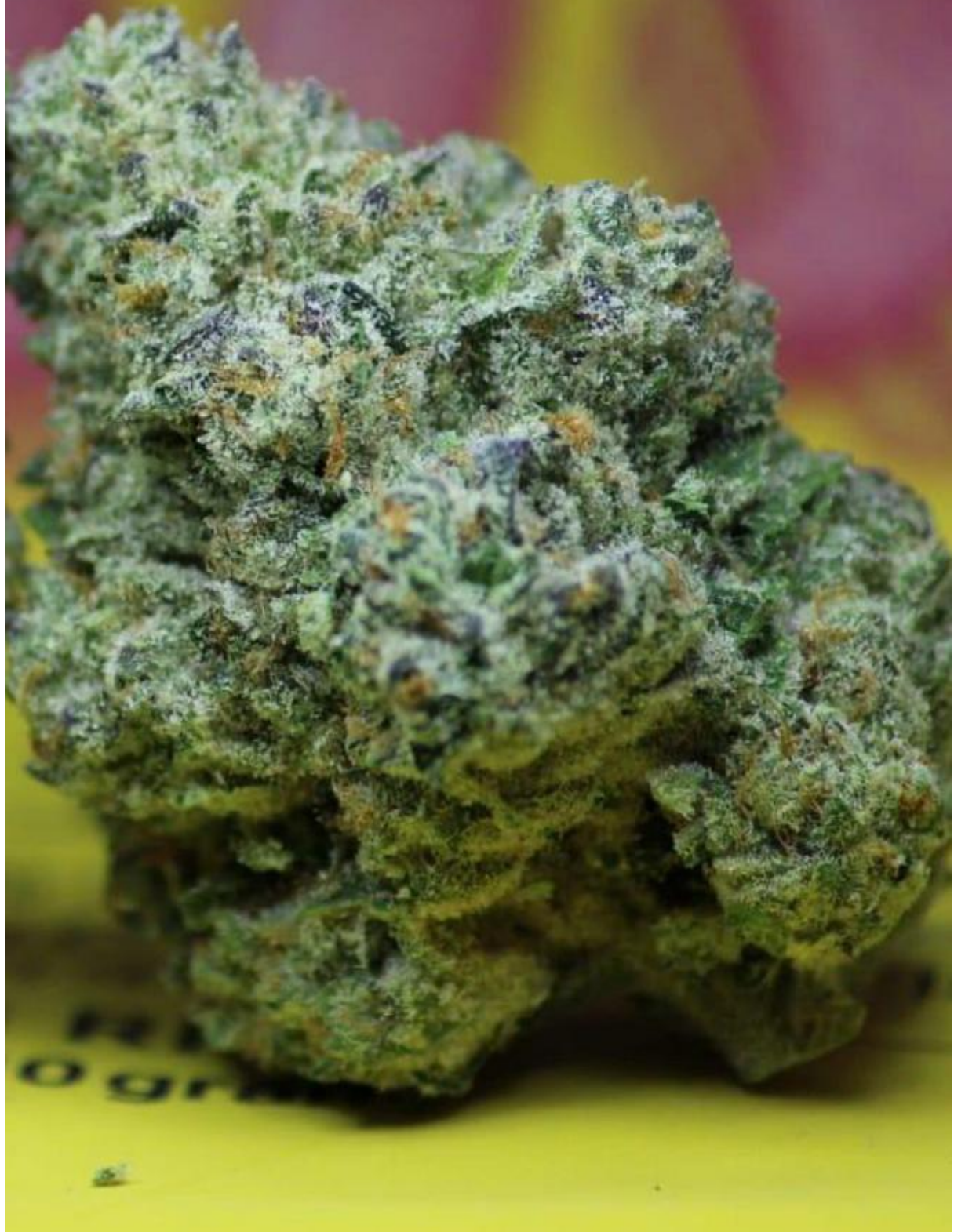


Cultivated at the Southern Facility

CN0122



Cultivated at the Southern Facility



100g

Company Overview

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

Overview

We are an Israeli public corporation with shares listed for trading on the Tel Aviv Stock Exchange under the symbol “INCR”, on the Toronto Stock Exchange under the symbol “INCR:U” and on the Nasdaq under the symbol “INCR”.

Intercure has 14 direct main subsidiaries:

- Cannodoc’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.
 - 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 partnership’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.
 - My Binyamina Club Pharm 2022 Ltd.’s operations are focused on managing and operating a medical cannabis pharmacy in the city of Binyamina.
 - Hello Medical partnership’s operations are focused on managing and operating a medical cannabis treatment consulting center.
 - 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.
-

- Maayan Haim Pharmacy 2015 Ltd.'s operations are focused on managing and operating a medical cannabis pharmacy in the city of Bait Dagan.
- 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.
- B.M Arichat Yamim Ltd.'s operations are focused on managing and operating a medical cannabis pharmacy in the city of Ashdod.
- Orni pharmacy Ltd.'s operations are focused on managing and operating a medical cannabis pharmacy in the city of Tel-Aviv.
- Briat homeopathic Ltd.'s operations are focused on managing and operating a medical cannabis pharmacy in the city of Nahariya

We currently own all of the issued and outstanding shares of Canndoc and Pharma-zone, and a majority interest of the issued and outstanding shares of Cannolam and other holdings in additional pharmacies and trade houses. Unless otherwise specified, references in this section to "we", "our" and "us" refer to the business of Intercure and its subsidiaries

We 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 14 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 and cannabis-based products to patients in all territories that permit and regulate the distribution of cannabis for medical use, including Israel, the European Union and Canada.

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.

Through our subsidiaries, we operate the first and leading chain of private pharmacies focused on medical cannabis in Israel, which includes 24 pharmacies across Israel under different brands including Givol™, Max Pharm and Cookies. Sixteen of the pharmacies hold permits and licenses for the distribution of medical cannabis and we are in the process of obtaining those licenses for the additional eight.

Additionally, during the second and third quarter of 2021, we completed the purchase of two licensed leading operating trading houses which expanded our sales channel, distribution, delivery, and storage capacity. The trading houses is authorized to distribute GMP medical cannabis products to pharmacies.

Our current production operations include 355,000 square feet of growing and production area which 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.

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 MOH and phase 3 clinical trial. We have acquired a unique knowledge throughout our 14 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 partnerships and agreements with pharmaceutical companies.

On February 16, 2022, we announced a definitive agreement with Cann Pharmaceutical Ltd., an Israeli medical cannabis operator known as “Better”, to acquire 100% of Better’s shares for a purchase price of US\$35 million. The purchase price will be paid with ordinary shares of Intercure at the valuation of US\$10 per share. The ordinary shares issued will be subject to a three-year lock-up plan. The closing of the agreement is subject to closing conditions that have not yet been completed.

We, mainly through our wholly owned subsidiaries, Canndoc and Pharmazone, and through Cannolam and other holdings in additional pharmacies and trade houses, operate primarily in the cannabis sector (“Cannabis Sector”). In addition, we, as a result of our operations prior to our acquisition of Canndoc, have financial assets in the biomed sector that were made for investments purposes and do not represent a material focus of our current business (“Biomed Sector”).

NASDAQ Listing

On September 1, 2021, the Company shares were listed and the first trade of the common shares on the Nasdaq Global Market (NASDAQ) under the ticker symbol “INCR”.

The Company believes that the NASDAQ listing will enable the Company to broaden its global exposure through the world’s largest capital market, enhancing shareholder value. The Company believes that the listing will provide current investors with additional liquidity and prospective investors with better access to one of the leading and most profitable international cannabis companies outside of North America.

Key Q2 2022 Financial and operational Highlights – Cannabis Sector

	<u>Q2-22</u>	<u>Q2-21</u>	<u>Change</u> <u>(%)</u>
Revenues	95,277	45,230	110%
Gross Profit ⁽¹⁾	41,542	19,268	114%
% Gross Profit	44%	43%	1%
Operating Profit	21,922	11,127	97%
Adjusted EBITDA ⁽²⁾	22,113	11,701	75%
Net Cash from Operating Activities (consolidated)	896	2,005	-44%

(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. See “Non-IFRS Measure”.

- Achieved record revenue of NIS 95 million (CAD 37 million), approximately 2.11 times greater than the second quarter of 2021 and up over 111% compared to the second quarter of 2021.
- EBITDA for the second quarter of the Company’s cannabis business was NIS 22 million (CAD\$ 9 million), and NIS 21 million (CAD\$ 9 million) on a consolidated basis. This represents an annual run rate of NIS 88 million (CAD \$35 million), a significant increase year over year, driven by revenue growth, and improvement in operating profit.

- Reported positive cash flow from operations for the nine consecutive quarter.
- Strong balance sheet with NIS 245 million (CAD\$ 96 million) cash on June 30, 2022.

On the 2th of June 2022, we announced the grand opening of its flagship Cookies pharmacy in Be'er Sheva, the largest city in Israel's southern region, known as the capital of the Negev. The pharmacy is located in the center of Be'er Sheva in front of City Hall, in a unique building that covers an area of over 1,000 square meters. To the Company's knowledge, this is the largest medical cannabis dedicated pharmacy in the world.

On the 21th of June 2022, we have announced the successful opening of the first flagship Cookies store in Austria, located in the Neubau district of Vienna. The flagship location offers Cookies' unique CBD menu, available for the first time in Europe, as well as clothing and life-style products. In the future, as regulations are evolving, pharmaceutical grade medical cannabis will be available for Austrian patients, including Cookies EU-GMP THC products.

Review of the Company's Operations

a. Expansion of the Medical Cannabis Dispensing Operation

Through our subsidiaries, we operate the first and leading chain of private pharmacies focused on medical cannabis in Israel, which includes 24 pharmacies across Israel under different brands including Givol™, Max Pharm and Cookies. 16 of the pharmacies hold permits and licenses for the distribution of medical cannabis and we are in the process of obtaining those licenses for the additional eight.

b. Exclusive Partnerships with Global Leaders

We have entered the following partnerships, all of which provides us with exclusive relationships to distribute the noted products within certain geographical areas:



Cookies is one of the most well-respected and top-selling cannabis brands in California and throughout the world. The company and its products are recognized globally and offer a collection of over 150 proprietary cannabis varieties and product lines.

Cannolam entered into an exclusive license agreement with Cookies in 2019 by which Cannolam will have the exclusive rights to use the Cookies brand in Israel. Cannolam opened a Cookies branded pharmacy in Jerusalem and received final approval to sell medical cannabis in an additional branded pharmacy in Be'er Sheva during the second 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 will focus on cultivating, manufacturing, and distributing Cookies branded products. In addition, we will cultivate Cookies branded products at our southern facility in Israel 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.

On December 2, 2021 we entered into a multi-year agreement with Cookies under which we expect to establish Cookies stores and medical cannabis pharmacies in Austria and the United Kingdom in 2022, subject to local regulations. The first shop in Austria have opened its doors during Q2 2022 and the first shop in the UK is expected to open its doors in Q4 2022.



Tilray Inc. (NASDAQ: TRLRY) ("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 and its wholly-owned subsidiary, Tilray Portugal Unipessoal LDA ("Tilray Portugal") 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. The Tilray Agreements provide us with a seven-and-a-half year exclusivity period over all of the final Tilray-branded products sold in Israel.

Pursuant to the Tilray Agreements, during a 12-month period that ended on December 31, 2020, we had an option to purchase from Tilray Portugal'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 manufactured and transformed these imported materials to Canndoc's GMP-branded products. Final products were 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.

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. As we are in dispute with Tilray and Tilray Portugal on this matter, we are continuing to assess our rights and remedies including legal action against the Israeli company.

Tilray's Cantanhede site in Portugal



Organigram, Inc. (NASDAQ: OGI) (TSX: OGI) ("**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 ("**Indoor Products**") 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 Israeli Medical Cannabis agency's ("**IMCA**") 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.

Organigram's Indoor site (Moncton Campus) in Canada



Charlotte's Web Inc. (TSX: CWEB) (OTCQX: CWBHF) ("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 we will be 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 arrangement is subject to the receipt of the required regulatory approvals.

We will be responsible for obtaining the regulatory approvals required in order to register the purchased products and their importation and will take appropriate marketing and sales actions. Together with Charlotte's Web, we will explore opportunities for clinical trials, product development and Israeli product manufacturing.

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 Israeli Dangerous Drug Ordinance.

In December 2021, the Minister of Health announced that he had formed a specialists committee to review the effect of removing CBD from the Dangerous Drugs Ordinance. The committee, headed by Prof. Joshua Shemer, began its work on December 21, 2021. It concluded its research in February 2022 and presented the findings to the Health Ministry for publication. The committee was established with the goal of mapping existing legislation and policies around the world regarding the use and regulation of CBD and applying the information in examining how to implement similar policies within Israel.

The committee also reviewed the quality and quantity of the raw materials used and the concentration levels within the products. The committee examined existing information regarding the safety of such products for general public use, a move that allowed it to determine the risk-management steps that would be needed in legalizing CBD production and use within Israel. The committee recommended to the Health Ministry that CBD be removed from the list of dangerous drugs, provided the maximum concentration of THC in the finished product does not exceed 0.2%. On February 28, 2022, the Minister of Health, Nitzan Horowitz, adopted the recommendation but adjusted the maximum THC concentration level to 0.3% (same as the US standard).

The minister will sign an executive order which will need to be affirmed by the Knesset's Health Committee to complete the process of de-listing. However, as the political status in Israel is uncertain due to the lack of a stable government it is unclear when CBD will be unlisted from the list of control substance.

Afterwards, InterCure will begin the process of registering Charlotte's Web's products with the Minister of Health.

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.



FOTMER LIFE SCIENCES

Fotmer Corporation S.A. ("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").

During the reported period, we completed the first two import shipments from Fotmer.

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.

c. Global Production System

Our current production operations include 355,000 square feet of growing and production area which 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.

Israeli Production Facilities

Through our partnership with Kibbutz Nir-Oz we operate one of the largest medical cannabis production sites in Israel and in the world, covering a total area of 1.7 million square feet, of which 300,000 square feet are operational and produce up to 7000 kilograms of pharmaceutical-grade cannabis per year. Full operations in the Southern Kibbutz will allow us to produce 88 tons of pharmaceutical-grade cannabis per year. 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.

Through our partnership with Beit HaEmek Kibbutz, we own and operate our primary production facility, located in northern Israel, utilizing climatized greenhouses. This site currently occupies approximately 55,000 square feet with the capacity to produce up to 3,000 kilograms of pharmaceutical-grade cannabis per year.



Denmark

In May 2020, we entered into an EU-GMP distribution agreement with a Danish partner for the production of up to 11.7 tonnes of cannabis per year for a period of 3 years. As part of this agreement, we will manufacture our products in a facility located in Denmark. This manufacturing facility is approved by the Good Manufacturing Practice of the European Union ("EU-GMP") standard and has all the licenses and permits required for the cultivation, production, distribution and marketing of cannabis. The manufacturer will be responsible for the entire growth and production process of the products, as well as the logistical process of transporting and packaging the products in accordance with all applicable legal requirements. The partner will be entitled to a portion of the profits generated as a result of the sales made through our distribution channel. This facility is operational and we are currently in the process of obtaining approval for importing products from Denmark to Germany with this partner. As of the date of this MD&A, no sale of products has commenced and this partnership does not impact our financial statements in any way.

Canada

In May 2019, we entered a partnership with a Canadian company that is in the advanced stages of building an indoor complex for the production and distribution of cannabis products for medical use in Canada. We established a joint venture with the Canadian partner, which pursuant to the joint venture agreement, will entitle us to 51% of the profits generated from the sale of our products. The production and distribution of the products will be done under the "CANNDOC" brand while the marketing of the products will be done by the partner. While this facility is operational for cultivation, it has not yet received all of the licenses and permits required for the sale of products. As of the date of this report, no sale of products has commenced and this partnership does not impact our financial statements in any way. No sale of products has commenced, and this partnership does not impact our financial statements in any way.

d. Sales and Distribution

Israel

Under current regulations, patients in Israel 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.

SLE

In September 2019, we entered into a distribution agreement with SLE, a subsidiary of Teva Group Pharmaceutical Industries Ltd., a leading Israeli company in the health services field (the “**SLE Agreement**”).

Pursuant to the SLE Agreement, SLE will provide us with logistics, storage, collection and distribution services for our medical cannabis products throughout Israel for a term of three years, with two optional extensions of two years each. 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 will provide us with logistics, storage, collection and distribution services for our medical cannabis products throughout Israel for a term of three years, with two optional extensions of two years each. 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 (which operates approximately 260 pharmacies) (the “Super Pharm Agreement”). Super Pharm currently operates 60 pharmacies that sell cannabis for medical purposes (the “Super Pharm Pharmacies”). 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 Super Pharm Agreement requires our products to be in compliance with the Israel Medical Cannabis-Good Manufacturing Practice standards.

The parties to the Super Pharm Agreement have covenanted to negotiate in good faith and enter into a detailed agreement within 90 days from the date of the Super Pharm Agreement. The parties, by mutual agreement have agreed to extend the said period and the parties continue to carry out the agreement while negotiations of the detailed agreement remain ongoing.

Pursuant to the Super Pharm Agreement, Super Pharm will be responsible for distributing the final products to each individual Super Pharm pharmacy, while we will provide professional training and clinical knowledge about our products to Super Pharm and Super Pharm Pharmacies over the term of the agreement.

International

Germany

In June 2019, we entered into a non-exclusive distribution agreement with a licensed distributor in Germany, for the purpose of distributing our pharmaceutical-grade products within Germany (the "**German Distribution Agreement**"). The German Distribution Agreement contains customary obligations and intellectual property, confidentiality and indemnification provisions. Each party to the German Distribution Agreement is entitled to terminate the German Distribution Agreement in the event of an uncured material breach of the agreement, the insolvency of the other party or a change of control event. Since the end of the reported period, there has been no distribution of medical marijuana products under the German Distribution Agreement. The parties are still exploring the best route to enter the German medical cannabis market.

Austria

On April 4, 2021, we entered into a partnership with an Austrian entity to operate together in the developing cannabis markets in Austria and Luxembourg. Pursuant to the agreement, the partnership will replicate the successful model of our subsidiary Canndoc in Israel to establish and manage the distribution, marketing, and sales of the Company's products in selected countries in Europe. The partnership's planned operations will be vertically integrated and will include both online and retail distribution for our branded products. The Austrian entity has committed to invest €10 million in an Austrian joint venture, which will be equally owned by the parties, with an option for the Austrian entity to increase its shares to 51% of all outstanding shares of the joint venture at any time. As a result of the current regulations regarding medical cannabis, both the Austrian and Luxembourgian markets are considered small markets in size.

Operation under the joint venture agreement has not yet begun, and it is subject to the regulatory landscape development, which will allow Canndoc's products to be sold in the selected markets.

Results of Operations

Financial data is expressed in thousands of NIS. The following table summarizes our historical consolidated statements of comprehensive income for the three and six months ended June 30, 2022 and 2021:

	For the 3-month period ended on June 30		For the 6-month period ended on June 30	
	2022	2021	2022	2021
Revenues	95,227	45,230	182,506	78,281
Gross profit before effect of fair value	41,542	19,268	77,399	34,649
Gross profit after effect of fair value	43,626	19,948	83,010	34,709
Research and development expenses	176	356	338	717
General and administrative expenses	10,240	6,311	19,398	11,591
Marketing and selling expenses	14,282	4,854	24,112	8,423
Impairment losses and (gains) on financial assets through profit or loss	73	(162)	123	(326)
Other expenses (income), net	929	(290)	1,124	(290)

	For the 3-month period ended on June 30		For the 6-month period ended on June 30	
	2022	2021	2022	2021
Consolidated operating profit (loss)	17,926	8,879	37,914	14,594
Comprehensive income (loss)	15,476	5,938	30,175	9,793
Interest / Financing expenses (income) net	(3,287)	403	(2,706)	493
Tax expenses	5,737	2,538	10,445	4,309
Depreciation and amortization	2,275	1,254	4,629	2,501
EBITDA	20,201	10,133	42,543	17,095
Share-based payment expenses	1,590	1,814	2,441	3,818
Other expenses (income), net	929	(290)	1,124	(290)
Impairment losses and (gains) on financial assets through profit and loss	73	(162)	123	(326)
Fair value adjustment to inventory	(2,084)	(680)	(5,611)	(15)
Adjusted EBITDA	20,709	10,815	40,620	20,282
Basic earnings (loss) per share	0.35	0.14	0.64	0.29
Diluted earnings per share	0.34	0.12	0.64	0.24

Revenues – Revenue for the second quarter of 2022 was approximately two times greater compared to the corresponding period last year and increased by 111% compared to the previous quarter. The growth was primarily derived from high demand for the company's quality product lines, market growth, increase in the company's market share, implementation of commercial agreements with pharmacies, and the consolidation and continues grow of our pharmacy chain and the purchase and consolidation of the trading house.

During the reported quarter, Canndoc continue its successful launching of premium products under the brand CANNDOC Cali™ and Cookies branded products. The series of GMP products were cultivated and manufactured in Canndoc's advanced southern facility.

Gross profit before effect of fair value – Gross profit for the second quarter of 2022 increased of 216% to NIS 41 million compared to NIS 19 million in the corresponding quarter, mainly in light of the growth in revenue.

Adjusted EBITDA – Significant improvement in comparison to the Adjusted EBITDA in the corresponding period and in comparison, to the previous quarter. The improvement is mainly due to revenue growth (as a result of an increase in market share) and increase in gross profit, while keeping operating expenses relatively stable.

Total Assets and Liabilities

	As of June 30 th	
	2022	2021
Total current assets	417,338	286,664
Total non-current assets	375,726	301,822
Current Liabilities	222,897	104,416
Non-current Liabilities	68,078	39,552

Total Current Assets - The increase in 2022 was primarily due to continuous increase in Intereure's activity (trade receivables, inventories, and biologic assets).

Total Non-Current Assets – The increase in 2022 was primarily due to the consolidation of our subsidiaries, and our pharmacy footprint expansion. The consolidation of those subsidiaries' operations led to an increase in the non-current assets and goodwill.

Current Liabilities – The total number of current liabilities was increased in the second quarter of 2022 primarily due to (a) the consolidation of the pharmacies acquired during Q1 and Q2 of 2022; (b) an increase in the Company's activity which led to increase in trade payables, and other payables; (c) short term bank loans taken by the Company and its subsidiaries during the period in order to fund its capital investment to expend its operations;

Non-Current Liabilities – The total amount of non-current liabilities was increased in the second quarter of 2022 primarily due to (a) long term bank loans taken by the Company and its subsidiaries during the period in order to fund its capital investment to expend its operations; (b) acquisitions made by the company during the year which caused an increased in lease obligations;

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 three months ended on June 30, 2022	For three months ended on June 30, 2021
Net cash provided by (used in) operating activities	896	2005
Net cash provided by financing activities	37,463	170,288
Net cash provided by (used in) investing activities	(33,057)	(13,093)
Change in cash during the period	5,302	159,200
Exchange differences in respect of cash and cash equivalent balances	6,992	354
Cash and cash equivalents, beginning of quarter	208,973	40,715
Cash and cash equivalents, end of quarter	220,322	200,269

Net cash flow provided by operating activities – We have provided positive cash flow from operations for the ninth quarter in a row.

Net cash provided by financing activities – The decrease during the quarter ended June 30, 2022 was mainly due the proceeds from issuance of shares as part of private issuance during 2021.

Net cash used in investing activities – The main investment for the quarter ended, June 2022 were due to continued investment in the Southern Kibbutz the additional purchases of pharmacies and the implementation of the IFRS 16 on our subsidiaries lease agreements.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly statements of operations data of the last eight quarters. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements. This data should be read in conjunction with our audited annual consolidated financial statements as at and for the years ended December 31, 2021 and 2020 and the related notes. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

Summary of Quarterly Results

The following table below sets out certain fully consolidated financial data for the Company:

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	95,277	87,229	79,701	61,695	45,230	33,051	27,094	22,497
Gross Profit (Loss)	41,542	35,857	36,613	24,682	19,267	15,427	13,301	10,755
Adjusted EBITDA	20,709	19,911	19,446	11,999	10,814	9,468	8,165	6,627
Basic earnings (loss) per share	0.35	0.38	(0.07)	(0.04)	0.14	0.12	0.24	0.04
Diluted earnings per share	0.34	0.36	(0.07)	(0.04)	0.12	0.11	0.21	0.04

Liquidity and Capital Resources

Intercure has been generating profits and has experienced positive cash flows, which are the expected to be the primary sources to fund its future operations. In addition, Intercure has cash reserves as a result of the completion of the noted SPAC Transaction. Lastly, as a public company, Intercure may access the public and/or private markets to finance any additional needs it may have, including through the issuance of debt or equity securities.

The Company has factoring agreements in respect of customer debt with financial institutions in Israel. The Company uses these agreements from time to time, as necessary.

Intercure does not expect to require any additional funding in the future as it projects a positive cash flow from operations. Future capital commitments for the remaining of the 2022 year are NIS _____

Summary of Contractual Obligations

SUMMARY OF CONTRACTUAL OBLIGATIONS

NIS in thousands	Up to one year	1-3 years	4-5 years	5 years or more	Total
Credit from banking corporations	92,212	-	47,438	-	139,650
Trade payables and other payables	107,775	-			107,775
Lease liability (1)	3,247	9,741	6,494	3,817	23,299
Contingent consideration	19,662				19,662

Short term loan from related party (Note 13B)				1742	1,742
TOTAL	222,896	9,741	53,932	5,559	292,128

Critical Accounting Estimates

The Company's critical accounting estimates are summarized in note 3 of the Annual Financial Statements and have not changed during the following interim period.

Outstanding Share Data

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

Type	Shares	Options / Warrants
Ordinary Shares	45,397,071	
Options (B)		1,631,708
ESOP (A)		1,199,791
Total	45,397,071	2,831,499
ESOP (B)		717,790
ESOP (C)		340,170
ESOP (D)		596,937
	45,397,071	4,486,396

Notes:

- (1) Options (B) were issued to certain investors in July 2020 and expire in August 2023 with an exercise price of NIS 19.58* per ordinary share.
- (2) ESOP (A) were issued to our directors between September 2018 to January 2020 and expire in ten years from the date of issuance with an exercise price of NIS 15.57 * per ordinary share.
- (3) ESOP (B) were issued to certain employees in January 2021 and expire in five years from the date of issuance with an exercise price of NIS 18.38* per ordinary share.
- (4) ESOP (C) were issued to certain employees in August 2021 and expire four years from the date of issuance with an exercise price of 20.16 per ordinary share.
- (5) ESOP (D) were issued to certain employees in May 2022 and expire four years from the date of issuance with an exercise price of 20.68 per ordinary share.

* On April 8, 2021 the Company effectuated a capital consolidation.

Off-Balance Sheet Transactions

The Company has no off-balance sheet arrangements.

Financial Instruments and Other Instruments

We do not have any financial instruments other than normal course accounts receivable and payables associated with our business activities.

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.

Subsequent Events

On July 27, 2022, the Company met the conditional terms to closing the agreement to purchase 51% of "Refua Center" pharmacy located in Bnei Brak. The purchase amount is immaterial.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, Alexander Rabinovitch, Chief Executive Officer of InterCure Ltd., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of InterCure Inc. (the “issuer”) for the interim period ended June 30, 2022.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it 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 the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- 5.2 **ICFR – material weakness relating to design:** N/A.
- 5.3 **Limitation on scope of design:** N/A.
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on March 31, 2022 and ended on June 30, 2022 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 15, 2022

/s/ Alexander Rabinovitch

Alexander Rabinovitch
 Chief Executive Officer

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, Amos Cohen, Chief Financial Officer of InterCure Ltd., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “**interim filings**”) of InterCure Ltd. (the “**issuer**”) for the interim period ended June 30, 2022.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it 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 the issuer’s GAAP.
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- 5.3 **Limitation on scope of design:** N/A.
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on March 31, 2022 and ended on June 30, 2022 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 15, 2022

/s/ Amos Cohen

Amos Cohen
Chief Financial Officer



InterCure Reports Record Breaking Second Quarter Financial Results

Record revenue of over \$37 millionⁱ in the second quarter of 2022

Representing an annual run rate of \$150 million

Adjusted EBITDAⁱⁱ for Q2 increased 90% YoY to \$9 million

Net income of \$6 million for the Q2 of 2022 compared to \$2 million in Q2 of 2021

Tenth consecutive quarter of profitable growth

Eighth consecutive quarter of positive cash flow from operations

\$96 million cash on hand

Revenue growth expected to continue in the third quarter and throughout 2022

NEW YORK, TORONTO, and HERZLIYA, Israel – August 15, 2022 – InterCure Ltd. (NASDAQ: INCR) (TSX: INCR.U) (TASE: INCR) (“InterCure” or the “Company”) is pleased to announce its financial results for the second quarter of 2022 and is pleased to provide shareholders with a business update. All amounts are expressed in Canadian dollars (\$) ⁱⁱⁱ or New Israeli Shekels (NIS), unless otherwise noted.

Second Quarter 2022 and Recent Financial & Operating Highlights

- Record revenue of approximately \$37 million (NIS 95 million), more than double the revenues of the second quarter of 2021 and representing sequential growth of over 9%.
- Tenth consecutive quarter of high growth representing an annualized run rate of \$150 million (NIS 381 million).
- Adjusted EBITDA increased 90% year-over-year to \$9 million, representing 23% of revenues and 4% sequential growth.
- Gross profit^{iv} increased over 115% year-over-year and 16% sequentially to over \$16 million.
- Net income of \$6 million in the second quarter, representing over 160% growth year-over-year.
- Eighth consecutive quarter of positive cash flow from operations, exited the quarter with \$96 million in cash.
- Company expects continued increases in revenues during the third quarter of 2022 and throughout the year.
- Continued market share growth during the quarter due to solid demand for Canndoc’s branded products and expansion of the Company’s medical cannabis dispensing operations.

ⁱ All amounts are expressed in Canadian dollars (\$)

ⁱⁱ 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, please see “Non-IFRS Measures” below

ⁱⁱⁱ CAD conversation rate from NIS as of 08.12.2022

^{iv} Gross profit before effect of fair value



- Successful opening of the first flagship Cookies retail location in Austria, located in the center of Vienna.
- Continued expansion of the Company's medical cannabis dedicated pharmacy chain with the grand opening of InterCure's flagship Cookies branded pharmacy in Be'er Sheva, the largest city in Israel's southern region. Additionally, the Company added a new pharmacy located in the northern city of Nahariya.
- During the quarter, the Company's leading medical cannabis dedicated pharmacy chain included 24 retail locations across Israel, of which 16 were actively dispensing medical cannabis.
- During the quarter, the Company scaled up its cultivation and production facilities by enlarging the Southern facility's post-harvest, nursery and grow houses further solidifying it as the largest and most advanced facility of its kind in the region.
- The cultivation operation successfully added and produced 12 new highly demanded strains into its growth cycles. Including high THC Cookies cultivars. Post quarter, the Company successfully launched four new premium branded products, cultivated at the Southern Facility.

First Half 2022 Financial Highlights

- Record revenue of approximately \$72 million (NIS 182 million), more than 130% than the revenues of the first half of 2021.
- Gross profit increased over 120% year-over-year to over \$30 million (NIS 77 million).
- Adjusted EBITDA for H1 2022 increased 100% year-over-year to \$17 million (NIS 43 million).
- Record profits before taxes for the first half of almost \$16 million (over NIS 41 million) representing 188% growth year-over-year.

InterCure's Chief Executive Officer, **Alexander Rabinovitch**, commented, "We are proud to deliver our tenth consecutive quarter of profitable growth, solidifying our operational excellency and leading position. We remain focused on developing and launching the highest quality pharmaceutical grade medical cannabis products as our target markets are evolving at a rapid pace. During the second quarter we have successfully ramped up our upstream and downstream operations and executed our global expansion to meet the solid demand for our high-quality branded products. We expect this growth to continue, while we remain focused and committed to expand our unique platform, building shareholder value and improving quality of life for patient communities."

InterCure's Chief Financial Officer, **Amos Cohen**, commented, "Our teams delivered another strong quarter across all sectors, focusing on execution of our profitable growth strategy and fiscal discipline. With a strong balance sheet and over \$96 million cash on hand, we are well positioned ahead of the consolidation process."

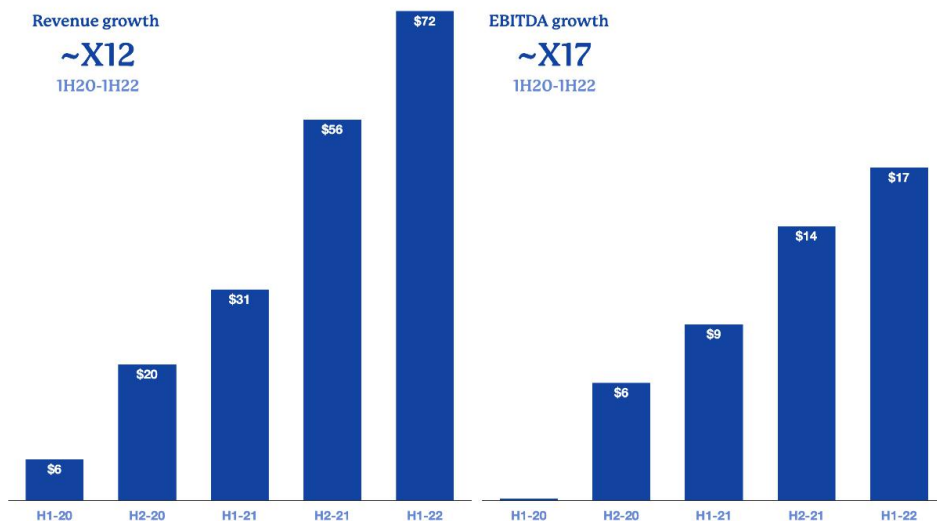


Rapid Revenue and EBITDA Growth

By half year

Revenue growth
~X12
1H20-1H22

EBITDA growth
~X17
1H20-1H22



Key Q1 2022 Financial Highlights – Cannabis Sector

(In thousands \$)

First Half

	H1-21	H1-22	
Revenues	30,783	71,768	133%
Gross Profit	13,643	30,436	123%
Adjusted EBITDA	8,559	17,071	99%

Second Quarter

	Q2-21	Q2-22	
Revenues	17,786	37,466	119%
Gross Profit	7,577	16,336	116%
Adjusted EBITDA	4,601	8,696	89%

	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22
Revenues	4,398	8,847	10,654	12,997	17,786	24,261	31,341	34,302	37,466
Gross Profit	1,893	4,229	5,230	6,066	7,576	9,706	14,398	14,100	16,336
GP Margin	43%	48%	49%	47%	43%	40%	46%	41%	44%
Adjusted EBITDA	619	2,739	3,409	3,958	4,601	5,521	8,294	8,375	8,696
Adjusted EBITDA Margin	14%	31%	32%	30%	26%	23%	26%	24%	23%



Conference Call

InterCure executives will host a live conference call and audio webcast to discuss these results on Tuesday, August 16, 2022, at 8:30 am Eastern Time, details of which are provided below.

To access the conference call, participants can register through the following URL: <https://register.vevent.com/register/BI5e6af40482ac4b7bb3024b6aad2c8185>.

Once registered participants will receive dials and a unique pin which will allow them to access the call.

A replay of the conference call will be available through the following Webcast link: <https://edge.media-server.com/mmc/p/gm9sadgn>, or through the 'Events and Presentations' section of the InterCure website at <http://www.intercure.co>.

Consolidated Financial Statements and Management's Discussion and Analysis

The publication of InterCure's financial statements and accompanying notes for the quarter ended June 30, 2022 and related management's discussion and analysis of financial condition and results of operations ("MD&A") and analysis of financial condition and results of operations ("MD&A") are available under the Company's profile on SEDAR.

About InterCure (dba Canndoc)

InterCure (dba Canndoc) (NASDAQ: INCR) (TSX: INCR.U) (TASE: INCR) is the leading, profitable, and fastest growing cannabis company outside of North America. 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 international market leading distribution network, best in class international partnerships and a high-margin vertically integrated "seed-to-sale" model to lead the fastest growing cannabis global market outside of North America.

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. A reconciliation of Adjusted EBITDA to an IFRS measure (revenue) is provided below:

Adjusted EBITDA Reconciliation (consolidated base in thousands \$)	PERIOD	
	Q2-21	Q2-22
Comprehensive income	2,335	6,085
Interest / Financing cost	158	(1,292)
Tax expenses (income)	998	2,256
Depreciation and amortization	493	895
EBITDA	3,984	7,944
Share-based payment expenses	713	625
Other expenses (income), net	(114)	365
Impairment losses and (gains) on financial assets through	(64)	29
Decrease (increase) Fair value adjustment to inventory	(267)	(819)
Adjusted EBITDA	4,252	8,144



Forward-Looking Statements

This press release may contain forward-looking statements. Forward-looking statements may include, but are not limited to, statements relating to InterCure's objectives plans and strategies, as well as statements, other than historical facts, that address activities, events or developments that InterCure intends, expects, projects, believes or anticipates will or may occur in the future. These statements are often characterized by terminology such as "believes", "hopes", "may", "anticipates", "should", "intends", "plans", "will", "expects", "estimates", "projects", "positioned", "strategy" and similar expressions and are based on assumptions and assessments made in light of management's experience and perception of historical trends, current conditions, expected future developments and other factors believed to be appropriate. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statements. Many factors could cause InterCure's actual activities or results to differ materially from the activities and results anticipated in forward-looking statements, including, but not limited to, the following: the Company's future revenue growth and profitability, the expected operations, financial results business strategy, competitive strengths, expansion strategy to major markets worldwide, the legalization of CBD in Israel and its impacts on the Company, the impact of the COVID-19 pandemic and the war in Ukraine. 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 Israeli, U.S. and 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 the Company Annual Information Form dated April 5, 2022 which is available on SEDAR at www.sedar.com, and under the heading "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the registration statement on Form 20-F, filed with the Securities Exchange Commission on April 28, 2022. 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.

Contact:

InterCure Ltd.

Amos Cohen, Chief Financial Officer

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