
**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
of the Securities Exchange Act of 1934**

For the month of October 2025

Commission File Number: 001-40614

INTERCURE LTD.

(Translation of registrant's name into English)

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 ☐

This Report of Foreign Private Issuer on Form 6-K consists of InterCure Ltd.'s (the "Registrant"): (i) press release issued on October 8, 2025, titled "InterCure Reports First Half 2025 Results with NIS 130 Million in Revenue and Positive Operating Cash Flow," which is attached hereto as Exhibit 99.1; (ii) Condensed Consolidated Unaudited Interim Financial Statements as of June 30, 2025, which is attached hereto as Exhibit 99.2; and (ii) Management's Discussion and Analysis of Financial Condition and Results of Operations as of June 30, 2025, and for the Six Months then Ended, which is attached hereto as Exhibit 99.3.

Exhibit No.

| | |
|------|--|
| 99.1 | Press Release issued by InterCure Ltd. on October 8, 2025, titled "InterCure Reports First Half 2025 Results with NIS 130 Million in Revenue and Positive Operating Cash Flow." |
| 99.2 | InterCure Ltd.'s Condensed Consolidated Unaudited Interim Financial Statements as of June 30, 2025. |
| 99.3 | InterCure Ltd.'s Management's Discussion and Analysis of Financial Condition and Results of Operation as of June 30, 2025, and for the Six Months then Ended. |
| 101 | The following financial information from the Registrant's Condensed Consolidated Unaudited Interim Financial Statements as of June 30, 2025, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Unaudited Interim Statements of Financial Position, (ii) Condensed Consolidated Unaudited Interim Statements of Profit or Loss and Other Comprehensive Income, (iii) Condensed Consolidated Unaudited Interim Statements of Changes in Equity; (iv) Condensed Consolidated Unaudited Interim Statements of Cash Flows, and (v) Notes to Condensed Consolidated Unaudited Interim Financial Statements. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

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: October 8, 2025

/s/ Amos Cohen

Amos Cohen
Chief Financial Officer



InterCure Reports First Half 2025 Results with NIS 130 Million in Revenue and Positive Operating Cash Flow

The Company reports NIS 130 million in revenue and NIS 12 million in positive operating cash flow, demonstrating resilience and sustained profitability with its eleventh consecutive half of positive Adjusted EBITDA amidst ongoing recovery in Israel

InterCure is encouraged by recent regulatory momentum in the U.S. and believes that it is well positioned to capitalize on evolving U.S. cannabis rescheduling, especially following its recent signing of an agreement to acquire ISHI

NEW YORK and HERZLIYA, Israel, October 8, 2025 – InterCure Ltd. (NASDAQ: INCR) (TASE: INCR) (“InterCure” or the “Company”), today announced its financial and operating results for the first half of 2025.

Alexander Rabinovitch, CEO of InterCure, stated: “In the first half of 2025, InterCure delivered revenues of NIS 130 million, achieving positive Adjusted EBITDA for the eleventh consecutive half year period and generating NIS 12 million in positive operating cash flow. This performance underscores the strength of our vertically integrated business model and our ability to navigate a challenging environment, including the impact of the October 7 attack and the ongoing war in Gaza. We continue to work closely with Israeli authorities to secure full compensation for damages to our southern facility.

Looking ahead, we are confident in our ability to continue our recovery growth trajectory, expanding our international footprint, and strengthen our leadership in the pharmaceutical cannabis industry, particularly with the strategic acquisition of ISHI, which positions us to capitalize on evolving opportunities in the global cannabis market. At the same time, we are closely monitoring regulatory developments in the U.S. regarding potential rescheduling of cannabis.”

First Half 2025 Financial Highlights

(All amounts are expressed in New Israeli Shekels (NIS), unless otherwise noted)

- **Revenue** of NIS 130 million, an increase of 15% compared to the second half of 2024, and an increase of 3% compared to NIS 126 million in the first half of 2024.
- **Net loss** of NIS 1.8 million, compared to near break-even in the first half of 2024.
- **Adjusted EBITDA** of NIS 12.6 million, representing 10% of revenue, marking the Company’s eleventh consecutive half of positive Adjusted EBITDA.¹
- **Positive cash flow from operations** of NIS 12 million, compared to negative cash flow of NIS 43 million in the same period last year.
- **Cash on hand** of NIS 54 million as of June 30, 2025, compared to NIS 21 million as of June 30, 2024.²
- **Shareholders’ equity** of NIS 432 million as of June 30, 2025.

¹ Adjusted EBITDA means net income (loss) before interest, taxes, depreciation and amortization adjusted for changes in the fair value of inventory, share-based payment expense, impairment losses (and gains) on financial assets, and other expenses (or income). Other income, net includes war-related damage compensation from the tax authorities, changes to allowance for credit risk and impairment of inventory.

² Including restricted cash and deposits.

Operational and Strategic Highlights

- As the recovery process progresses, the Company resumed production, importation and sales from the Nir Oz facility, delivering first batches since the October 7, 2023 attack and the ongoing war in Gaza.
- Launched more than 40 new SKUs during the first half of 2025, marking the first major product launches since October 2023.
- Received NIS 81 million in compensation advances from Israeli authorities for war-related damages, as part of a total submitted damages³ of NIS 251 million.
- Continued expansion of Canndoc's medical cannabis pharmacy chain and growing global demand for InterCure's pharmaceutical-grade cannabis products.
- In September 2025, the Company entered into a share purchase agreement to acquire Botanico Ltd. (ISHI), a strategic acquisition expected to strengthen InterCure's access to premium U.S. genetics, advanced cultivation technologies, and international market opportunities.
- The Company is closely monitoring regulatory developments in the U.S. regarding potential rescheduling of cannabis and believes that it is well positioned to capitalize on evolving U.S. cannabis landscape, especially following its recent signing of an agreement to acquire ISHI.
- Under the purchase agreement with respect to ISHI, the Company obtained exclusive supply of premium products under The Flowery™ and leading American brands, which are expected to contribute tens of millions of shekels to the Company's revenues.

About InterCure (dba Canndoc)

InterCure (dba Canndoc) (NASDAQ: INCR) (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 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: <https://www.intercure.co>

³ The claim is not final and remains subject to adjustment. The total amount claimed may be increased as further information becomes available.

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, and other income, net which included war-related damage compensation from the tax authorities, changes to allowance for credit risk, and impairment of inventory. This measure is not a recognized measure under IFRS, does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. InterCure's method of calculating this measure may differ from methods used by other entities and accordingly, this measure may not be comparable to similarly titled measures used by other entities or in other jurisdictions. InterCure uses this measure because it believes it provides useful information to both management and investors with respect to the operating and financial performance of the Company.

Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements may include, but are not limited to, the Company's expected growth, including in Adjusted EBITDA, success of its global expansion plans, its expansion strategy to major markets worldwide, expected receipt of additional compensation from the Israeli government, and the expected completion of the acquisition of ISHI, 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 success in executing its global expansion plans (including the pending acquisition of Botanico Ltd. (ISHI)), its continued growth, expected operations and financial results, business strategy, competitive strengths, goals and expansion into major markets worldwide, the impact of the war in Israel and the war in Ukraine, and the conditions of the markets generally. 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 U.S. regulatory landscape and enforcement related to cannabis, changes in public opinion and perception of the cannabis industry, and reliance on the expertise and judgment of our senior management. More detailed information about the risks and uncertainties affecting us is contained under the heading "Risk Factors" included in the Company's most recent Annual Report on Form 20-F, as well as in the Company's Form 6-K containing the unaudited condensed consolidated financial statements for the six months ended June 30, 2025, and in other filings that we have made and may make with the Securities and Exchange Commission in the future.

Company Contact:

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North American & Israeli Equities Desks
intercure@arxhq.com

Condensed Consolidated Interim Statements of Financial Position (Unaudited)
As of June 30, 2025

| | As of June 30 | |
|---|-------------------------|----------------|
| | NIS in thousands | |
| | 2025 | 2024 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 51,334 | 19,899 |
| Restricted cash and deposits | 2,436 | 948 |
| Trade receivables, net | 46,931 | 61,672 |
| Other receivables | 119,604 | 158,045 |
| Inventory | 148,174 | 126,466 |
| Biological assets | 5,269 | 3,388 |
| Financial assets measured at fair value through profit or loss | 250 | 399 |
| Total current assets | 373,998 | 370,817 |
| NON-CURRENT ASSETS: | | |
| Other receivables | 5,824 | 439 |
| Property, plant and equipment and right-of-use asset | 105,046 | 98,611 |
| Goodwill | 224,778 | 223,609 |
| Deferred tax assets | 39,970 | 27,042 |
| Financial assets measured at fair value through profit or loss | 2,147 | 1,922 |
| Investment in associate and loan | - | 18,447 |
| Total non-current assets | 377,765 | 370,070 |
| TOTAL ASSETS | 751,763 | 740,887 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short term loan and current maturities | 62,767 | 81,755 |
| Trade payables | 90,785 | 83,071 |
| Other payables | 44,454 | 39,965 |
| Contingent consideration | 3,966 | 4,082 |
| Total current liabilities | 201,972 | 208,873 |
| LONG-TERM LIABILITIES: | | |
| Long term loans | 94,917 | 51,317 |
| Liabilities in respect of employee benefits | 973 | 841 |
| Lease liability | 21,657 | 17,741 |
| Total long-term liabilities | 117,547 | 69,899 |
| EQUITY: | | |
| Share capital, premium and other reserves | 675,393 | 649,013 |
| Capital reserve for transactions with controlling shareholder | 2,388 | 2,388 |
| Receipts on account of shares | 19,591 | - |
| Capital reserve for transactions with non-controlling interests | 13,561 | 13,561 |
| Accumulated losses | (279,786) | (204,518) |
| Equity attributable to owners of the Company | 431,147 | 460,444 |
| Non-controlling interests | 1,097 | 1,671 |
| TOTAL EQUITY | 432,244 | 462,115 |
| TOTAL LIABILITIES AND EQUITY | 751,763 | 740,887 |

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

| | For the 6-months ended on June 30 | | Year endd December 31 |
|--|--|---------------|----------------------------------|
| | NIS in thousands | | |
| | 2025 | 2024 | 2024 |
| Revenue | 130,011 | 125,733 | 238,845 |
| Cost of revenue before fair value adjustments | 91,449 | 85,291 | 203,252 |
| Gross income before impact of changes in fair value | 38,562 | 40,442 | 35,593 |
| Unrealized changes to fair value adjustments of biological assets | 1,661 | 1,218 | 6,458 |
| Loss from fair value changes realized in the current year | 2,005 | 1,029 | 11,818 |
| Gross Profit | 38,218 | 40,631 | 30,233 |
| Research and development expenses | 191 | 219 | 414 |
| General and administrative expenses | 14,302 | 18,374 | 53,669 |
| Sales and marketing expenses | 26,115 | 27,454 | 54,225 |
| Other expenses, net | (9,074) | (16,414) | (12,807) |
| Changes in the fair value of financial assets through profit or loss, net. | 83 | (201) | (341) |
| Share based payments | 885 | 686 | 2,281 |
| Operating Profit | 5,716 | 10,513 | (67,208) |
| Financing income | 2,356 | 1,031 | 2,747 |
| Financing expenses | 10,369 | 10,070 | 22,862 |
| Financing expenses (income), net | 8,013 | 9,039 | 20,115 |
| Profit before tax on income | (2,297) | 1,474 | (87,323) |
| Tax (expense) benefit | 485 | (1,480) | 14,530 |
| Total comprehensive Profit (loss) | (1,812) | (6) | (72,793) |
| Profit (loss) attributable to: | | | |
| Owners of the Company | (1,704) | 1,433 | (67,795) |
| Non-controlling interests | (108) | (1,439) | (4,998) |
| Total | (1,812) | (6) | (72,793) |
| Earnings per share | | | |
| Basic earnings (loss) | (0.03) | 0.03 | (1.48) |
| Diluted earnings (loss) | (0.03) | 0.03 | (1.48) |

Non-IFRS Financial Measures

| | | | |
|---|----------------|---------------|-----------------|
| Total comprehensive Profit (loss) | (1,812) | (6) | (72,793) |
| Interest / Financing expense (income) net | 8,013 | 9,039 | 20,115 |
| Tax expenses (benefit) | (485) | 1,480 | (14,530) |
| Depreciation and amortization | 8,451 | 6,337 | 15,371 |
| EBITDA | 14,167 | 16,850 | (51,837) |
| Share-based payment expenses | 885 | 686 | 2,281 |
| Other income, net | (9,074) | (16,414) | (12,807) |
| War-related damage compensation from the tax authorities | 9,019 | 16,830 | 42,468 |
| Changes to allowance for credit risk | (2,844) | | 16,878 |
| Impairment of inventory | - | - | 15,960 |
| Changes in the fair value of financial assets through profit or loss, net | 83 | (201) | (341) |
| Fair value adjustment to inventory | 344 | (189) | 5,360 |
| Adjusted EBITDA | 12,580 | 17,562 | 17,962 |

For More Financial Information:

For a comprehensive understanding of the Company's financial reports and related management's discussion and analysis for applicable periods, please review the Company's annual report on Form 20-F for the fiscal year ended December 31, 2024, and the Company's Form 6-K containing the unaudited condensed consolidated financial statements for the six months ended June 30, 2025, both available on the Company's EDGAR profile at <https://www.sec.gov/edgar>

InterCure Ltd.

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
As of June 30, 2025

InterCure Ltd.

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
As of June 30, 2025

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Condensed Consolidated Unaudited Interim Statements of Financial Position

| | | June 30 | December 31 |
|--|------|------------------|-------------|
| | | 2025 | 2024 |
| | Note | NIS in thousands | |
| Current assets | | | |
| Cash and cash equivalents | | 51,334 | 78,318 |
| Restricted cash and deposits | | 2,436 | 1,316 |
| Trade receivables, net | | 46,931 | 51,846 |
| Other receivables | 7 | 119,604 | 134,660 |
| Inventory | 4 | 148,174 | 120,305 |
| Biological assets | 5 | 5,269 | 5,023 |
| Financial assets measured at fair value through profit or loss | 6 | 250 | 333 |
| | | 373,998 | 391,801 |
| Non-current assets | | | |
| Other receivables | 7 | 5,824 | 423 |
| Property, plant and equipment and right-of-use asset | | 105,046 | 105,244 |
| Goodwill | | 224,778 | 224,594 |
| Deferred tax assets | | 39,970 | 38,365 |
| Financial assets measured at fair value through profit or loss | | 2,147 | 2,147 |
| | | 377,765 | 370,773 |
| Total assets | | 751,763 | 762,574 |

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

Condensed Consolidated Unaudited Interim Statements of Financial Position

| | June 30 | December 31 |
|--|----------------|--------------------|
| | 2025 | 2024 |
| <u>Current liabilities</u> | | |
| Short term loan and current maturities | 62,767 | 69,435 |
| Trade payables | 90,785 | 77,540 |
| Other payables | 44,454 | 41,809 |
| Contingent consideration | 3,966 | 3,966 |
| Financial liability with respect to shares and warrants to be issued | 3 | 34,000 |
| | 201,972 | 226,750 |
| <u>Non-current liabilities</u> | | |
| Long term loans | 94,917 | 113,979 |
| Liabilities in respect of employee benefits | 973 | 973 |
| Lease liability | 21,657 | 23,201 |
| | 117,547 | 138,153 |
| Total liabilities | 319,519 | 364,903 |
| <u>Equity</u> | | |
| Share capital, premium and other reserves | 675,393 | 658,599 |
| Capital reserve for transactions with controlling shareholder | 2,388 | 2,388 |
| Receipts on account of warrants | 19,591 | - |
| Capital reserve for transactions with non-controlling interests | 13,561 | 13,561 |
| Accumulated losses | (279,786) | (277,579) |
| <u>Equity attributable to owners of the Company</u> | 431,147 | 396,969 |
| Non-controlling interests | 1,097 | 702 |
| Total equity | 432,244 | 397,671 |
| Total equity and liabilities | 751,763 | 762,574 |

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

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

| | Six months ended June 30, | | Year ended December 31 |
|---|------------------------------|---------------|---------------------------|
| | 2025 | 2024 | 2024 |
| | NIS in thousands | | |
| Revenue | 130,011 | 125,733 | 238,845 |
| Cost of revenue before fair value adjustments | 91,449 | 85,291 | 203,252 |
| Gross income before impact of changes in fair value | 38,562 | 40,442 | 35,593 |
| Unrealized changes to fair value adjustments of biological assets | 1,661 | 1,218 | 6,458 |
| Loss from fair value changes realized in the current year | 2,005 | 1,029 | 11,818 |
| Gross Profit | 38,218 | 40,631 | 30,233 |
| Research and development expenses | 191 | 219 | 414 |
| General and administrative expenses | 14,302 | 18,374 | 53,669 |
| Sales and marketing expenses | 26,115 | 27,454 | 54,225 |
| Other income, net | (9,074) | (16,414) | (12,807) |
| Changes in the fair value of financial assets through profit or loss, net | 83 | (201) | (341) |
| Share based payments | 885 | 686 | 2,281 |
| Operating Profit (loss) | 5,716 | 10,513 | (67,208) |
| Financing income | 2,356 | 1,031 | 2,747 |
| Financing expenses | 10,369 | 10,070 | 22,862 |
| Financing expenses, net | 8,013 | 9,039 | 20,115 |
| Profit (loss) before taxes on income | (2,297) | 1,474 | (87,323) |
| Tax (expense) benefit | 485 | (1,480) | 14,530 |
| Total comprehensive loss | (1,812) | (6) | (72,793) |
| Profit (loss) attributable to: | | | |
| To the Company's shareholders | (1,704) | 1,433 | (67,795) |
| To non-controlling interests | (108) | (1,439) | (4,998) |
| Total | (1,812) | (6) | (72,793) |
| Earnings per share | | | |
| Basic earnings (loss) | (0.03) | 0.03 | (1.48) |
| Diluted earnings (loss) | (0.03) | 0.03 | (1.48) |

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

Condensed Consolidated Unaudited Interim Statements of Changes in Equity

| | Share capital, premium and other reserves | Capital reserve for transactions with controlling shareholder | Receipts on account of warrants | Capital reserve for transactions with non- controlling interests | Accumulated losses | Equity attributable to owners of the Company | Non- controlling interests | Total equity |
|--|---|--|--|---|-----------------------|--|----------------------------------|-----------------|
| | NIS in thousands | | | | | | | |
| As of January 1, 2025 | 658,599 | 2,388 | - | 13,561 | (277,579) | 396,969 | 702 | 397,671 |
| Loss for the period | - | - | - | - | (1,704) | (1,704) | (108) | (1,812) |
| Share-based payment | 885 | - | - | - | - | 885 | - | 885 |
| Issuance of shares and warrants (see note 3B) | 15,909 | - | 19,591 | - | - | 35,500 | - | 35,500 |
| Attribution of loss from noncontrolling interest | - | - | - | - | (503) | (503) | 503 | - |
| As of June 30, 2025 | 675,393 | 2,388 | 19,591 | 13,561 | (279,786) | 431,147 | 1,097 | 432,244 |
| As of January 1, 2024 | 643,158 | 2,388 | - | 13,561 | (203,995) | 455,112 | 1,950 | 457,062 |
| Profit (loss) for the period | - | - | - | - | 1,433 | 1,433 | (1,439) | (6) |
| Share-based payment | 686 | - | - | - | - | 686 | - | 686 |
| De-recognition of an obligation to issue shares | (1,020) | - | - | - | - | (1,020) | (796) | (1,816) |
| Attribution of loss from noncontrolling interest | - | - | - | - | (1,956) | (1,956) | 1,956 | - |
| Issuance of ordinary shares related to business combinations | 6,189 | - | - | - | - | 6,189 | - | 6,189 |
| As of June 30, 2024 | 649,013 | 2,388 | - | 13,561 | (204,518) | 460,444 | 1,671 | 462,115 |

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

Condensed Consolidated Unaudited Interim Statements of Cash Flows

| | Six months ended June 30, | |
|--|------------------------------|-----------------|
| | 2025 | 2024 |
| | NIS in thousands | |
| Cash flows from operating activities | | |
| Loss for the period | (1,812) | (6) |
| Taxes paid | (1,160) | (10,698) |
| Adjustments required to present cash flows from operating activities (A) | 15,170 | (32,785) |
| Net cash provided by (used in) operating activities | 12,198 | (43,489) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (3,245) | (356) |
| Loans granted | - | (1,053) |
| Repayment of loans granted | 150 | 4,000 |
| Acquisition of subsidiaries, net of cash acquired | (114) | (551) |
| (Increase) decrease in restricted cash, net | (1,118) | 9,000 |
| Net cash provided by (used in) investing activities | (4,327) | 11,040 |
| Cash flows from financing activities | | |
| Lease payments | (2,634) | (2,312) |
| Receipt of loans from banks | 5,000 | 22,155 |
| Repayment of loans from banks | (30,202) | (60,442) |
| Issuance of shares and warrants | 1,500 | - |
| Interest paid | (8,512) | (8,191) |
| Net cash provided by (used in) financing activities | (34,848) | (48,790) |
| Decrease in cash and cash equivalents | (26,977) | (81,239) |
| Exchange differences in respect of balances of cash and cash equivalents | (7) | (2) |
| Balance of cash and cash equivalents at beginning of period | 78,318 | 101,139 |
| Balance of cash and cash equivalents at end of period | 51,334 | 19,898 |

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

Condensed Consolidated Unaudited Interim Statements of Cash Flows

| | Six months ended June 30, | |
|--|------------------------------|-----------------|
| | 2025 | 2024 |
| | NIS in thousands | |
| A) <u>Adjustments required to present cash flows from operating activities</u> | | |
| Adjustments to items in the consolidated statement of Profit or loss and Other comprehensive income: | | |
| Depreciation | 8,451 | 6,337 |
| Share-based payment | 885 | 686 |
| Changes in the fair value of financial assets through profit or loss, net | 83 | (212) |
| Finance expenses, net | 8,013 | 9,039 |
| Gain in respect of acquisition of a subsidiary | - | (345) |
| Tax expense (benefit) | (485) | 1,480 |
| | 16,947 | 16,985 |
| Changes in assets and liabilities items: | | |
| Decrease (increase) in trade receivables | 4,944 | (230) |
| Decrease (increase) in other receivables | 5,248 | (21,801) |
| Increase in inventory | (27,869) | (19,064) |
| Increase in biological assets | (246) | (2,566) |
| Increase (decrease) in trade payables | 13,191 | (4,208) |
| Increase (decrease) in other payables | 2,955 | (1,901) |
| | (1,777) | (49,770) |
| | 15,170 | (32,785) |
| B) <u>Material non-cash activities</u> | | |
| Additions to right-of-use assets | 581 | 2,976 |
| Purchase of property, plant and equipment | 4,342 | 5,970 |
| Issuance of shares and warrants | 34,000 | |

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

Notes to Condensed Consolidated Unaudited 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 (hereinafter: the "TASE") and the Nasdaq Global Market, domiciled in Israel. Its offices are located in Herzliya, Israel. The Company is engaged in the medical cannabis sector mainly through its holdings of the entirely issued and paid-up capital of Canndoc Ltd. (hereinafter: "Canndoc"), Pharmazone Ltd. (hereinafter: "Pharmazone") and Cannolam Ltd. The Company also has additional holdings in the biomed sector.

Canndoc:

The Company holds 100% of Canndoc's issued and paid-in capital.

The Company, through Canndoc, is engaged in research, marketing, cultivation, production and distribution of medical cannabis products in Israel and around the world.

Cannolam:

The Company holds 100% of the shares of Cannolam Ltd., an Israeli private company, which holds, independently and/or through its owned subsidiaries, the exclusive rights to the production, importing, distribution and use of leading international cannabis and lifestyle trademarks in the territory of the state of Israel. Inter alia, Cannolam Ltd. has exclusive rights in respect of the brands Cookies, Mr. Nice and Oxon Pharma.

Pharmazone:

The Company holds 100% of the shares of Pharmazone, an Israeli private company, which operates a pharmaceutical and medical cannabis trading house.

Other Holdings:

During 2022 and 2024, the Company engaged in a series of agreements for the acquisition or opening of 6 and 6 pharmacies, respectively.

During the six months ended June 30, 2025, the Company entered into agreements for the acquisition of a trading house and a company that is mainly engaged in research and development of cannabis-based medical products.

Investments in the biomed sector:

The Company holds shares of two companies in the biomed sector: F.O.R.E Biotherapeutics Ltd. (formerly known as NovellusDX Ltd., hereinafter: "Fore"), and XTL Biopharmaceuticals Ltd. (hereinafter: "XTL").

Notes to Condensed Consolidated Unaudited Interim Financial Statements

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. |
| Investee companies | - | Subsidiaries and companies, including a partnership or joint venture, the Company's investment in which is stated, directly or indirectly, on the equity basis. |
| Controlling shareholder | - | As defined under the Israeli Companies Law. |

Note 2 - Material Accounting Policies**Basis of Preparation of the Financial Statements**

These interim financial statements for the six months ended June 30, 2025, have been prepared in accordance with IAS 34, *Interim Financial Report* and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended December 31, 2024. (the "last annual consolidated financial statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These interim financial statements were approved by the Company's board of directors on September 17, 2025.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates about the future, that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Notes to Condensed Consolidated Unaudited Interim Financial Statements

Note 2 - Material Accounting Policies (Cont.)Measurement of fair values

All assets and liabilities which are measured at fair value, or whose fair value was disclosed, are divided into categories in the fair value hierarchy, based on the lowest level of inputs which is significant to the measurement of fair value in its entirety:

- Level 1: Quoted prices (without adjustments) in an active market of identical assets and liabilities .
- Level 2: Inputs which are not quoted prices which are included in level 1, which are directly or indirectly observable.
- Level 3: Inputs which are not based on observable market data, as described in Note 5 – Biological Assets, and Note 6 – Investments in financial assets measured at fair value through profit or loss (investments in companies in the biomed sector).

Note 3 - Transactions and Events During the Reporting Period

- A. Following the brutal attacks on Israel, the mobilization of army reserves and the Government declaring a state of war (“Iron Swords” war) in October 2023, there was a decrease in Israel’s economic and business activity. The security situation has led, inter alia, to a disruption in the chain of supply and production, a decrease in the volume of national transportation, a shortage in manpower as well as a decrease in the value of financial assets and a rise in the exchange rate of foreign currencies in relation to the New Israeli Shekel.

Since the beginning of the war, the Southern facility has been damaged, including its inventory, property, plant and equipment and biological assets. In addition, until the first half of 2024, the southern facility had been designated by the Israeli authorities as a closed military area and there was limited access to the site. The Company began the process of restoring the Southern facility in 2024 and returned to production in July 2024.

The Company is working diligently with the Israeli tax authorities to obtain full compensation for the damages caused to the Company. As of June 30, 2025, the Company submitted applications to the Israeli tax authorities to receive compensation in the aggregate amount of NIS 251 million.

As of the date of approval of these financial statements the Company has received advances in the aggregate amount of NIS 81.5 million.

The Company recorded the compensation that, based on management and its advisors’ estimate, the Company has reasonable assurance to receive from the Israeli tax authorities, as other income.

The Company believes that it will be entitled to compensation from the Israeli tax authorities for all direct and indirect damages suffered, including loss of profits.

Notes to Condensed Consolidated Unaudited Interim Financial StatementsNote 3 - Transactions and Events During the Reporting Period (Cont.)

- B. On December 31, 2024, the Company's board of directors approved the allocation of Company shares, in a private allocation of shares and options, to nine investors and one investor, the controlling shareholder of the Company or a company under its control, who agreed to invest a total of approximately NIS 34 million in the Company. The allocation was approved at the general meeting of shareholders on February 3, 2025.

In February 2025, an additional investor invested NIS 1.5 million.

Following the approval of the general meeting, and all other required approvals, on March 3, 2025, the Company issued 7,349,896 shares and 7,349,896 warrants, and the amount was recorded in equity.

- C. In May 2025, the Company engaged in an agreement to purchase 100% of Kanabo Research Ltd, a company that is mainly engaged in research and development of cannabis-based medical products.
- D. On April 18, 2024, the Company engaged in an agreement to purchase 50% of "New day Distribution" trading house, and the completion date was in January 2025 subsequent to which the Company holds 100% of "New day Distribution" trading house.

Note 4 - 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.

| | <u>June 30,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|--|--------------------------------|------------------------------------|
| | <u>NIS in thousands</u> | |
| Finished goods | 60,887 | 62,706 |
| Goods in process and dried inflorescence | 87,287 | 57,599 |
| Total inventory | 148,174 | 120,305 |

Notes to Condensed Consolidated Unaudited Interim Financial Statements**Note 5 - 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, | December 31, |
|--|-------------------------|---------------------|
| | 2025 | 2024 |
| | NIS in thousands | |
| Balance as of January 1 | 5,023 | 822 |
| Costs of growing medical cannabis plants | 13,458 | 26,081 |
| Change in fair value less selling costs | 1,661 | 1,581 |
| Transfer to inventory | (14,873) | (23,461) |
| Balance as of the end of the period | 5,269 | 5,023 |

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

A. Below are the main assumptions used:

| | June 30 | December 31 |
|--|----------------|--------------------|
| | 2025 | 2024 |
| Net growing area (in thousands of square meters) | 10.5 | 10.5 |
| Estimated net yield as of the reporting date (tons) (1) | 1.3 | 1.8 |
| Estimated net selling price (NIS per gram) (2) | 16.8 | 16.8 |
| Estimated growing cycle length (in weeks) (3) | 13 | 13 |
| Estimated growing cycle completion rate (in percent) (4) | 35% | 23% |
| Proportion of plants which do not reach the harvesting stage (5) | 3% | 3% |

- (1) According to the number of seedlings as of the end of the reporting period
- (2) According to the price range of the Company's existing products as of the end of the reporting period
- (3) In accordance with the Company's experience, and according to the strains which exist as of the reporting date
- (4) By planting date vs. growing cycle length
- (5) According to the final product net weight

B. Below is a sensitivity analysis on the fair value of the biological assets (in NIS thousands) in respect of a 10% increase in each of the following variables:

| | June 30 | December 31 |
|--|-------------------------|--------------------|
| | 2025 | 2024 |
| | NIS in thousands | |
| Average selling price | 643 | 612 |
| Proportion of oil products | 2 | 16 |
| Proportion of plants which do not reach harvesting | 52 | 52 |

Notes to Condensed Consolidated Unaudited Interim Financial Statements**Note 6 - Investments in Financial Assets Measured at Fair Value Through Profit or Loss:**

The Company has investments in investees measured at fair value through profit or loss.

The fair value of the investments in these investees as of June 30, 2025, amounted to a total of NIS 2,397 thousand, in accordance with a quoted marked price (level 1) or valuation which was received from an external valuator (level 3).

Disclosure of fair value

The following table presents the Company's financial assets and financial liabilities which are measured at fair value as of June 30, 2025:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|-------------------------|----------------|----------------|--------------|
| | <u>NIS in thousands</u> | | | |
| Assets: | | | | |
| Financial assets measured at fair value through profit or loss: | | | | |
| Investments in investees | 93 | - | 2,147 | 2,240 |
| Investment in XTL stock | 157 | - | - | 157 |
| Total assets | 250 | - | 2,147 | 2,397 |

The following table presents the Company's financial assets and financial liabilities which are measured at fair value as of December 31, 2024:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|-------------------------|----------------|----------------|--------------|
| | <u>NIS in thousands</u> | | | |
| Assets: | | | | |
| Financial assets measured at fair value through profit or loss: | | | | |
| Investments in investees | 83 | - | 2,147 | 2,230 |
| Investment in XTL stock | 250 | - | - | 250 |
| Total assets | 333 | - | 2,147 | 2,480 |

Notes to Condensed Consolidated Unaudited Interim Financial StatementsNote 7 - Other receivables:

As of June 30, 2025, the balance is comprised of debts and loans in the amount of NIS 44,327 thousand, provided to non-related parties as part of mergers and acquisitions processes which did not materialize and were not completed, net of respective provision for impairment.

| | |
|--|----------|
| Balance of non-related parties before provision for impairment | 68,423 |
| Provision for impairment | (24,096) |
| Balance of non-related parties after provision for impairment | 44,327 |

Note 8 - Operating segment data:

Reconciliation of operating segment data include 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> |
| Period ended June 30, 2025 | | | | |
| External revenue | 130,011 | - | - | 130,011 |
| Segment profit (loss) | 8,953 | (83) | - | 8,870 |
| General and administrative expenses not attributable to segments | | | | (3,209) |
| Other expenses, net | | | | 55 |
| Operating profit | | | | 5,716 |
| Segment assets | 721,367 | 2,304 | 28,092 | 751,763 |
| Segment liabilities | 310,796 | - | 8,724 | 319,520 |
| NIS in thousands | | | | |
| | <u>Cannabis segment</u> | <u>Biomed segment</u> | <u>Reconciliations</u> | <u>Total</u> |
| Period ended June 30, 2024 | | | | |
| External revenue | 125,733 | - | - | 125,733 |
| Segment profit (loss) | 14,682 | 201 | - | 14,883 |
| General and administrative expenses not attributable to segments | | | | (20,784) |
| Other expenses, net | | | | 16,414 |
| Operating profit | | | | 10,513 |
| Segment assets | 709,587 | 2,256 | 29,044 | 740,887 |
| Segment liabilities | 273,026 | - | 5,746 | 278,772 |

Notes to Condensed Consolidated Unaudited Interim Financial Statements

Note 8 - Operating segment data: (Cont.)

| | NIS in thousands | | | |
|--|------------------|----------------|-----------------|-----------------|
| | Cannabis segment | Biomed segment | Reconciliations | Total |
| Year ended December 31, 2024 | | | | |
| External revenue | 238,845 | - | - | 238,845 |
| Segment profit (loss) | (39,697) | 341 | - | (39,356) |
| General and administrative expenses not attributable to segments | | | | (40,659) |
| Other expenses, net | | | | 12,807 |
| Operating Loss | | | | (67,208) |
| Segment assets | 732,084 | 2,397 | 28,093 | 762,574 |
| Segment liabilities | 418,966 | - | (54,063) | 364,903 |

Note 9 - Contingent liabilities:

- Further to Note 16B(2) to the Company's 2024 annual financial statements, with respect to the agreement with Cann Pharmaceutical Ltd., on July 1, 2025, the parties submitted a joint motion for approval of a procedural arrangement. On July 6, 2025, the Tel Aviv District Court unexpectedly declined to approve the arrangement and ordered the strikeout of the claim and counterclaim, citing delays in the proceedings. On July 17, 2025, the parties filed a joint notice opposing the strikeout and clarifying that the delays were due to the war in Israel and reserve military service of Company representatives and legal counsel. The court did not accept the parties' joint request and, on the same date, ordered the strikeout of the proceedings, which became effective on July 21, 2025. The strikeout was purely procedural and unrelated to the merits of the case. The Company is currently evaluating its next steps in this matter.
- On May 15, 2025, a claim was filed by "Brit Shevet Avraham" against the Company and Cann doc. The lawsuit seeks, among other things, court orders instructing the defendants to remove alleged unlawful publications regarding medical cannabis, to refrain from engaging in any commercial advertising of medical cannabis, and to cease indirect advertising of medical cannabis through collaborations with pharmacies. On September 11, 2025, the defendants filed a motion to dismiss the claim on threshold grounds including lack of legal personality and standing, that the claimant purports to act as a "public plaintiff", and that the action constitutes an indirect attempt to challenge the Ministry of Health's regulatory policy, following prior proceedings that failed. In parallel, the defendants also filed a motion for an extension of time to submit their statement of defense.

At this early and preliminary stage of the case, it is not possible to estimate the claim's chances.

Notes to Condensed Consolidated Unaudited Interim Financial Statements

Note 10 - Subsequent events:

1. On September 17, 2025, the Company entered into a share purchase agreement to acquire 100% of Botanico Ltd. ("Botanico"), a company that has exclusive rights to distribute The Flowery's acclaimed U.S. cannabis brands and genetics in Israel and across international markets.

The acquisition will be executed in two stages: in the first stage, the Company will acquire 50% of Botanico's share capital in consideration for 2,261,345 of the Company's ordinary shares and 205,710 options. Pursuant to the share purchase agreement, within two years, the Company will complete the acquisition of the remaining 50% of Botanico's share capital in consideration for an additional 2,252,317 of the Company's ordinary shares and 204,889 options.

2. On July 8, 2025, the Company's board of directors approved the allocation of 168,727 shares to the Company's employees. On August 27, 2025, the TASE approved the listing of such shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As of June 30, 2025, and for the Six Months then Ended

Cautionary Note Regarding Forward-Looking Statements

Certain information included herein may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended, and other federal securities laws.

These forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, statements that contain projections of results of operations or of financial condition, expected capital needs and expenses, statements relating to the research, development, completion and use of our products, the timing of our pending acquisition, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future.

The use of the words “anticipate”, “believe”, “budget”, “continue”, “could”, “estimate”, “expect”, “forecasts”, “intends”, “may”, “might”, “outlook”, “plan”, “possible”, “potential”, “predict”, “project”, “scheduled”, “should”, “target”, “would”, and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not a forward-looking statement.

These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated or implied in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Some of the risks, uncertainties and assumptions that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include but are not limited to:

- our ability to obtain, and the timing of, regulatory approvals to produce, manufacture, distribute, export and import pharmaceutical-grade cannabis and cannabis-based products;
 - our partners' ability to obtain, and the timing of, regulatory approvals to produce, manufacture, distribute, export and import pharmaceutical-grade cannabis and cannabis-based products;
 - the development and regulation of cannabis and, more specifically, the medical-use cannabis industry;
 - the outcomes of preclinical studies, clinical trials and other research regarding the safety and efficacy of cannabis and the ability of such trials to increase acceptance of cannabis in the medical community;
 - the commercialization and pricing of our products;
 - our competitors' development, marketing and sale of products that compete with our products;
 - our expectations regarding future growth, including our ability to complete the expansion of our facilities in northern Israel, southern Israel, the European Union and Canada, as well as the overall expansion of the Cannolam pharmacy chain in 2025 and onwards;
 - our estimates regarding the growth of the Israeli medical cannabis market (including the number of patients);
 - our ability to enter into arrangements with distributors, including any required regulatory approvals;
 - our ability to maintain an active trading market for our ordinary shares, no par value (the “ordinary shares”), and whether the market price of our ordinary shares is volatile;
 - our ability to execute our growth strategies;
-

- our competitive position within the industry;
- expectations for regulatory and competitive factors related to the cannabis industry generally, including the permanent export permit from the Israeli Medical Cannabis Agency and other Israeli authorities, as well as the ability to obtain import permits into Israel for future cannabis shipments;
- the continued listing of the ordinary shares;
- the conflict in the Middle East, and specifically the on-going armed conflict between Israel and the Gaza Strip, Iran and Hezbollah in Lebanon;
- our expectations regarding our ability to complete the recovery from war damage and rehabilitation of our facility in southern Israel;
- our expectations regarding our revenue, expenses and operations;
- expectations regarding future director and executive compensation levels and plans;
- the time and attention each executive officer and director will devote to our business;
- expected industry trends;
- general economic trends;
- our ability to meet the conditions to complete the acquisition of ISHI (as defined below);
- fluctuations in foreign exchange rates; and
- fluctuations in interest rates.

The foregoing list sets forth some, but not all, of the factors that could affect our ability to achieve results described in any forward-looking statements. For a more detailed description of the risks and uncertainties affecting our company, reference is made to our Annual Report on Form 20-F for the year ended December 31, 2024, or our Annual Report, which was filed with the Securities and Exchange Commission, or the SEC, on May 1, 2025, and the other risk factors discussed from time to time by our company in reports filed or furnished to the SEC.

Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the information presented in this Report on Form 6-K, and particularly our forward-looking statements, by these cautionary statements.

Operating Results

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in our Annual Report, as well as our condensed consolidated unaudited financial statements and the related notes thereto for the six months ended June 30, 2025, included elsewhere in this Report on Form 6-K, which have been prepared in accordance with IFRS Accounting Standards. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties.

Amounts are presented in thousands of NIS.

Overview

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

The Company has 15 direct subsidiaries, 14 as described in its Annual Report under “Item 4.B. Business Overview” and one additional as described in Note 3(C) to our condensed consolidated unaudited financial statements and the related notes thereto for the six months ended June 30, 2025, included elsewhere in this Report Form 6-K.

We (more specifically through our subsidiary, Canndoc Ltd.) 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 17 years, we have been a leader in the licensed production and distribution of cannabis and cannabis-based products throughout Israel, one of the first countries with a governmentally-sanctioned regime for the production, manufacturing and distribution of cannabis for medical use.

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

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

We believe in the uncompromising quality of our products, and we are leading the trend towards the pharmaceutical standard in the medical cannabis industry, both through a high quality, advanced production system and through extensive research and development with nine clinical studies. We have acquired a unique knowledge throughout our 17 years of experience operating in the cultivation, growth and genetics of cannabis strains. In addition, we have invested in a production system that adheres to the strictest regulatory and quality standards. In doing so, we achieve the highest standard of product quality for our patients and for commercial research collaborations. We believe this will enable us to enter into future target markets and strategic partnerships, expanding our leadership globally.

Non-IFRS Financial Measures

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

“Adjusted EBITDA” means EBITDA for the cannabis sector adjusted for changes in the fair value of inventory, share-based payment expense, impairment losses (and gains) on financial assets, and other expenses (or income);

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

We present Adjusted EBITDA and EBITDA in this Report on Form 6-K because these are measures that our management and board of directors utilize as a measure to evaluate our operating performance. Accordingly, we believe that Adjusted EBITDA and EBITDA provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

These measures should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. For a reconciliation of net income (loss) from continuing operations to EBITDA and Adjusted EBITDA, please see “- Results of Operations - Comparison of the Six Months Ended June 30, 2025 and 2024.”

First Half 2025 Key Financial & Operating Highlights

For The Company (on a consolidated basis):

- Our consolidated net loss for the six months ended June 30, 2025 was NIS 2 million, compared to a consolidated net loss of NIS 0.006 million for the six months ended June 30, 2024. The net loss includes non-cash amounts such as allowance for credit risk.
- First half 2025 revenue and Adjusted EBITDA of NIS 130 million and NIS 13 million, respectively.
- Positive cash from operations of NIS 12 million for the six months ended June 30, 2025 compared to negative cash from operations of 43 million for the six months ended June 30, 2024.
- According to Israeli Law, due to the location of our production facility in southern Israel (the “Southern Facility”), we are entitled to receive from Israeli authorities full compensation for all the direct and indirect damages caused to the Southern Facility by the terrorist attack and the war in Gaza. Our management and our advisers are working diligently with the Israeli authorities to obtain this full compensation. To date, we have already received NIS 81 million as advance payments from the Israeli authorities in relation to such compensation as part of a total submitted damages¹ of NIS 251 million.
- Cash and cash equivalents and restricted cash of NIS 54 million as of June 30, 2025 compared to NIS 21 million as of June 30, 2024.

¹ The claim is not final and remains subject to adjustment. The total amount claimed may be increased as further information becomes available.

Results of Operations

Comparison of the Six Months Ended June 30, 2025 and 2024

The following table summarizes our unaudited results of operations for the six months ended June 30, 2025 and 2024:

| | Six Months Ended June 30, | |
|---|------------------------------|---------------|
| | 2025 | 2024 |
| Revenue | 130,011 | 125,733 |
| Gross income before impact of changes in fair value | 38,562 | 40,442 |
| Gross profit | 38,218 | 40,631 |
| Research and development expenses | 191 | 219 |
| General and administrative expenses | 14,302 | 18,374 |
| Sales and marketing expenses | 26,115 | 27,454 |
| Changes in the fair value of financial assets through profit or loss, net | 83 | (201) |
| Share-based payments | 885 | 686 |
| Other income, net | (9,074) | (16,414) |
| Consolidated operating profit | 5,716 | 10,513 |
| Total comprehensive loss | (1,812) | (6) |
| Basic earnings (loss) per share | (0.03) | 0.03 |
| Diluted earnings (loss) per share | (0.03) | 0.03 |
| Total comprehensive loss | (1,812) | (6) |
| Interest / Financing cost | 8,013 | 9,039 |
| Tax expenses (benefit) | (485) | 1,480 |
| Depreciation and amortization | 8,451 | 6,337 |
| EBITDA | 14,167 | 16,850 |
| Share-based payments | 885 | 686 |
| Other income, net | (9,074) | (16,414) |
| War-related damage compensation from the tax authorities | 9,019 | 16,830 |
| Changes to allowance for credit risk | (2,844) | - |
| Changes in the fair value of financial assets through profit or loss, net | 83 | (201) |
| Fair value adjustment to inventory | 344 | (189) |
| Adjusted EBITDA | 12,580 | 17,562 |

Revenues - Revenue increased by 3% to NIS 130 million for the six months ended June 30, 2025, compared to NIS 126 million for the six months ended June 30, 2024, primarily due to sales of the first batches from Nir-Oz since the war began.

Gross profit before effect of fair value - The gross profit decreased by 5% to NIS 39 million for the six months ended June 30, 2025, compared to NIS 40 million for the six months ended June 30, 2024, mainly due to sales of the first batches from Nir-Oz since the war began.

Consolidated net Profit (Loss) - Our consolidated net loss decreased to NIS 2 million for the six months ended June 30, 2025, compared to NIS 0.006 million for the six months ended June 30, 2024. The net loss of includes non-cash amounts such as allowance for credit risk and decreased mainly due to sales of the first batches from Nir-Oz since the war began.

Adjusted EBITDA - For the six months ended June 30, 2025, we had positive EBITDA of NIS 13 million, which was 10% of revenues, as compared to positive EBITDA of NIS 18 million for the six months ended June 30, 2024, which was 14% of revenues.

General and administrative expenses - General and administrative expenses decreased by 22% to NIS 14 million for the six months ended June 30, 2025, compared to NIS 18 million for the six months ended June 30, 2024, primarily due to an allowance for credit risk in 2024.

Selling and marketing expenses - Selling and marketing expenses decreased by 5% to NIS 26 million for the six months ended June 30, 2025, compared to NIS 27 million for the six months ended June 30, 2024, primarily due to a decrease in distribution costs.

Liquidity and Capital Resources

Cash Flow

The Company'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 the Six Months Ended June 30, | |
|--|--------------------------------------|----------------|
| | 2025 | 2024 |
| Net cash provided by (used in) operating activities | 12,198 | (43,489) |
| Net cash used in financing activities | (34,848) | (48,790) |
| Net cash provided by (used in) investing activities | (4,327) | 11,040 |
| Change in cash during the period | (26,977) | (81,239) |
| Exchange differences in respect of cash and cash equivalent balances | (7) | (2) |
| Cash and cash equivalents, beginning of year | 78,318 | 101,139 |
| Cash and cash equivalents, end of year | 51,334 | 19,898 |

Net cash flow provided by operating activities - The increase to NIS 12 million in net cash provided by operating activities for the six months ended June 30, 2025, compared to NIS 43 million in net cash used in operating activities, for the six months ended June 30, 2024 was due to sales of the first batches from Nir-Oz since the war began that completed most of the production processes in 2024.

Net cash used in financing activities - The decrease in net cash used in financing activities by 29% to NIS 35 million for the six months ended June 30, 2025, compared to NIS 49 million for the six months ended June 30, 2024 was primarily due to a greater repayment of loans from banks in 2024.

Net cash used in investing activities - The decrease by 139% to NIS 4 million in net cash used in investing activities for the six months ended June 30, 2025, compared to NIS 11 million in net cash provided by investing activities for the six months ended June 30, 2024 was primarily due to a repayment of a deposit in 2024.

Proposed Transactions

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

Recent Developments

Below are recent developments related to our liquidity and capital resources for the six months ended June 30, 2025 and up to the date of this Report on Form 6-K:

- In December 2024, we entered into financing commitments of NIS 66 million which may increase to NIS 107 million, which included a binding commitment from a leading Israeli bank to provide us with a non-secured loan of NIS 30 million for a period of up to 24 months, to be repaid until December 23, 2026, on customary terms and conditions, including an interest rate of the one year loan prime rate (6.00%), or the Loan.
 - Under a securities purchase agreement dated March 2, 2025 (the "Private Placement"), we issued in a private placement, or the Private Placement, to investors (i) an aggregate of 7,349,896 ordinary shares of the Company, at a purchase price of NIS 4.83 (approximately \$1.34) per ordinary share, at a premium above the opening price of the Company's ordinary shares on the Tel Aviv Stock Exchange on the morning of Monday, December 16, 2024, which was NIS 4.81 per share, or the Determining Date, and (ii) warrants, or the Warrants, that have a term of four years, to purchase up to an additional 7,349,896 of our ordinary shares at an exercise price equal to NIS 5.70 (approximately \$1.58), at an 18% premium above the opening price of our ordinary shares on the Determining Date, which may further increase the proceeds from the Private Placement up to a total of approximately NIS 77 million (approximately \$21.5 million) if the Warrants are fully exercised for cash. The Private Placement was subject to certain closing conditions, which included the approval of our shareholders, which was later obtained in February 2025. The Private Placement closed on March 3, 2025.
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- On February 12, 2025, we announced that Mr. Ehud Barak will step down as Chairman of the Board, effective February 13, 2025, and will be succeeded by Mr. Alexander Rabinovich who has successfully led the Company as Chief Executive Officer for the past five years.
- On September 17, 2025, we entered into a share purchase agreement with Botanico Ltd., also known as ISHI, or ISHI, an Israeli premium cannabis technology and brand company that delivers immediate access to exclusive premium indoor products supply, advanced cultivation technologies and established partnerships with leading American cannabis operators. Pursuant to the terms of the share purchase agreement, we will acquire 100% of ISHI in two phases: 50% of ISHI's issued and outstanding share capital on a fully diluted basis will be acquired at the initial closing in consideration for 2,261,345 ordinary shares of the Company, and 205,710 options to purchase ordinary of the Company, or the Options, to the securities holders of ISHI, in a private placement offering, and the remaining 50% will be acquired upon the earlier of (i) ISHI achieving three consecutive months of positive operating profitability or (ii) 24 months from the initial closing, in consideration for an additional 2,252,317 ordinary shares and 204,889 Options.

The total consideration for the acquisition is 4,513,663 ordinary shares and 410,599 Options representing, in the aggregate, approximately 10% of our outstanding shares on a fully diluted basis as of immediately prior to the initial closing. The parties expect the initial closing to occur in the first quarter of 2026, subject to regulatory approvals from Israeli Medical Cannabis Agency, Israel Securities Authority, and the TASE.

Research and development, patents and licenses, etc.

A comprehensive discussion of our research and development, patents and licenses, etc., is included in "Item 4.B. Business Overview - Research and Development" and "Item 4.B. Business Overview - Intellectual Property" in our Annual Report.

Trend Information

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

Critical Accounting Estimates

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The Company's critical accounting estimates are summarized in Note 3 of our audited consolidated financial statements which is referenced in "Item 5. Operating and Financial Review and Prospects – Management's Discussion and Analysis of Financial Condition and Results of Operations" section in our Annual Report.

Off-Balance Sheet Transactions

The Company has no off-balance sheet arrangements.
