

August 12, 2025



# IM Cannabis Reports Second Quarter 2025 Financial Results

*IMC Delivers Strong Profit and Margin Growth Despite Revenue Impact from External Challenges in Q2 2025*

TORONTO and GLIL YAM, Israel, Aug. 12, 2025 /PRNewswire/ -- IM Cannabis Corp. (the "**Company**" or "**IMC**") (NASDAQ: IMCC), an international medical cannabis company, announced its financial results today for the second quarter ended June 30, 2025. All amounts are reported in Canadian dollars and compared to the quarter ended June 30, 2024, unless otherwise stated.



## Q2 2025 Financial Highlights

- **14% Revenue decrease** vs. Q2 2024 of \$12.7M vs. \$14.8M

- **306% Gross profit increase** vs. Q2 2024 of \$3.4M vs. \$0.8M (\$1.9M in Q2 2024 is due to inventory clearing and accruals)
- **371% Gross Margin increase** vs. Q2 2024 of 27% vs. 6%
- **Stable Operating Expenses** with a 2% Operating Expenses increase vs. Q2 2024 of \$3.8M vs. \$3.7M
- **EBITDA profit of \$0.1M** in Q2 2025 vs. EBITDA loss of \$2.3M in Q2 2024

## Management Commentary

"The ongoing war in Israel and supply chain delays have created real challenges for our revenue in both Israel and Germany, the impact on our Q2 revenue was approximately \$5 million — a figure we expect to recover in the coming quarters," said **Oren Shuster, Chief Executive Officer of IMC**. "In spite of these obstacles, we are encouraged by the strong profitability and margin growth we've achieved. These results underscore the strength of our long-term strategy and the resilience of our team, positioning us well for sustainable growth."

"In Q2, we achieved a 306% increase in gross profit to \$3.4 million compared to \$0.8 million last year, alongside a 105% improvement in Non-IFRS Adjusted EBITDA to a profit of \$0.1 million from a \$2.3 million loss. These results reflect disciplined cost management, operational efficiency, and margin expansion, even amid a 14% revenue decline driven by the ongoing war in Israel and supply chain delays. We remain focused on strengthening our balance sheet and positioning the company for sustainable, profitable growth as market conditions normalize," added **Uri Birenberg, Chief Financial Officer of IMC**.

## Q2 2025 Financial Results

- **Net loss in Q2 2025** was \$0.2 million, compared to net loss of \$3.5 million in Q2 2024.
- **Revenues for the second quarter of 2025** were \$12.7 million compared to \$14.8 million in the second quarter of 2024, a decrease of 14%. The decrease is mainly due to accelerated growth in Germany of \$3.3 million and offset by decreased revenue in Israel of \$5.3 million.
- **Gross profit for the second quarter of 2025** was \$3.4 million, compared to \$0.8

million in Q2 2024, an increase of 306%.

- **Gross margin for the second quarter of 2025** was 27%, compared to 6% in Q2 2024, an increase of 371%.
- **Total operating expenses in Q2 2025** were \$3.8 million compared to \$3.7 million in Q2 2024, an increase of 2%.
- **G&A Expenses in Q2 2025** were \$2.5 million, compared to \$2.2 million in Q2 2024, an increase of 15%.
- **Selling and Marketing Expenses in Q2 2025** were \$1.3 million, compared to \$1.5 million in Q2 2024, a decrease of 13%.
- **Basic and diluted Loss per Share in Q2 2025** was \$0.09, compared to a loss of \$1.36 per Share in Q2 2024.
- **Non-IFRS Adjusted EBITDA Profit in Q2 2025** was \$0.1 million, compared to an adjusted EBITDA loss of \$2.3 million in Q2 2024, an improvement of 105%.
- **Cash and Cash Equivalents as of June 30, 2025**, were \$0.8 million compared to \$0.9 million in December 31, 2024.
- **Total assets as of June 30, 2025**, were \$41.1 million, compared to \$39.2 million in December 31, 2024, an increase of 5%. The increase is mainly attributed to an increase of \$2.3 million in advances to suppliers and a decrease of \$1.3 million in trade receivables.
- **Total Liabilities as of June 30, 2025**, were \$37 million, compared to \$36 in December 31, 2024, an increase of 3%. The increase is mainly attributed to an increase of \$1.0 million in trade payables, an increase of \$3 million in other accounts payable and offset by a decrease of \$1 million due to a net reduction in Credit from bank institutions and a decrease of \$1.4 million in convertible debt.

The Company's financial statements as of June 30, 2025 includes a note regarding the Company's ability to continue as a going concern. The Company's Q2 2025 financial results do not include any adjustments relating to the recoverability and classification of assets or liabilities that might be necessary should the Company be unable to continue as a going concern. For more information, please refer to the "Liquidity and Capital Resources" and "Risk Factors" sections in the Company's management's discussion and analysis for the quarter ended June 30, 2025.

### **Non-IFRS Measures**

This press release makes reference to "Gross Margin" and "Adjusted EBITDA", which are financial measures that are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. These measures are provided as complementary information to the Company's IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should neither be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

For an explanation of how management defines Gross Margin and Adjusted EBITDA, see the Company's management's discussion and analysis for the period ended June 30, 2025, available under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) on EDGAR at [www.sec.gov/edgar](http://www.sec.gov/edgar).

We reconcile these non-IFRS financial measures to the most comparable IFRS measures as set out below.

### **About IM Cannabis Corp.**

IMC (Nasdaq: IMCC) is an international cannabis company that provides premium cannabis products to medical patients in Israel and Germany, two of the largest medical cannabis markets. The Company leverages a transnational ecosystem powered by a unique data-driven approach and a globally sourced product supply chain. With an unwavering commitment to responsible growth and compliance with the strictest regulatory environments, the Company strives to amplify its commercial and brand power to become a global high-quality cannabis player.

The IMC ecosystem operates in Israel through Focus Medical Herbs Ltd., which imports and distributes cannabis to medical patients, leveraging years of proprietary data and patient insights. The Company also operates medical cannabis retail pharmacies, online platforms and logistical hubs in Israel that enable the safe delivery and quality control of IMC products throughout the entire value chain. In Germany, the IMC ecosystem operates through Adjupharm GmbH, where it distributes cannabis to pharmacies for medical cannabis patients.

### **Disclaimer for Forward-Looking Statements**

This press release contains forward-looking information or forward-looking statements under

applicable Canadian and United States securities laws (collectively, "**forward-looking statements**"). All information that addresses activities or developments that we expect to occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "likely" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made. In the press release, such forward-looking statements include, but are not limited to, statements relating to: the impact of the Israel-Hamas war on the Company, including its operations and the medical cannabis industry in Israel; the timing and impact of the legalization of medicinal cannabis in Germany, including, the Company having it "all in house"; the Company being positioned to take advantage of the legalization; the Company's growth in 2025; the market growth for medicinal cannabis in Germany; the stated benefits of the Company's EU-GMP processing facility and an EU-GDP logistics center; the Company to host a teleconference meeting as stated; and the Company's stated goals, scope, and nature of operations in Germany, Israel, and other jurisdictions the Company may operate.

Forward-looking statements are based on assumptions that may prove to be incorrect, including but not limited to: the Company's ability to focus and resources to achieve sustainable and profitable growth in its highest value markets; the Company's ability to mitigate the impact of the Israel-Hamas and Israel-Iran war on the Company; the Company's ability to take advantage of the legalization of medicinal cannabis in Germany; and the Company's ability to carry out its stated goals, scope, and nature of operations in Germany, Israel, and other jurisdictions the Company may operate.

The above lists of forward-looking statements and assumptions are not exhaustive. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated or implied by such forward-looking statements due to a number of factors and risks. These include: the failure of the Company to comply with applicable regulatory requirements in a highly regulated industry; unexpected changes in governmental policies and regulations in the jurisdictions in which the Company operates; the Company's ability to continue to meet the listing requirements of the NASDAQ Capital Market; any unexpected failure to maintain in good standing or renew its licenses; the ability of the Company and its subsidiaries (collectively, the "**Group**") to deliver on their sales commitments or growth objectives; the reliance of the Group on third-party supply agreements to provide sufficient quantities of medical cannabis to fulfil the Group's obligations; the Group's possible exposure to liability, the perceived level of risk related thereto, and the anticipated results of any litigation or other similar disputes or legal proceedings involving the Group; the impact of increasing competition; any lack of merger and acquisition opportunities; adverse market conditions; the inherent uncertainty of production quantities, qualities and cost estimates and the potential for unexpected costs and expenses; risks of product liability and other safety-related liability from the usage of the Group's cannabis products; supply chain constraints; reliance on key personnel; the risk of defaulting on existing debt; risks surrounding war, conflict and civil unrest in Eastern Europe and the Middle East, including the impact of the Israel-Hamas and Israel-Iran war on the Company, its operations and the medical cannabis industry in Israel; risks associated with the Company focusing on the Israel and Germany markets; the inability of the Company to achieve sustainable profitability and/or increase shareholder value; the inability of the

Company to actively manage costs and/or improve margins; the inability of the company to grow and/or maintain sales; the inability of the Company to meet its goals and/or strategic plans; the inability of the Company to reduce costs and/or maintain revenues; and the Company's inability to take advantage of the legalization of medicinal cannabis in Germany.

Please see the other risks, uncertainties and factors set out under the heading "Risk Factors" in the Company's annual report dated March 31, 2025, which is available on the Company's issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and Edgar at [www.sec.gov/edgar](http://www.sec.gov/edgar). Any forward-looking statement included in this press release is made as of the date of this press release and is based on the beliefs, estimates, expectations and opinions of management on the date such forward looking information is made. The Company does not undertake any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Canadian Dollars in thousands

	<b>Note</b>	<b>June 30, 2025</b> <b>(Unaudited)</b>	<b>December 31, 2024</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash		\$ 794	\$ 863
Restricted cash deposit		40	64
Trade receivables		12,518	13,803
Other current assets		8,431	5,419
Inventory		3,657	3,215
		<u>25,440</u>	<u>23,364</u>
<b>NON-CURRENT ASSETS:</b>			
Investments in affiliate	4	1,676	1,631
Property, plant and equipment, net		3,805	3,730
Intangible assets, net		2,823	3,333
Goodwill		6,863	6,679
Right-of-use assets, net		461	451
		<u>15,628</u>	<u>15,824</u>
Total assets		<u>\$ 41,068</u>	<u>\$ 39,188</u>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Canadian Dollars in thousands

	<b>Note</b>	<b>June 30, 2025 (Unaudited)</b>	<b>December 31, 2024</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Current maturities of operating lease liabilities		\$ 324	\$ 262
Trade payables		12,169	11,159
Other current liabilities		8,038	5,001
Loans and credit from bank institution and others		13,324	15,145
Convertible debentures	3D	571	1,968
Derivative warrants liabilities and prefunded warrants	3C, 4	720	1,383
		<u>35,146</u>	<u>34,918</u>
<b>NON-CURRENT LIABILITIES:</b>			
Operating lease liabilities		134	171
Loans and credit from bank institution and others		1,297	466
Deferred tax liabilities		430	487
		<u>1,861</u>	<u>1,124</u>
Total liabilities		<u><u>37,007</u></u>	<u><u>36,042</u></u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY:</b>			
Share capital and premium	5	267,824	265,000
Capital reserve from translation differences of foreign operations		(2,807)	(1,265)
Conversion feature related to convertible debentures		107	297
Capital reserve from share-based payment transactions		162	150
Capital reserve from transaction with non-controlling interests		(2,872)	-
Capital reserve from transaction with controlling shareholder		33	-
Accumulated deficit		(258,925)	(258,939)
Total equity attributable to shareholders of the Company		3,522	5,243
Non-controlling interests		539	(2,097)
Total equity		<u>4,061</u>	<u>3,146</u>
Total liabilities and equity		<u><u>\$ 41,068</u></u>	<u><u>\$ 39,188</u></u>

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



**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)**  
**(UNAUDITED)**

Canadian Dollars in thousands, except per share data

	Note	Six months ended June 30,		Three months ended June 30,	
		2025	2024	2025	2024
Revenue		\$ 25,196	\$ 26,813	\$ 12,696	\$ 14,750
Cost of revenue		18,323	24,190	9,271	13,906
<b>Gross profit</b>		<b>6,873</b>	<b>2,623</b>	<b>3,425</b>	<b>844</b>
Selling and marketing expenses		2,562	3,773	1,289	1,481
General and administrative expenses		4,491	4,495	2,482	2,163
Share-based compensation		12	120	4	88
Other expenses		-	2,734	-	(19)
Total operating expenses		7,065	11,122	3,775	3,713
<b>Operating loss</b>		<b>(192)</b>	<b>(8,499)</b>	<b>(350)</b>	<b>(2,869)</b>
Finance income		2,070	21	1,886	35
Finance expenses		(1,952)	(1,948)	(1,756)	(1,461)
Finance income (expenses), net		118	(1,927)	130	(1,426)
Loss before tax benefit		(74)	(10,426)	(220)	(4,295)
Tax benefit		(55)	(950)	(26)	(839)
<b>Net loss</b>		<b>\$ (19)</b>	<b>\$ (9,476)</b>	<b>\$ (194)</b>	<b>\$ (3,456)</b>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)  
(UNAUDITED)**

Canadian Dollars in thousands, except per share data

	Note	Six months ended June 30,		Three months ended June 30,	
		2025	2024 (*)	2025	2024 (*)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Remeasurement gain on defined benefit plan		48	67	13	-
Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods:					
Adjustments arising from translating financial statements of foreign operations		(1,479)	1,491	(1,288)	196
Total other comprehensive income (loss)		(1,431)	1,558	(1,275)	196
Total comprehensive loss		<u>\$ (1,450)</u>	<u>\$ (7,918)</u>	<u>\$ (1,469)</u>	<u>\$ (3,260)</u>
Net income (loss) attributable to:					
Shareholders of the Company		\$ (34)	\$ (8,652)	\$ (309)	\$ (3,029)
Non-controlling interests		15	(824)	115	(427)
		<u>\$ (19)</u>	<u>\$ (9,476)</u>	<u>\$ (194)</u>	<u>\$ (3,456)</u>
Total comprehensive income (loss) attributable to:					
Shareholders of the Company		\$ (1,528)	\$ (7,101)	\$ (1,601)	\$ (2,840)
Non-controlling interests		78	(817)	132	(420)
		<u>\$ (1,450)</u>	<u>\$ (7,918)</u>	<u>\$ (1,469)</u>	<u>\$ (3,260)</u>
Net loss per share attributable to shareholders of the Company:	6				
Basic net loss per share (in CAD)		<u>\$ (0.01)</u>	<u>\$ (3.88)</u>	<u>\$ (0.09)</u>	<u>\$ (1.36)</u>
Diluted net loss per share (in CAD)		<u>\$ (0.05)</u>	<u>\$ (3.88)</u>	<u>\$ (0.09)</u>	<u>\$ (1.36)</u>

(\*) Loss per share includes the effect of Reverse Share Split (see also Note 5A below).

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

Canadian Dollars in thousands

	Share capital and premium	Capital reserve from share-based payment transactions	Conversion feature related to convertible debt	Capital reserve from translation difference of foreign operations	Capital reserve from transaction with non-controlling interests	Capital reserve from transaction with controlling shareholder	Accumulated deficit	Total	Non-controlling interests
Balance as of January 1, 2025	\$ 265,000	\$ 150	\$ 297	\$ (1,265)	\$ -	\$ -	\$ (258,939)	\$ 5,243	\$ (2,097)
Net income (Loss)	-	-	-	-	-	-	(34)	(34)	1

Total other comprehensive income (loss)	-	-	-	(1,542)	-	-	48	(1,494)	6
Total comprehensive income (loss)	-	-	-	(1,542)	-	-	14	(1,528)	7
Recognition of capital contribution from a controlling shareholder (Note 3B6)	-	-	-	-	-	33	-	33	
Common shares issued upon exercise of pre-funded warrants (Note 3C)	372	-	-	-	-	-	-	372	
Expiration of conversion feature related to convertible debentures (Note 3D)	297	-	(297)	-	-	-	-	-	
Recognition of conversion feature related to convertible debentures (Note 3D)	-	-	363	-	-	-	-	363	
Common shares issued upon partial conversion of convertible debentures (Note 3D)	1,651	-	(256)	-	-	-	-	1,395	
Common shares issued as consideration upon acquisition on non-controlling interest (Note 3E)	314	-	-	-	(2,872)	-	-	(2,558)	2,55
Common shares issued upon debt settlement (Note 3F)	190	-	-	-	-	-	-	190	
Share-based compensation	-	12	-	-	-	-	-	12	
Balance as of June 30, 2025	\$ 267,824	\$ 162	\$ 107	\$ (2,807)	\$ (2,872)	\$ 33	\$ (258,925)	\$3,522	\$ 53

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

Canadian Dollars in thousands

	Share Capital and premium	Capital reserve from share-based payment transactions	Conversion feature related to convertible debt	Translation reserve	Accumulated deficit	Total	Non- controlling interests	Total equity
Balance as of January 1, 2024	\$ 253,882	\$ 9,637	\$ -	\$ 95	\$ (249,145)	\$ 14,469	\$ (769)	\$ 13,700
Net loss	-	-	-	-	(8,652)	(8,652)	(824)	(9,476)
Total other comprehensive income	-	-	-	1,484	67	1,551	7	1,558
Total comprehensive loss	-	-	-	1,484	(8,585)	(7,101)	(817)	(7,918)
Other comprehensive income Classification	-	-	-	-	(748)	(748)	-	(748)
Net proceeds of convertible debt allocated to conversion option	-	-	327	-	-	327	-	327
Share-based compensation	-	120	-	-	-	120	-	120
Forfeited options	84	(84)	-	-	-	-	-	-
Balance as of June 30, 2024	\$ 253,966	\$ 9,673	\$ 327	\$ 1,579	\$ (258,478)	\$ 7,067	\$ (1,586)	\$ 5,481

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**Canadian Dollars in thousands**

	Six months ended June 30,	
	2025	2024
<u>Cash flow from operating activities:</u>		
Net loss	\$ (19)	\$ (9,476)
Adjustments for non-cash items:		
Revaluation of financial instruments	(291)	20
Discount expenses in respect of convertible debentures	152	115
Depreciation of property, plant and equipment	128	226
Amortization of intangible assets	655	769
Depreciation of right-of-use assets	151	196
Loss from deconsolidation of subsidiary	-	2,734
Finance expenses, net	230	2,174
Deferred tax liability, net	(80)	(107)
Share-based payments	12	120
Discount expenses in respect of loans and credit received	77	-
	<u>1,034</u>	<u>6,247</u>
Changes in working capital:		
Increase (decrease) in trade receivables	1,631	(5,821)
Decrease in other current assets	(2,297)	(256)
Increase (decrease) in inventory	(342)	3,424
Increase in trade payables	913	7,309
Changes in employee benefit liabilities, net	-	(47)
Increase (decrease) in other current liabilities	<u>3,075</u>	<u>(892)</u>
	<u>2,980</u>	<u>3,717</u>
Taxes paid	<u>(6)</u>	<u>(120)</u>
Net cash provided by operating activities	<u>3,989</u>	<u>368</u>
<u>Cash flows from investing activities:</u>		
Purchase of property, plant and equipment	(4)	(52)
Deconsolidation of subsidiary	-	(346)
Change in restricted cash	<u>23</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>\$ 19</u>	<u>\$ (398)</u>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

Canadian Dollars in thousands

	Six months ended June 30,	
	2025	2024
<u>Cash flow from financing activities:</u>		
Repayment of lease liabilities	(120)	(197)
Payment of interest on lease liabilities	(18)	(25)
Proceeds from loans and credit received	881	1,094
Repayment of loans and credit	(1,453)	(3,486)
Interest paid	(1,244)	(1,054)
Proceeds from (repayment of) discounted checks	(873)	4,311
Net cash provided by (used in) financing activities	(2,827)	643
Effect of foreign exchange on cash	(1,250)	(1,726)
Change in cash	(69)	(1,113)
Cash at the beginning of the period	863	1,813
Cash at end of the period	<u>\$ 794</u>	<u>\$ 700</u>
Supplemental disclosure of non-cash activities:		
Issuance of convertible debentures in exchange for loans (principal and interest) received	<u>\$ -</u>	<u>\$ 2,092</u>
Right-of-use assets recognized with corresponding lease liabilities	<u>\$ 159</u>	<u>\$ 40</u>
Common shares issued upon exercise of pre-funded warrants (Note 3C)	<u>\$ 372</u>	<u>\$ -</u>
Common shares issued upon partial conversion of convertible debentures (Note 3D)	<u>\$ 1,395</u>	<u>\$ -</u>
Common shares issued as debt settlement (Note 3F)	<u>\$ 190</u>	<u>\$ -</u>

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

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