

FORM 9

NOTICE OF ISSUANCE OR PROPOSED ISSUANCE OF LISTED SECURITIES

(or securities convertible or exchangeable into listed securities¹)

Name of Listed Issuer:

Symbol(s):

IM Cannabis Corp. (the "Issuer").	IMCC
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Date: May 5, 2021

Is this an updating or amending Notice: Yes No

If yes provide date(s) of prior Notices: _____.

Issued and Outstanding Securities of Issuer Prior to Issuance: [●]¹ common shares.

Pricing

Date of news release announcing proposed issuance: April 30, 2021 or

Date of confidential request for price protection: _____

Closing Market Price on Day Preceding the news release: \$7.70 or

Day preceding request for price protection: _____

Closing

Number of securities to be issued: [●]² common shares

Issued and outstanding securities following issuance: [●]³ common shares

Instructions:

1. For private placements (including debt settlement), complete tables 1A and 1B in Part 1 of this form.
2. Complete Table 1A – Summary for all purchasers, excluding those identified in Item 8.
3. Complete Table 1B – Related Persons only for Related Persons

¹ The number of securities issued and outstanding prior to issuance of the proposed securities shall be determined immediately prior to each closing of the Transaction (as defined herein). An amended Form 9 shall be submitted forthwith upon each issuance of shares according to the Agreement (as defined below) and relevant pricing requirements pursuant to Canadian Securities Exchange policies.

² The number of securities to be issued shall be determined in accordance with the Agreement (as defined herein) and relevant pricing requirements pursuant to Canadian Securities Exchange policies. An amended Form 9 shall be submitted forthwith upon each issuance of shares according to the Agreement.

³ The number of issued and outstanding securities following the issuance will be determined following the last issuance of shares according to the Agreement. An amended Form 9 shall be submitted forthwith upon each issuance of shares according to the Agreement and relevant pricing requirements pursuant to Canadian Securities Exchange policies.

4. If shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition) please proceed to Part 2 of this form.
5. An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10 – Notice of Proposed Transaction
6. Post the completed Form 9 to the CSE website in accordance with *Policy 6 – Distributions*. In addition, the completed form must be delivered to listings@thecse.com with an appendix that includes the information in Table 1B for ALL placees.

Part 1. Private Placement

Table 1A – Summary

Each jurisdiction in which purchasers reside	Number of Purchasers	Price per Security	Total dollar value (CDN\$) raised in the jurisdiction
Total number of purchasers:			
Total dollar value of distribution in all jurisdictions:			

Table 1B – Related Persons

Full Name & Municipality of Residence of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN\$)	Conversion Price (if Applicable) (CDN\$)	Prospectus Exemption	Total Securities Previously Owned, Controlled or Directed	Payment Date(1)	Describe relationship to Issuer (2)

¹An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

- Total amount of funds to be raised: N/A
- Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. N/A

3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: N/A
4. If securities are issued in forgiveness of indebtedness, provide details of the debt agreement(s) or and the agreement to exchange the debt for securities.
5. Description of securities to be issued:
 - (a) Class N/A
 - (b) Number N/A
 - (c) Price per security N/A
 - (d) Voting rights N/A
6. Provide the following information if warrants, (options) or other convertible securities are to be issued:
 - (a) Number N/A
 - (b) Number of securities eligible to be purchased on exercise of warrants (or options) N/A
 - (c) Exercise price N/A
 - (d) Expiry date N/A
7. Provide the following information if debt securities are to be issued:
 - (a) Aggregate principal amount N/A
 - (b) Maturity date N/A
 - (c) Interest rate N/A
 - (d) Conversion terms N/A
 - (e) Default provisions N/A
8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):
 - (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, and if a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): N/A

- (b) Cash N/A
 - (c) Securities N/A
 - (d) Other N/A
 - (e) Expiry date of any options, warrants etc. N/A
 - (f) Exercise price of any options, warrants etc. N/A
9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship
- N/A
10. Describe any unusual particulars of the transaction (i.e. tax “flow through” shares, etc.).
- N/A
11. State whether the private placement will result in a change of control.
- N/A
12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders.
- N/A
13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102 Resale of Securities.
- N/A

Part 2. Acquisition

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

2.

The Issuer, through its wholly-owned Israeli subsidiary, IMC Holdings Ltd. (“IMC Holdings”), signed a definitive agreement (the “Agreement”) with Panaxia Pharmaceutical Industries Israel Ltd. (“Panaxia Israel”) and Panaxia Logistics Ltd. (“Panaxia Logistics” and together with Panaxia Israel, “Panaxia”), part of the Panaxia Labs Israel, Ltd. group of companies, pursuant to which IMC Holdings will acquire Panaxia’s trading house and in-house pharmacy activities (the “Transaction”). The Agreement will combine Panaxia’s home-delivery services online pharmacy business operating under the name ‘Panaxia to the Home’ and customer service centre, along with certain distribution assets, and an option to purchase a pharmacy with licenses to sell medical cannabis to patients (the “Pharmacy”). The Transaction will close in two stages, with the option of a third stage. Upon the first closing, all online-related activities and intellectual property are transferred to IMC Holdings. The second closing, which is subject to Israeli Ministry of Health (“MOH”) approval, is expected to occur upon receipt of MOH approval. Upon the second closing, Panaxia will transfer its IMC-GDP license for distribution of medical cannabis to IMC Holdings or its subsidiary. The third closing, is an option to IMC Holdings to purchase the Pharmacy, commencing February 15, 2022. The Issuer shall pay an aggregate purchase price of \$7.2 million, consisting of \$2.9 million in cash (the “Cash Consideration”) and \$4.3 million in common shares (the “Consideration Shares”) to satisfy the purchase price of the Transaction. The Cash Consideration will be paid in two instalments: the first half upon the first closing, which is expected to occur within 10 business days of the signing of the Agreement, and the second half on May 20, 2021. The Issuer will issue the Consideration Shares to Panaxia in two instalments: the first half will be paid by July 30, 2021, and the second half will be paid upon the second closing. If the second closing occurs prior to July 30, 2021, then full consideration will be completed by the second closing. The number of Consideration Shares issued will be determined based on an issue price equal to the closing price of the Issuer’s common shares on the Nasdaq Capital Market immediately prior to the second closing.

3. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material:

Under the Agreement, the Issuer will acquire assets (as described in Part 2, section 2 above) from Panaxia. The Agreement includes an option to acquire the Pharmacy (as defined in Part 2, section 2 above), including its licenses to

dispense and sell medical cannabis to cannabis patients. For more information, please see Part 2, section 2 above. Prior to the Transaction, Panaxia was unrelated to the Issuer.

4. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:
 - (a) Total aggregate consideration in Canadian dollars: \$7,200,000
 - (b) Cash: \$2,900,000
 - (c) Securities (including options, warrants etc.) and dollar value: [●]⁴ common shares for an aggregate value of \$4,300,000
 - (d) Other: N/A
 - (e) Expiry date of options, warrants, etc. if any: N/A
 - (f) Exercise price of options, warrants, etc. if any: N/A
 - (g) Work commitments: N/A
3. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).
Arm's-length negotiation
4. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer:
N/A
5. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

⁴ The number of securities to be issued shall be determined in accordance with the Agreement (as defined herein) and relevant pricing requirements pursuant to Canadian Securities Exchange policies. An amended Form 9 shall be submitted forthwith upon each issuance of shares according to the Agreement.

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN\$)	Conversion price (if applicable)	Prospectus Exemption	Total Securities, Previously Owned, Controlled or Directed by Party	Describe relationship to Issuer ⁽¹⁾
<p><u>Panaxia Pharmaceutical Industries Israel Ltd:</u></p> <p><u>Directors- (1) Dr. David Segal;</u> <u>(2) Assi Rotbart;</u> <u>(3) Eran Goldberg.</u></p> <p><u>Officers- (1) Dr. David Segal; (2) Assi Rotbart- General Manager; (3) Eran Goldberg;</u> <u>(4) Gil Benyamini</u></p> <p><u>Over 10% shareholder- Panaxia Labs Israel Ltd. (100% owned)</u></p> <p><u>Panaxia Logistics Ltd.</u></p> <p><u>Director and officers - (1) Dr. David Segal; (2) Assi Rotbart; (3) Eran Goldberg.</u></p> <p><u>Over 10% shareholder- Panaxia Pharmaceutical Industries Israel Ltd (100%)</u></p>	[•] ⁵ common shares	[•] ⁶	N/A	n/a - offshore	Nil	Arm's length

(1) Indicate if Related Person

⁵ The number of securities to be issued shall be determined in accordance with the Agreement and relevant pricing requirements pursuant to Canadian Securities Exchange policies. An amended Form 9 shall be submitted forthwith upon the issuance of shares. As the parties are related entities, the parties have agreed that all such securities will be issued to Panaxia Israel.

⁶ The deemed price will be disclosed with an amended Form 9 which shall be submitted forthwith once determined according to the terms of the Agreement and relevant pricing requirements pursuant to Canadian Securities Exchange policies.

6. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired: Customary representations and warranties under the Agreement and management's legal and financial due diligence.
7. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):
 - (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, and if a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): N/A
 - (b) Cash N/A
 - (c) Securities N/A
 - (d) Other N/A
 - (e) Expiry date of any options, warrants etc. N/A
 - (f) Exercise price of any options, warrants etc. N/A
8. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. N/A
9. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. N/A

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.
2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
3. the Issuer has obtained the express written consent of each applicable individual to:
 - (a) the disclosure of their information to the Exchange pursuant to this Form or otherwise pursuant to this filing; and
 - (b) the collection, use and disclosure of their information by the Exchange in the manner and for the purposes described in Appendix A or as otherwise identified by the Exchange, from time to time
4. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
5. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated May 5, 2021.

Oren Shuster
Name of Director or Senior
Officer

"Oren Shuster"
Signature

Chief Executive Officer
Official Capacity

Appendix A

PERSONAL INFORMATION COLLECTION POLICY REGARDING FORM 9

The Canadian Securities Exchange and its subsidiaries, affiliates, regulators and agents (collectively, “CSE or the “Exchange”) collect and use the information (which may include personal or other information) which has been provided in Form 9 for the following purposes:

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- To determine whether an individual is suitable to be associated with a Listed Issuer;
- To determine whether an issuer is suitable for listing;
- To determine whether allowing an issuer to be listed or allowing an individual to be associated with a Listed Issuer could give rise to investor protection concerns or could bring the Exchange into disrepute;
- To conduct enforcement proceedings;
- To ensure compliance with Exchange Requirements and applicable securities legislation; and
- To fulfil the Exchange’s obligation to regulate its marketplace.

The CSE also collects information, including personal information, from other sources, including but not limited to securities regulatory authorities, law enforcement and self-regulatory authorities, regulation service providers and their subsidiaries, affiliates, regulators and agents. The Exchange may disclose personal information to these entities or otherwise as provided by law and they may use it for their own investigations.

The Exchange may use third parties to process information or provide other administrative services. Any third party will be obliged to adhere to the security and confidentiality provisions set out in this policy.

All personal information provided to or collected by or on behalf of The Exchange and that is retained by The Exchange is kept in a secure environment. Only those employees who need to know the information for the purposes listed above are permitted access to the information or any summary thereof. Employees are instructed to keep the information confidential at all times.

Information about you that is retained by the Exchange and that you have identified as inaccurate or obsolete will be corrected or removed.

If you wish to consult your file or have any questions about this policy or our practices, please write the Chief Privacy Officer, Canadian Securities Exchange, 220 Bay Street – 9th Floor, Toronto, ON, M5J 2W4.