

1 **IM Cannabis (IMCC) First Quarter Earnings Call Script**

2 **Operator**

3 Good morning and welcome to IM Cannabis' First Quarter 2025 Earnings Conference  
4 Call. Today's conference call is being recorded. At this time, I would like to turn the  
5 conference over to Anna Taranko, Director of Investor & Public Relations

6 **Anna Taranko**

7 Good morning and thank you, Operator. Joining me for today's call are IM Cannabis'  
8 Chief Executive Officer, Oren Shuster, and Chief Financial Officer, Uri Birenberg.

9 The earnings press release that accompanies this call is available on the Investor  
10 Relations section of our website at [investors.imcannabis.com](https://investors.imcannabis.com).

11 Today's call will include estimates and other forward-looking information and  
12 statements, including statements concerning future results of operations, economic  
13 conditions and anticipated courses of actions and are based on assumptions,  
14 expectations, estimates and projections as the date hereof.

15 This information may involve known and unknown risks, uncertainties and other  
16 factors that may cause actual results to differ materially from those expressed or  
17 implied by such statements. Factors that could cause or contribute to such  
18 differences are described in detail in the company's most recent filings available on  
19 SEDAR+ at [www.sedarplus.ca](https://www.sedarplus.ca) and EDGAR at [www.sec.gov](https://www.sec.gov).

20 Furthermore, certain non-IFRS measures will be referred to during this call. The term  
21 'Non-IFRS Adjusted EBITDA Loss' or 'Non-IFRS Adjusted EBITDA' will hereafter be  
22 referred to as 'Adjusted EBITDA Loss' or 'Adjusted EBITDA,' as applicable.

23 Any estimates or forward-looking information or statements provided are accurate  
24 only as of the date of this call and the Company undertakes no obligation to publicly  
25 update any forward-looking information or statements or supply new information  
26 regarding the circumstances after the date of this call. Please also note that all  
27 references on this call reflect currency in Canadian dollars unless otherwise stated.

28 With that, it is my pleasure to turn the call over to Oren Shuster, CEO of IM Cannabis.

29 Oren, please go ahead.

30

1 **Oren Shuster – Opening Remarks**

2 Thank you, Anna. Good morning, everyone, and thank you for joining us today.

3 While presenting the 2024 full year results in March, I focused on the progress we  
4 made internally, both strategically and operationally, the efficiencies and integration,  
5 to build a solid, right sized foundation to deliver on in 2025. In Q1, 2025 we can see in  
6 the group's financial results that we have hit our target. In Q1, IMC reached net  
7 profit, with an 87% improvement in our gross margin vs. Q1, 2024.

8 Our focus continues to be on execution, shifting our resources to where we see the  
9 biggest ROI and leaning into our integrated structure. In Q1, with our integrated  
10 supply chain, we launched a total of 12 new strains in Germany driving about €3  
11 million or 39% of our cannabis flower sales in Germany. To put this into perspective,  
12 in the second half of 2024, we imported a total of 11 new strains to Germany, for an  
13 upside in sales of about 14% in Germany. In Q1 of 2025 alone we have already  
14 exceeded the last 6 months of 2024. Needless to say, I am very proud of the work the  
15 entire team, both in Israel and in Germany put in to deliver these results.

16 **Moving on to Israel**, we see that the shift in focus and resources towards the German  
17 market and supply delays impacted our Israeli business. While the Israeli revenue  
18 declined by 56% vs Q1 2024, our German business grew 569% vs Q1 2024, offsetting  
19 the revenue decline in Israel.

20 In addition, we are seeing that the cost cutting measures produced by shifting our  
21 production facility in Israel in 2024, are flowing through to the financial results  
22 leading to the increase in gross margin of 87% and an increase in gross profit of 94%.

23 To sum up the first quarter of 2025, I am delighted to see how the efficiencies and  
24 integration of the past two years is starting to be visible in our financial results. Our  
25 goal was for the group to be positive, which we achieved this quarter. Our target now  
26 is to continue to execute our strategy.

27 I will now hand the call over to Uri, who will review our first quarter 2025 financial  
28 results.

29 Uri?

30 Thank you, Oren.

Before reviewing our Q1 results I would like to emphasize one of this quarter's milestones:

The adjusted EBITDA in Q1 2025 resulted in a profit of \$0.6 million, compared to an adjusted EBITDA loss of \$2.2 million in Q1 2024, which is an improvement of almost \$3 million.

There is a net profit of about \$0.2

Our Q1 results were mainly impacted by the following points:

The German revenue in Q1 increased by 569% vs Q1 2024.

We continued with our expense reduction process which resulted in a decrease in operating expenses of approximately 56% vs. Q1 2024.

I will now take you through the overview of the Q1 2025 financial results for the Company's operations.

**Revenues for Q1 2025** were \$12.5 million compared to \$12.1 million in Q1 2024, an increase of \$0.4 million or 4%. The increase is mainly attributed to the accelerated growth in Germany with an increase in revenue of \$6.6 million, and decreased Revenue in Israel of \$6.1 million net, the decrease is attributed to the Oranim deal cancellation which resulted in a decrease in Revenue of approximately \$3.5 million compared to Q1 2024.

Germany's share of total revenue in Q1 2025 has significantly increased compared to the corresponding period in 2024, to 62%. This increase has had a considerable impact, reflected in a higher average price due to favorable market conditions and growing demand.

**The cost of revenues** for Q1 2025 were \$9.1 million compared to \$10.3 million in Q1 2024, a decrease of \$1.2 million or 12%. This is mainly due to \$0.6 million slow inventory clearing in Q1 2024 and other expenses decrease in Q1 2025 of about \$0.6 million net.

**Gross profit** for Q1 2025 was \$3.4 million compared to \$1.8 million in Q1 2024, an increase of \$1.6 million or 94%.

**General and administrative expenses** for Q1 2025 were \$2 million compared to \$2.3 million in Q1 2024, a decrease of \$0.3 million or 14%.

**Selling and marketing expenses** for Q1 2025 were \$1.3 million compared to \$2.3 million in Q1 2024, a decrease of \$1 million or 44%. The decrease is mainly attributed to Oranim's revoked agreement of approximately \$0.8 million.

1 **Total operating expenses** for Q1 2025 were \$3.3 million compared to \$7.4 million in  
2 Q1 2024, a decrease of \$4.1 million or 56%.

3 **Operating expense ratio** for Q1 2025 was 26% vs. 77% excluding the one-time expense  
4 outcome of Oranim deal cancellation for Q1 2024, representing an increased efficiency  
5 of about 66%.

6 The efficiency ratio improvement results from decreased operational costs and  
7 increased revenue.

8 **EBITDA** for Q1 2025 were \$0.6 million profit compared to loss of \$5.0 million in Q1  
9 2024, an increase of \$5.6 million.

10 **Net Profit** for Q1 2025 was \$0.2 million compared to loss of \$6 million in Q1 2024, an  
11 increase of \$6.2 million.

12 **Diluted Income per Share** for Q1 2025 was \$0.09, compared to a loss of \$2.52 per  
13 Share in Q1 2024.

14 As of the balance sheet,

15 **Cash and Cash Equivalents** as of March 31, 2025, were \$1.4 million compared to \$0.9  
16 million on December 31, 2024.

17 **Total assets** as of March 31, 2025, were \$44,934, compared to \$39,188 as of December  
18 31, 2024, representing an increase of \$5,746 or 15%. The increase is mainly due to an  
19 increase of \$2,850 in trade receivables, \$2,218 in Inventory, \$1,031 in advances to  
20 suppliers.

21 **Total Liabilities** As of March 31, 2025, total liabilities were \$41,761 compared to  
22 \$36,042 as of December 31, 2024, representing an increase of \$5,719 or 16%.

23 The Company plans to finance its operations from its existing and future working  
24 capital resources, as well as from its available credit facilities, and will continue to  
25 evaluate additional sources of capital and financing as needed.

26 I would now like to turn the call back to Oren for closing remarks. Oren?

27  
28 **Oren Shuster – Closing Remarks**

29 Thank you, Uri.

1 To sum up Q1, 2025, I am delighted to see that the progress we have made internally,  
2 both strategically and operationally, is starting to impact the group's financial results  
3 directly, as of this quarter we are profitable.

4 I will now hand the call over to the operator to begin our question-and-answer  
5 session. Operator?

6 **Operator**

7 Q&A session prompts, Q&A Session

8 **Oren Shuster – Conclusion after Q&A - LIVE**

9 Thank you, Operator, and thank you all for joining our call today.