



IM CANNABIS CORP.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON WEDNESDAY, MAY 23, 2025

AND

MANAGEMENT INFORMATION CIRCULAR

DATED: March 31, 2025

IM CANNABIS CORP.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the “**Meeting**”) of the holders of common shares (“**Shareholders**”) of IM Cannabis Corp. (the “**Company**”) will be held at the offices of the Company’s legal counsel, Garfinkle Biderman LLP, located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9 on Friday, May 23, 2025 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the consolidated audited financial statements of the Company for the financial years ended December 31, 2024, and 2023 and the auditors’ report thereon (together, the “**Annual Financial Statements**”);
2. to fix the number of directors of the Company at five;
3. to elect the directors of the Company for the ensuing year, as will be more particularly set forth in the accompanying instrument of proxy (the “**Instrument of Proxy**”) and management information circular dated March 31, 2025 (the “**Circular**”), each prepared for the purpose of the Meeting;
4. to appoint Fahn Kanne & Co. Grant Thornton Israel, a member of Grant Thornton Global, as the auditor of the Company until the earlier of the close of the next annual meeting of Shareholders or their earlier resignation or replacement, and to authorize the audit committee of the board of directors of the Company (the “**Board**”) to fix the auditors’ remuneration;
5. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution of disinterested Shareholders authorizing and approving each of Messrs. Oren Shuster and Rafael Gabay becoming Control Persons (as such term is defined in the policies of the Canadian Securities Exchange) of the Company, as more particularly set forth in the Circular;
6. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution of disinterested Shareholders authorizing and approving I.M.C. Holdings Ltd.’s, a wholly owned subsidiary of the Company, purchase of the remaining 26% of Focus Medical Herbs Ltd., as more particularly set forth in the Circular;
7. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution of Shareholders ratifying the repeal and replacement the Company’s current stock option plan (the “**Existing Option Plan**”) and restricted share unit plan with the adoption of the proposed equity incentive plan for the Company (the “**Proposed Equity Incentive Plan**”), as more particularly set forth in the Circular;
8. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution of Shareholders re-approving the Existing Option Plan, in the event that the Proposed Equity Incentive Plan does not receive the required approval of Shareholders at the Meeting, as more particularly set forth in the Circular; and
9. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in Circular accompanying this Notice of Meeting.

The Board has fixed March 31, 2025, as the record date (the “**Record Date**”) for the determination of Shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Only Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

The Company reserves the right to take any additional measures that it deems necessary or advisable in relation to the Meeting, including changing the time, date or location of the Meeting. Changes to the Meeting time, date or location and/or means of holding the Meeting may be announced by way of press release. Please monitor the Company’s press

releases as well as its website at <https://investors.imcannabis.com>. The Company does not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

The Company strongly encourages each Shareholder to submit an Instrument of Proxy or voting instruction form in advance of the Meeting using one of the methods described below and in the Circular. Registered Shareholders should complete, date and sign an Instrument of Proxy in advance of the Meeting and return it in the envelope provided for that purpose to Computershare Trust Company of Canada (“**Computershare**”), 8th Floor, 100 University Ave, Toronto, Ontario M5J 2Y1, by courier, by mail, by phone at 1-866-732-8683 (Toll Free North America) / 312-588-4290 (International Direct Dial) or by electronic voting through www.investorvote.com in each case by 10:00 a.m. (Toronto time) on May 21, 2025, or in the event of an adjournment or postponement of the Meeting, 48 hours before the time of the adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays). Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper Instrument of Proxy. Further details on the electronic voting process are provided in the Instrument of Proxy.

Non-registered Shareholders who receive the Meeting materials through their broker or other intermediary should complete and return their Instrument of Proxy or voting instruction form in accordance with the instructions provided by their broker or intermediary. **Shareholders are reminded to review the Circular prior to voting.**

The Board has, by resolution, fixed 10:00 a.m. (Toronto time) on May 21, 2025, or in the event of an adjournment or postponement of the Meeting, 48 hours before the time of the adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays), as the time before which Instruments of Proxy to be used or acted upon at the Meeting, or any adjournment or postponement thereof, must be deposited with the Company’s transfer agent and registrar, Computershare. Alternatively, an Instrument of Proxy may be given to the Chair of the Meeting at which the Instrument of Proxy is to be used. Late Instruments of Proxy may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair of the Meeting is under no obligation to accept or reject any particular late Instrument of Proxy.

The Company has elected to use the “notice-and-access” mechanism provided for under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* to deliver the Meeting materials to non-registered Shareholders, including this Notice of Meeting, the Circular, the Annual Financial Statements and accompanying management’s discussion and analysis (the “**Annual MD&A**”). This means that, rather than receiving paper copies of the Meeting materials in the mail, non-registered Shareholders as of the Record Date will have access to electronic copies of the Meeting materials at <https://investors.imcannabis.com> and under the Company’s SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar. The Meeting materials will remain on the Company’s website for a period of one year. Notice-and-access will not be used for the registered Shareholders and registered Shareholders will instead receive a paper copy of the Meeting materials and all proxy related materials in the mail.

Non-registered Shareholders as of the Record Date will receive a package in the mail containing information explaining how to access and review the Meeting materials electronically and how to request a paper copy of such materials free of charge, and an Instrument of Proxy or a voting instruction form so that non-registered Shareholders can vote their common shares. In addition, the package will include a place to request copies of the Annual Financial Statements, Annual MD&A and a consent for electronic delivery.

Prior to the Meeting and for up to one year thereafter, those non-registered Shareholders who wish to receive paper copies of the Meeting materials may request them by calling Toll Free, within North America – 1-877-907-7643 or direct, from Outside of North America – 303-562-9305 (English) and 303-562-9306 (French). If a request for paper copies is received before the Meeting, the Meeting materials will be sent to such non-registered Shareholders at no cost within three business days of the request. If a request for paper copies is received on or after the Meeting, and within one year of the Meeting materials being filed, the Meeting materials will be sent to such non-registered Shareholders within 10 calendar days after receiving the request. To receive paper copies of the Meeting materials in advance of the proxy deposit deadline, your request should be received no later than May 12, 2025.

DATED at Kibbutz Glil-Yam, Israel, this 31st day of March 2025.

BY ORDER OF THE BOARD

“Oren Shuster”

Oren Shuster
Chief Executive Officer and Director

IM CANNABIS CORP.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (this “Circular”) is furnished in connection with the solicitation, by or on behalf of the management (“Management”) of IM Cannabis Corp. (the “Company”), of proxies to be used at the Company’s annual general and special meeting (the “Meeting”) of the holders of common shares of the Company (“Common Shares”) to be held at the time and place and for the purposes set forth in the accompanying notice of meeting (the “Notice of Meeting”). References in this Circular to the Meeting includes any adjournment(s) or postponement(s) hereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Company without special compensation, or by the Company’s transfer agent, Computershare Investor Services Inc. (“Computershare”) at nominal cost. The cost of solicitation will be borne by the Company.

The information contained herein is provided as of March 31, 2025, unless indicated otherwise. No person has been authorized to give any information or make any representation in connection with matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Company or its Management. Unless otherwise indicated herein, all dollar amounts are expressed in Canadian dollars and all references to “\$” are to Canadian dollars.

APPOINTMENT OF PROXYHOLDERS

The person(s) designated by Management in the enclosed form of proxy are the Company’s officers. **Each shareholder has the right to appoint as proxyholder a person or company (who need not be a shareholder of the Company) other than the person(s) or company(ies) designated by Management in the enclosed form of proxy to attend and act on the shareholder’s behalf at the Meeting or at any adjournment thereof.** Such right may be exercised by inserting the name of the person or company in the blank space provided in the enclosed form of proxy or by completing another form of proxy.

Registered shareholders who are unable to attend the Meeting in person are requested to read this Circular and the form of proxy which accompanies the Notice of Meeting and to complete, sign, date and deliver the form of proxy, together with the power of attorney or other authority, if any, under which it was signed to the Company’s transfer agent, Computershare, 8th Floor, 100 University Ave, Toronto, Ontario M5J 2Y1, by courier, by mail, by phone at 1-866-732-8683 (Toll Free North America) / 312-588-4290 (International Direct Dial) or by electronic voting through www.investorvote.com in each case by 10:00 a.m. (Toronto time) on May 21, 2025, or in the event of an adjournment or postponement of the Meeting, 48 hours before the time of the adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays). Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy.

Non-registered shareholders who receive this Circular and the form of proxy or voting instruction form through an intermediary must deliver the proxy or voting instruction form in accordance with the instructions given by such intermediary. To be effective, proxies must be received by Computershare no later than May 21, 2025 at 10:00 a.m. (Toronto time), or in the case of any adjournment of the Meeting not later than 48 hours prior to the meeting, excluding Saturdays, Sundays and holidays, or any adjournment or postponement thereof.

REVOCATION OF PROXIES

A shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been held pursuant to its authority by an instrument in writing executed by the shareholder or by the shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized and deposited at either the above mentioned office of Computershare by no later than 48 hours prior to the Meeting, excluding Saturdays, Sundays and holidays, or any adjournment or postponement thereof, or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof. Notwithstanding the foregoing, if a registered shareholder attends personally at the Meeting, such shareholder may revoke the proxy and vote in person.

NOTICE-AND-ACCESS

As permitted by Canadian securities regulators, the Company is sending meeting-related materials to shareholders who do not hold their Common Shares in their own name (referred to in this Circular as “**Beneficial Shareholders**”) using “notice-and-access” provisions provided for under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”). This means that, rather than receiving paper copies of the Meeting materials in the mail, Beneficial Shareholders will have access to them online. Notice-and-access will not be used for registered shareholders and registered shareholders will instead receive a paper copy of this Circular and all proxy-related materials in the mail.

All Beneficial Shareholders entitled to receive the Meeting materials will receive a notice-and-access notification (the “**N&A Notice**”) along with a form of proxy or voting instruction form. In addition, the package will include a form to request copies of the Company’s annual and/or interim financial statements and the related management’s discussion and analysis (“**MD&A**”). Electronic copies of the Notice of Meeting, this Circular, a form of proxy, voting instruction form, the N&A Notice, the audited consolidated financial statements of the Company for the financial year ended December 31, 2024 and 2023 and the related MD&A will be available at <https://investors.imcannabis.com> and under Company’s SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar. Beneficial Shareholders are reminded to review these online materials when voting. Electronic copies of the Meeting materials will be available on the Company’s website for a period of one year. For more information about the notice-and-access procedures, please call Broadridge Investor Communication Solutions at 1-844-916-0609. Beneficial Shareholders may choose to receive paper copies of the Meeting materials by mail at no cost. In order for such Beneficial Shareholders to receive the paper copies of the Meeting materials in advance of any deadline for the submission of voting instructions and the date of the Meeting, it is recommended that requests be made as soon as possible but not later than May 12, 2025. If you do request the current materials, please note that another voting instruction form will not be sent; please retain your current one for voting purposes.

For Beneficial Shareholders to request paper copies of the Meeting materials before the Meeting, go to www.proxyvote.com or call Toll Free, within North America – 1-877-907-7643 or direct, from Outside of North America – 303-562-9305 (English) and 303-562-9306 (French) and enter your control number, as indicated on your voting instruction form. The Meeting materials will be sent to you within three business days of receiving your request.

For Beneficial Shareholders to obtain paper copies of the materials after the Meeting, please call Toll Free, within North America – 1-877-907-7643 or direct, from Outside of North America – 303-562-9305 (English) and 303-562-9306 (French). The Meeting materials will be sent to you within 10 calendar days of receiving your request.

ADVICE TO SHAREHOLDERS

Voting in Person at the Meeting

The Meeting will not be open to the general public and will be limited to registered shareholders and duly appointed proxyholders only. Registered shareholders may vote in-person at the Meeting or by proxy, and beneficial shareholders may vote by proxy. Changes to the Meeting time, date or location and/or means of holding the Meeting may be announced by way of press release. Please monitor the Company’s website and SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar for additional information and instructions. The Company does not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

The Company strongly encourages each shareholder submit a form of proxy or voting instruction form in advance of the Meeting using one of the methods described below and in this Circular. Registered shareholders should complete, date and sign a proxy form in advance of the Meeting and return it in the envelope provided for that purpose to the Company c/o Computershare Trust Company of Canada, 8th Floor, 100 University Ave, Toronto, Ontario M5J 2Y1, by courier, by mail, by phone at 1-866-732-8683 (Toll Free North America) / 312-588-4290 (International Direct Dial) or by electronic voting through www.investorvote.com in each case by 10:00 a.m. (Toronto time) on May 21, 2025, or in the event of an adjournment or postponement of the Meeting, 48 hours before the time of the adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays). Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a proxy form. Further details on the electronic voting process are provided in the form of proxy. Alternatively, a proxy form may be given to the

Chair of the Meeting at which the proxy form is to be used. Late forms of proxy may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair of the Meeting is under no obligation to accept or reject any particular late form of proxy. Beneficial Shareholders who receive the Meeting materials through their broker or other intermediary should complete and return their form of proxy or voting instruction form in accordance with the instructions provided by their broker or intermediary. Please also refer to “Beneficial Shareholders” below. **Shareholders are reminded to review this Circular prior to voting.**

A registered shareholder whose name has been provided to Computershare will appear on a list of shareholders prepared for purposes of the Meeting. To vote in person at the Meeting each registered shareholder will be required to register for the Meeting by identifying themselves at the registration desk. Beneficial Shareholders must appoint themselves as a proxyholder to vote in person at the Meeting. Please also refer to “Advice to Beneficial Shareholders” below.

Voting of Proxies

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the person(s) designated by Management in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions given on the form of proxy, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof. As of the date of this Circular, Management is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the Notice of Meeting or any other matters which are not now known to Management should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly executed proxies given in favour of the person(s) designated by Management in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

Advice to Beneficial Shareholders

The information set forth in this section is of importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name. In many cases, Common Shares beneficially owned by a holder are registered (a) in the name of an intermediary that the Beneficial Shareholder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIAs, RESPs and similar plans, or (b) in the name of a depository (such as Clearing and Depository Services Inc. or “CDS”). Beneficial Shareholders should note that only proxies deposited by shareholders who are registered shareholders (that is, shareholders whose names appear on the records maintained by the registrar and transfer agent for the Common Shares as registered holders of Common Shares) will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the shareholder’s name. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

In accordance with the requirements of NI 54-101, the Company is using notice-and-access to send proxy-related materials for use in connection with the Meeting to Beneficial Shareholders using the “indirect” sending procedures set out in NI 54-101. Accordingly, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the “**Meeting Materials**”) to CDS and intermediaries for onward distribution to Beneficial Shareholders.

Existing regulatory policy requires brokers and other intermediaries to forward meeting materials to Beneficial Shareholders, unless the Beneficial Shareholder has waived the right to receive them and seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

The voting instruction form supplied to such Beneficial Shareholders by their broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) on how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, CDS or another intermediary, the Beneficial Shareholder may attend the Meeting as proxyholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder, should enter their own names in the blank space on the voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**OBOs**") and those who do not object to their identity being made known to the issuers of the securities which they own ("**NOBOs**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. The Company will not be distributing Meeting Materials directly to NOBOs. If you are a NOBO and the Company or Computershare has sent the meeting materials directly to you, your name, address and information about your holdings of Common Shares has been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf. The Company's OBOs may be contacted by their respective intermediaries. The Company does not intend to pay for intermediaries to deliver the meeting materials to OBOs and OBOs will not receive the meeting materials unless their intermediary assumes the cost of delivery.

All references to shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING OF COMMON SHARES

Voting of Common Shares

The voting securities of the Company consists of Common Shares. As at the close of business on March 31, 2025, the Company had 3,085,452 Common Shares outstanding, each carrying the right to one vote per Common Share. Except as otherwise noted in this Circular, a simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote. All shareholders have the right to vote for directors. The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them. **In the absence of such direction, those Common Shares will be voted in favour of ("FOR") all resolutions.**

Record Date and Quorum

The Board has fixed March 31, 2025, as the record date (the “**Record Date**”) for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. Any holder of Common Shares of record at the close of business on the Record Date is entitled to vote the Common Shares registered in such shareholder’s name at that date on each matter to be acted upon at the Meeting.

The quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

Principal Shareholders

Other than as described below, to the knowledge of the directors and executive officers of the Company, and based on the Company’s review of the records maintained by Computershare, electronic filings with SEDAR+ and insider reports filed with System for Electronic Disclosure by Insiders (“**SEDI**”), as at the date of this Circular, no person beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of the voting rights attached to the outstanding Common Shares of the Company, on a non-diluted basis:

Name	Aggregate Number of Common Shares	Percentage of Outstanding Common Shares ⁽³⁾
Oren Shuster	616,831 ⁽¹⁾	19.99%
Rafael Gabay	389,707 ⁽²⁾	12.63%

Notes:

- (1) 616,678 Common Shares are held by Oren Shuster directly and 153 Common Shares are held indirectly by Ewave Group Ltd., a privately-held entity jointly owned by Mr. Shuster of which Mr. Shuster owns and controls 50% of the outstanding voting shares.
- (2) 389,554 Common Shares are held by Rafael Gabay directly and 153 Common Shares are held indirectly by Ewave Group Ltd., a privately-held entity jointly owned by Mr. Gabay of which Mr. Gabay owns and controls 50% of the outstanding voting shares.
- (3) As at the date of this Circular, the Company had 3,085,452 Common Shares issued and outstanding.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out in this Circular, no (a) director or executive officer of the Company who has held such position at any time since the beginning of the Company’s last financial year; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Financial Statements

The consolidated audited financial statements of the Company for the years ended December 31, 2024, and 2023, together with the auditors’ report thereon, (together, the “**Annual Financial Statements**”) will be received at the Meeting. No vote will be taken on the Annual Financial Statements. The Annual Financial Statements have been provided to each shareholder entitled to receive a copy of the Notice of Meeting and this Circular and who requested a copy of the Annual Financial Statements. The Annual Financial Statements are also available on the Company’s website at <https://investors.imcannabis.com> and under the Company’s SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar.

2. Fixing the Number of Directors

The term of office for each director is from the date of the Meeting at which he is elected until the annual meeting next following or until his or her successor is duly elected or appointed. At the Meeting, the shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five.

In the absence of a contrary instruction, the person(s) designated by Management in the enclosed form of proxy intend to vote FOR the fixing of the size of the Board at five.

3. Election of Directors

At the Meeting, a board of five directors will be proposed to be elected for a term that will expire upon the earlier of the next annual meeting of shareholders or upon their successor being duly elected or appointed, unless his or her office is earlier vacated (the “**Proposed Board**”). Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected. Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly executed proxies given in favour of such proposed nominee(s) may be voted by the person(s) designated by Management in the enclosed form of proxy, in their discretion, in favour of another nominee.

The following table sets forth certain information regarding the Proposed Board, their respective positions with the Company, principal occupations or employment during the last five years, the dates on which they became directors of the Company and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of the date of this Circular:

Name of Nominee, Current Position with the Company, and Province/State and Country of Residence	Present and Principal Occupation, Business or Employment for Previous 5 years ⁽¹⁾	Director Since	Number of Common Shares beneficially owned, controlled or directed ⁽²⁾⁽⁷⁾
Oren Shuster ⁽⁵⁾ <i>Executive Chairman and Chief Executive Officer</i> Ra'anana, Israel	Chairman and Chief Executive Officer of the Company; Founder and Chief Executive Officer of I.M.C. Holdings Ltd.; Co-Founder of Ewave Group Ltd. and its subsidiaries.	October 11, 2019	616,831 ⁽⁶⁾ (19.9%)
Moti Marcus ⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Director</i> Tel Aviv, Israel	Director of the Company. Chief Executive Officer of China Motors Ltd. Former Chief Executive Officer of Packer Quality Metals Ltd.	September 12, 2022	Nil (0%)
Einat Zakariya ⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Director</i> Herzliya, Israel	Director of the Company. Chief Executive Officer and Partner of Liv Residence Ltd., a subsidiary of Ewave Holdings Ltd.; Chief Executive Officer and Partner of Ewave Nadlan International Investments Ltd.	September 12, 2022	10,200 (0.33%)
Brian Schinderle ⁽³⁾⁽⁴⁾ <i>Director</i> Illinois, USA	Director of the Company. Founder and Manager of Solidum Capital since 2017.	February 22, 2021	Nil (0%)
Shmulik Arbel <i>Director</i> Shoham, Israel	Director of the Company; Former Head of Banking Division and Deputy Chief Executive Officer of Bank Leumi Israel; Former Chairman of Bank Leumi United Kingdom and Pepper.	September 9, 2024	54,859 (1.78%)

Notes

- (1) Information furnished by the respective director nominees.
- (2) Voting securities of the Company beneficially owned, or controlled or directed, directly or indirectly as of the date of this Circular. Information regarding voting securities held does not include voting securities issuable upon the exercise of options, warrants or other convertible securities of the Company. Information in the table above is derived from the Company's review of insider reports filed with SEDI and from information furnished by the respective director nominees.
- (3) Member of the audit committee of the Company (the “**Audit Committee**”).
- (4) Member of the Company's compensation committee (the “**Compensation Committee**”).
- (5) Member of the governance and nomination committee of the Company (the “**Governance and Nomination Committee**”).
- (6) 616,678 Common Shares are held by Oren Shuster directly and 153 Common Shares are held indirectly by Ewave Group Ltd., a privately-held entity jointly owned by Mr. Shuster of which Mr. Shuster owns and controls 50% of the outstanding voting shares.
- (7) As at the date of this Circular, the Company had 3,085,452 Common Shares issued and outstanding.

Biography of Shmulik Arbel

Mr. Arbel has a proven track record in leading large-scale organizations, managing complex financial operations, and driving strategic change. Throughout his distinguished career at Bank Leumi, he held key leadership roles, including head of Leumi's Banking Division and deputy CEO, where he significantly increased profitability and led a major transformation in customer service. In addition to his executive roles, he has served on multiple boards, including as chairman of Leumi UK and Pepper, where he played a pivotal role in corporate governance, risk management, and business development. His deep expertise in financial strategy, regulatory oversight, and corporate leadership makes him a valuable asset to the Board.

Corporate Cease Trade Orders or Bankruptcies

No person proposed to be nominated for election as a director at the Meeting is or has been, within the preceding ten years, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was the subject of a cease trade or similar order, or an order that denied such company access to any exemptions under applicable securities legislation that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was the subject of a cease trade or similar order, or an order that denied such company access to any exemptions under applicable securities legislation that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No person proposed to be nominated for election as a director at the Meeting is or has been, within the preceding ten years, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No person proposed to be nominated for election as a director at the Meeting is or has, within the preceding ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Penalties and Sanctions

No proposed director of the Company has been subject to any: (a) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the election of each of the members of the Proposed Board specified above as directors of the Company, to serve for a term that will expire upon the earlier of the next annual meeting of shareholders or upon their successor being duly elected or appointed. If, prior to the Meeting, any vacancies occur in the proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote FOR the election of any substitute nominee or nominees recommended by Management and FOR each of the remaining proposed nominees.

4. Appointment of Auditors

At the Meeting, Shareholders will be asked to vote for the appointment of Fahn Kanne & Co. Grant Thornton Israel (“**Fahn Kanne**”), as the Company’s auditor, to hold office until the next annual general meeting of Shareholders, at a remuneration to be fixed by the Audit Committee. Approval of the reappointment of the auditor will require a majority of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting.

On January 16, 2025, Fahn Kanne was appointed the Company’s auditor following the resignation of the Company’s previous auditors, Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global (“**Kost Forer**”). As required by 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*, a copy of the Company’s reporting package (which has been filed with applicable securities regulatory authorities and delivered to each of Fahn Kanne and Kost Forer). A copy of the reporting package is attached hereto as Schedule “A” and includes:

1. Notice of Change of Auditor dated January 17, 2025;
2. Letter from Fahn Kanne dated January 16, 2025; and

3. Letter from Kost Forer dated January 17, 2025.

In the absence of a contrary instruction, the person(s) designated by Management in the enclosed form of proxy intend to vote FOR the reappointment of Fahn Kanne as the auditor of the Company until the earlier of the close of the next annual meeting of shareholders or their removal by the Company, at a remuneration to be fixed by the Audit Committee.

5. Approval of New Control Persons

Since October 2022, the Company borrowed from various groups more than US\$8,000,000 (together, the “**Loans**”). As required by the lenders, Oren Shuster personally guaranteed the Loans. The independent members of the Board commissioned a valuation to determine the value of Mr. Shuster’s personal guarantees, which ascribed the benefit to the Company to be approximately US\$560,000 (the “**Benefit**”). The Company and Mr. Shuster settled the amount of the Benefit in Common Shares (each, a “**Settlement Share**”) and pre-funded Share purchase warrant (each, a “**Pre-Funded Warrant**”) at a deemed price of C\$2.88 per Settlement Share and Pre-Funded Warrant, respectively.

Effective November 12, 2024, the Company completed a debt settlement (the “**Debt Settlement**”) in the amount of US\$560,000.00, approximately C\$758,240.00, based on an exchange rate of US\$1.00 = C\$1.354 as at October 3, 2024, as published on the website of the Bank of Canada, with Oren Shuster, in connection with the Benefit, to preserve the Company’s cash for working capital through the issuance of 110,576 Settlement Shares and 152,701 Pre-Funded Warrants at a deemed price of C\$2.88.

Each Pre-Funded Warrant entitles Mr. Shuster to purchase one Settlement Share for a price of \$0.00001, upon receipt of Shareholder approval to allow Mr. Shuster to become a Control Person (as defined in the policies of the Canadian Securities Exchange (the “**CSE**”)).

Following completion of the Debt Settlement and a series of private placements (together the “**Transactions**”), on a non-diluted basis, each of Mr. Shuster and Rafael Gabay may each acquire over 20% of the voting rights attached to all outstanding voting securities of the Company, thus becoming Control Persons.

As a result of the Transactions, (i) Mr. Shuster, along with its joint actor, Ewave Group Ltd., a privately held entity of which Mr. Shuster owns and controls 50% of the outstanding voting, beneficially owns or controls an aggregate of 616,831 Common Shares, 194,110 Common Share purchase warrants, 152,701 Pre-Funded Warrants, 21,875 stock options and debentures in the principal amount C\$237,214, convertible into up to 46,512 Common Shares at a deemed price of C\$5.10 per Common Share, representing 33.96% of the outstanding Common Shares on a partially diluted basis; and (ii) Mr. Gabay, along with its joint actor, Ewave Group Ltd., a privately held entity of which Mr. Gabay owns and controls 50% of the outstanding voting, beneficially owns or controls an aggregate of 389,707 Common Shares, 244,637 Common Share purchase warrants, 1,500 stock options and debentures in the principal amount C\$236,617, convertible into up to 46,395 Common Shares at a deemed price of C\$5.10 per Common Share, representing 25.42% of the outstanding Common Shares on a partially diluted basis.

Pursuant to the policies of the CSE, as each of Messrs. Shuster and Gabay may become new Control Persons of the Company, therefore Materially Affecting Control (as such term is defined in the policies of the CSE) of the Company, the Company wishes to have disinterested Shareholders approval each individual as a new Control Person of the Company.

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution of disinterested Shareholders (the “**New Control Persons Resolution**”), with or without amendment, to approve each of Messrs. Shuster and Gabay as Control Persons of the Company thereby Materially Affecting Control (as such terms are defined in the policies of the CSE) of the Company.

Shareholder Approval Requirement

Pursuant to section 4.6(2)(a)(iv) of CSE Policy 4, the CSE requires Shareholder approval for a proposed securities offering if the listed issuer or CSE otherwise determines that the transaction will Materially Affect Control of the Company.

Shareholder approval of the New Control Persons Resolution on a disinterested Shareholder basis means that the votes attached to any Common Shares held by Messrs. Shuster and Gabay will be excluded.

Accordingly, disinterested Shareholders will be asked to consider and, if thought advisable, to pass the following New Control Persons Resolution at the Meeting:

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. Each of Messrs. Shuster and Gabay may become Control Persons of the Company, thereby Materially Affecting Control (as such terms are defined in the policies of the CSE) of the Company, as more particular set out in the management information circular of the Company dated March 31, 2025, is hereby authorized and approved.
2. any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and deliver all such further agreements, documents and instruments and to do all such other acts and things as such director or officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution and delivery by such director or officer of any such agreement, document or instrument or the doing of any such act or thing being conclusive evidence of such determination.”

Disinterested Shareholders may vote **FOR** or **AGAINST** the New Control Persons Resolution. If the New Control Persons Resolution is not approved, Messrs. Shuster and Gabay will be unable to acquire additional securities or exercise convertible securities of the Company if such acquisition or exercise would result in either Messrs. Shuster or Gabay becoming Control Persons thereby Materially Affecting Control of the Company. In order for the New Control Persons Resolution to be effective, it must be approved by a resolution passed by a majority of the votes cast by disinterested Shareholders present in person or represented by proxy at the Meeting.

Management recommends that disinterested Shareholders vote IN FAVOUR of the New Control Persons Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the New Control Persons Resolution at the Meeting.

6. Approval of Focus Transaction

Through a series of transactions, the Company, through I.M.C. Holdings Ltd. (“**IMC Holdings**”), a wholly owned subsidiary of the Company, acquired a 74% interest in Focus Medical Herbs Ltd. (“**Focus**”). At the Meeting, disinterested Shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution of disinterested Shareholders (the “**Focus Transaction Resolution**”), with or without amendment, approving IMC Holdings’ acquisition of Ewave Group Ltd.’s (“**Ewave**”) 26% interest in Focus (the “**Focus Transaction**”).

Ewave is a privately-held entity jointly owned by Messrs. Shuster and Gabay, related parties to the Company.

The Board commissioned an arm’s length independent third-party to prepare a report to determine the purchase price of the remaining 26% interest in Focus. They determined the purchase price to be NIS 818,740 (the “**Focus Purchase Price**”). The Company, IMC Holdings and Ewave have agreed that to preserve the Company’s cash, they intend to settle the Focus Purchase Price through the issuance of Common Shares calculated on the basis of a deemed price per Common Share equal to the greater of: (x) the ten-day volume weighted average price of the Common Shares on the CSE ending on the date the Company receives disinterested Shareholders’ approval to complete the Focus Transaction; and (y) the discounted market price pursuant to the policies of the CSE.

Background of the Focus Transaction

On February 3, 2010, Focus, a private company operating in the State of Israel, was incorporated to engage in the cultivation and production of medical cannabis in compliance with a license issued by the Israeli Medical Cannabis

Agency (“**IMCA**”). These operations continued until June 2022 when Focus ceased its cultivation and production activities related to medical cannabis and transitioned exclusively to the importation activities.

Originally, Focus was owned by Messrs. Shuster and Gabay, who collectively held 74% of Focus’ share capital, and by Tal Tregerman, an agriculturist, who held the remaining 26%.

On November 29, 2017, Ewave and Mr. Tregerman entered into a loan agreement (the “**Focus Loan Agreement**”) pursuant to which Mr. Tregerman received a loan in the amount of NIS 525,000 from Ewave for a period of 12.5 years at an annual interest rate of 6%. Pursuant to the terms and conditions of the Focus Loan Agreement, Ewave was provided the option to acquire Mr. Tregerman 26% share interest in Focus in settlement of the outstanding loan amount.

On March 18, 2018, Messrs. Shuster and Gabay sold their combined holdings, representing 74% of Focus’ share capital, to IMC Holdings, a wholly owned subsidiary of the Company, for a total consideration of NIS 2,960,000 at a price of per share of NIS 822.22.

Due to regulatory constraints, on April 2, 2019, an agreement was reached between IMC Holdings and Messrs. Shuster and Gabay, pursuant to which IMC Holdings sold its shares in Focus back to Messrs. Shuster and Gabay for a total consideration of NIS 2,756,000. Simultaneously, the parties signed an option agreement pursuant to which Messrs. Shuster and Gabay granted IMC Holdings the right to purchase (the “**Focus Option**”) 3,600 ordinary shares of Focus (each, a “**Focus Share**”), representing their combined 74% ownership interest in Focus, at a price of NIS 765.67 per Focus Share until April 2, 2029, subject to IMCA approval.

On November 30, 2023, IMC Holdings requested approval from IMCA to exercise the Focus Option and on February 26, 2024, IMCA approved IMC Holdings’ acquisition of the Focus Shares.

On February 26, 2024, Ewave exercised its option under the Focus Loan Agreement to acquire Mr. Tregerman 26% share interest in Focus in settlement of the outstanding loan amount.

The Focus Transaction constitutes a “related party transaction”, as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* (“**MI 61-101**”), due to the involvement of Ewave, a privately-held entity jointly owned by Messrs. Shuster and Gabay, related parties to the Company, and as such requires the Company to receive minority Shareholder approval for, and obtain a formal valuation for the subject matter of, the transaction in accordance with MI 61-101, prior to the completion of such transaction, unless the Company is able to rely on exemptions from the formal valuation and minority Shareholder approval requirements of MI 61-101.

Notwithstanding the fact that the Focus Transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value of the subject matter of the transaction, nor the consideration payable under the transaction, exceeds 25% of the Company’s market capitalization insofar as it involves interested parties, the Board commissioned an arm’s length third-party to prepare a report to determine the Focus Purchase Price and the Company is seeking disinterested Shareholders’ approval of the Focus Transaction as a means of good governance.

Shareholder approval of the Focus Transaction Resolution on a disinterested Shareholder basis means that the votes attached to any Common Shares held by Messrs. Shuster and Gabay will be excluded.

Accordingly, disinterested Shareholders will be asked to consider and, if thought advisable, to pass the following Focus Transaction Resolution at the Meeting:

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The acquisition by the Company, through IMC Holding Ltd., of Ewave Group Ltd.’s 26% interest in Focus Medical Herbs Ltd., as described in the management information circular of the Company dated March 31, 2025, is hereby approved;

2. any one officer or director of the Company be and is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, agreements and instruments, and to perform or cause to be performed all such acts and things, as such officer or director shall determine to be in connection with, or are necessary or desirable to give full effect to, these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements, or instruments, or the performing or causing to be performed of such other acts or things; and
3. notwithstanding that this resolution has been duly passed by disinterested shareholders, the directors of the Company be and they are hereby authorized without further approval of the shareholders, to revoke this resolution and determine not to proceed with the transaction.”

Disinterested Shareholders may vote **FOR** or **AGAINST** the Focus Transaction Resolution. In order for the Focus Transaction Resolution to be effective, it must be approved by a resolution passed by a majority of the votes cast by disinterested Shareholders present in person or represented by proxy at the Meeting.

Management recommends that disinterested Shareholders vote IN FAVOUR of the Focus Transaction Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the Focus Transaction Resolution at the Meeting.

7. Approval of the Equity Incentive Plan

Effective March 31, 2025, the Board adopted an equity incentive plan for the Company (the “**Equity Incentive Plan**”), subject to, and effective upon, the approval of disinterested Shareholders at the Meeting, or any adjournment or postponement thereof (the “**Effective Date**”). The Equity Incentive Plan is intended to replace the stock option plan of the Company (the “**Stock Option Plan**”) and restricted share unit award plan of the Company (the “**RSU Plan**”) and together with the Stock Option Plan, the “**Predecessor Plans**”). As at the date hereof, there are 34,576 Common Shares reserved for issuance pursuant to stock options (“**Options**”) issued under the Stock Option Plan (the “**Predecessor Options**”) and there are Nil Common Shares reserved for issuance pursuant to restricted share units (“**RSUs**”) issued under the RSU Plan (the “**Predecessor RSUs**”). If disinterested Shareholders approve the Equity Incentive Plan, it will become effective on the Effective Date for a period of three years and no further awards will be granted under the Predecessor Plans. The policies of the CSE require that the Company obtain Shareholder approval of the Equity Incentive Plan every three years.

At the Meeting, disinterested Shareholders will be asked to consider and, if deemed advisable, to pass with or without variation, an ordinary resolution in the form set out below (the “**Equity Incentive Plan Resolution**”), subject to such amendments, variations or additions as may be approved at the Meeting, approving the Equity Incentive Plan.

A summary of the key terms of the Equity Incentive Plan is set out below, which is qualified in its entirety by the full text of the Equity Incentive Plan. A copy of the Equity Incentive Plan is attached as Schedule “B” hereto.

Summary of the Equity Incentive Plan

Pursuant to the Equity Incentive Plan, the Board may grant Awards (as such term is defined in the Equity Incentive Plan) to eligible persons as determined by the Equity Incentive Plan. The aggregate number of Common Shares which may be made available for issuance under the Equity Incentive Plan will not exceed with respect to the number of Common Shares issuable pursuant to all Awards, 20% of the total number of issued and outstanding Common Shares from time to time.

The purpose of the Equity Incentive Plan is to advance the interests of the Company and its subsidiaries by (i) promoting a significant alignment between directors, officers, employees and consultants of the Company and its subsidiaries (“**Awardees**”) and the growth objectives of the Company; (ii) associating a portion of Awardees’ compensation with the performance of the Company over the long term; and (iii) attracting, motivating and retaining the critical Awardees to drive the business success of the Company.

The following is a summary of the principal terms of the Equity Incentive Plan, which is qualified in its entirety by reference to the text of the Equity Incentive Plan:

- The aggregate number of Common Shares issuable pursuant to all Awards shall not exceed 20% of the issued and outstanding Common Shares at the time of granting Awards (on a non-diluted basis).
- Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable upon issuance of Awards granted under the Equity Incentive Plan, and any exercises of Options, or settlements of Awards other than Options, will make new grants of Options available under the Equity Incentive Plan, effectively resulting in a reloading of the number of Options available to grant under the Equity Incentive Plan. If any Awards granted expire or terminate for any reason without having been exercised or settled in full, as applicable, the unissued shares subject thereto shall again be available for the purposes of the Equity Incentive Plan.
- Subject to the provisions of the Equity Incentive Plan, the Board or its delegate shall have authority to interpret the Equity Incentive Plan and all Award agreements entered into in connection with the grant of Awards under the Equity Incentive Plan, to define the terms used in the Equity Incentive Plan and in all Award agreements entered into thereunder, to prescribe, amend and rescind the terms of the Equity Incentive Plan and to make all other determinations necessary or advisable for the administration of the Equity Incentive Plan.
- The price per share at which any Common Share which is the subject of an Option may be purchased (the “**Option Exercise Price**”) will be established by the Board or its delegate, subject to the rules of the regulatory authorities having jurisdiction over the securities of the Company, provided that the Option Exercise Price shall not be less than the greater of \$0.05, and the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Options, and (b) the date of grant of the Options. The term of each Option will be fixed by the Board or its delegate but may not exceed 10 years from the date of the grant.
- Options granted pursuant to the Equity Incentive Plan shall be exercisable at such times and on the occurrence of such events, and be subject to such restrictions and conditions, as the Board or its delegate shall in each instance approve, which need not be the same for each grant or for each Awardee. Without limiting the foregoing, the Board or its delegate may permit the exercise of an Option through either a cashless exercise mechanism or net exercise mechanism pursuant to the terms of the Equity Incentive Plan.
- Awards may be granted to Awardees as compensation for employment or consulting services or services as a director or officer and may entitle Awardees to receive, for no additional cash consideration, Common Shares upon specific time or other vesting conditions being met as determined by the Board or its delegate. The value of Awards is influenced by the fair market value of the underlying Common Shares, as determined by the Board or its delegate, pursuant to the terms of the Equity Incentive Plan.
- If the expiry date, redemption date, or settlement date, as applicable, of any Award, would otherwise occur in a blackout period, the expiry date shall be extended to the tenth business day following the last day of the blackout period, where “blackout period” means a period of time during which the Company prohibits Awardees from exercising, redeeming or settling their Awards, due to applicable law or policies of the Company.
- The maximum number of Common Shares which may be issued to any one Awardee, who is a Related Party (as such term is defined in the Equity Incentive Plan) may not exceed: (a) within any 12-month period under the Equity Incentive Plan is 5% of the number of Common Shares outstanding (on a fully-diluted basis) from time to time; and (b) at any time under the Equity Incentive Plan is 5% of the Common Shares outstanding on a fully-diluted basis from time to time, in each case unless Shareholder approval is obtained pursuant to the Regulatory Rules (as such term is defined in the Equity Incentive Plan).

- The maximum number of Common Shares which may be issuable to all Investor Relations Service Providers (as defined in the Equity Incentive Plan) within any 12-month period under the Equity Incentive Plan shall not exceed 2% of the number of Common Shares outstanding.
- The maximum number of Common Shares which may be issuable to all Related Persons at any time under the Equity Incentive Plan shall not exceed (a) 15% of the Common Shares outstanding on a fully-diluted basis from time to time; and (b) within any 12 month period under the Equity Incentive Plan 15% of the number of outstanding Common Shares on a fully-diluted basis from time to time, in each case unless Shareholder approval is obtained pursuant to the Regulatory Rules (as such term is defined in the Equity Incentive Plan). As the aforementioned 15% threshold exceeds 10% then, in accordance with the requirements of the Canadian Securities Administrators' National Instrument 45-106 – *Prospectus Exemptions*, the Company must obtain approval of Shareholders excluding votes attached to Common Shares held by directors, officers or holders of at least 10%, and their Associates (as such term is defined in the Equity Incentive Plan) of the issued and outstanding Common Shares.
- No financial assistance or support agreement will be provided to any Awardee by the Company or any related entity of the Company to facilitate the purchase of Awards.
- In the event of death, or disability, of an Awardee, unless otherwise determined by the Board or its delegate, (i) the executor or administrator of the Awardee's estate may exercise any vested Options for a period until the earlier of the original expiry date and 12 months after the date of death, and any unvested Options shall terminate and become void on the date of death; and (ii) any unvested RSUs previously credited to the Awardee's account will be cancelled, and vested RSUs will be paid to the Awardee's estate, with any settlement or redemption to occur within 12 months following the termination date.
- Except as may otherwise be provided in an Awardee's employment agreement or as otherwise determined by the Board or its delegate, if an Awardee's employment or other relationship with the Company is terminated for any reason other than death or disability, (i) each vested Option held by that Awardee will cease to be exercisable on the earlier of the original expiry date and 90 days after the termination date; and (ii) any RSUs held by the Awardee that have vested before the termination date will remain with the Awardee. In all cases, any unvested Options or RSUs held by the Awardee shall terminate and become void on the date of termination.
- Unless otherwise determined by the Board or its delegate, where an Awardee is terminated for cause, any unvested Options or RSUs held by the Awardee will be immediately cancelled and forfeited to the Company for no consideration.
- In the event of a change of control (as defined in the Equity Incentive Plan), unless otherwise provided in the Equity Incentive Plan or an Award agreement, the Board or its delegate may deal with any or all outstanding Awards (or any portion thereof) in the manner it deems fair and reasonable in the circumstances of the change of control, including but not limited to cancelling all outstanding awards with or without payment or accelerating vesting and/or expiry of outstanding Awards and/or cause all Awards or portions thereof to become exchanged for stock awards of another corporation.
- Unless restricted by law, the Board or its delegate may alter, amend, modify, suspend or terminate the Equity Incentive Plan or any Award in whole or in part without notice to, or approval from, Shareholders, including, but not limited to, for the purposes of:
 - making any amendments to the general vesting provisions of any Award;
 - making any amendments to the general term of any Award as permitted by the Equity Incentive Plan;
 - making any amendments to add covenants or obligations of the Company for the protection of Awardees;

- making any amendments not inconsistent with the Equity Incentive Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, it may be expedient to make, including amendments that are desirable as a result of changes in law or as a “housekeeping” matter;
 - making such changes or corrections which are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error; and
 - make any such amendment as required by a Regulatory Authority (as such term is defined in the Equity Incentive Plan).
- Shareholder approval is required to make the following amendments to the Equity Incentive Plan:
 - a reduction in the Option Exercise Price of a previously granted Option benefitting a Related Person or one of his/her/its Affiliates (unless done pursuant to Section 11.2 of the Equity Incentive Plan);
 - any amendment or modification which would increase the total number of Common Shares available for issuance under the Equity Incentive Plan; or
 - an increase to the limit on the number of Common Shares issued or issuable under the Equity Incentive Plan to Insiders of the Company.

Approval of the Equity Incentive Plan

The Equity Incentive Plan is authorized by the Board to be effective on the date of the Meeting, or any adjournment or postponement thereof, subject to the approval of disinterested Shareholders at the Meeting. The Equity Incentive Plan will continue until the earlier of termination by the Board or three years from the Effective Date.

Accordingly, at the Meeting, disinterested Shareholders will be asked to consider and if thought fit, approve an ordinary resolution ratifying the adoption of the Equity Incentive Plan. In order to be effective, an ordinary resolution requires approval by a majority of the votes cast by Shareholders for such resolution. The text of the proposed resolution is set forth below. **Unless otherwise directed, the persons named in the enclosed proxy intend to vote IN FAVOUR of this resolution.**

Shareholder approval of the Equity Incentive Plan Resolution on a disinterested Shareholder basis means that the votes attached to any Common Shares held by Awardees will be excluded.

To be effective, the Equity Incentive Plan Resolution requires an affirmative vote of not less than a majority of the votes cast by disinterested Shareholders present virtually or by proxy and entitled to vote at the Meeting.

The Board unanimously recommends that Shareholders vote FOR the approval of the Equity Incentive Plan. It is intended that all proxies received will be voted in favour of the approval of the Equity Incentive Plan unless a proxy contains instructions to vote against the approval of the Equity Incentive Plan.

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the omnibus equity incentive plan adopted by the board of directors of the Company (the “**Board**”) on March 31, 2025 (the “**Equity Incentive Plan**”), in the form attached as Schedule “B” to the management information circular of the Company dated March 31, 2025, is hereby confirmed, ratified and approved, and the Company has the ability to grant awards under the Equity Incentive Plan until May 23, 2028, which is the date that is three years from the date of the meeting of the holders (the “**Shareholders**”) of common shares of the Company at which Shareholder approval of the Equity Incentive Plan is being sought.

2. The Awards (as defined in the Equity Incentive Plan) to be issued under the Equity Incentive Plan, and all unallocated Awards under the Equity Incentive Plan, be and are hereby approved.
3. The Board is hereby authorized to make such amendments to the Equity Incentive Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Equity Incentive Plan, the approval of the Shareholders.
4. Any one director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as, in the opinion of such director or officer of the Company, may be necessary or desirable to carry out the terms of the foregoing resolutions.”

8. Re-Approval of the Stock Option Plan

Should the proposed Equity Incentive Plan not receive the required Shareholder approval at the Meeting, the proposed Equity Incentive Plan will not be implemented and the Stock Option Plan and RSU Plan will remain in place. In the event this occurs, Shareholders will be asked at the Meeting to consider and, if deemed appropriate, to pass an ordinary resolution confirming and reapproving the Stock Option Plan, as is required by the policies of the CSE, so that the Company can continue to utilize this important compensation mechanism (the “**Stock Option Plan Resolution**”).

The Company has in place a 10% “rolling” Stock Option Plan whereby the Board may allocate a maximum of 10% of the issued and outstanding Common Shares from time to time for issuance under the Stock Option Plan. The Stock Option Plan was last approved by the Shareholders on July 28, 2021. There have not been any amendments made to the Stock Option Plan since that time.

The policies of the CSE require that the Company obtain Shareholder approval of the Stock Option Plan every three years.

A summary of the Stock Option Plan is provided below under the heading “*Stock Option Plan*”. However, the information related to the Stock Option Plan in this Circular is intended as a summary only and is qualified in its entirety by the full text of the Stock Option Plan, which is attached as Schedule “D” to the management information circular of the Company dated June 23, 2021, and is available on the Company’s SEDAR+ profile at www.sedarplus.ca. The Company will provide a copy of the management information circular dated June 23, 2021, free of charge to any Shareholder who requests a copy.

Stock Option Plan

The purpose of the Stock Option Plan is to provide the Company with the advantages of the incentive inherent in equity ownership on the part of directors, executive officers, employees and consultants (collectively, the “**Eligible Persons**”) who are responsible for the continued success of the Company; to create in those Eligible Persons a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage Eligible Persons to remain with the Company and any subsidiaries; and to attract new employees, directors, officers and consultants.

The Stock Option Plan will be administered by the Board, and the Board may delegate its powers, rights and obligations to a committee. The Compensation Committee will be responsible for determining which directors, officers, employees and consultants shall be granted Options.

The Board will have the authority to grant Options to Eligible Persons and subject to the policies of the Canadian stock exchange upon which the Common Shares principally trade, will determine the terms and conditions applicable to the exercise of those Options including the number of Common Shares issuable under each Option, the exercise price, the expiry date, vesting conditions, if any, the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Common Shares acquired on exercise of the Option, and the events, if any, that give

rise to a termination or expiry of the Option participant's rights under the Option, and the period in which such termination or expiry can occur. Notwithstanding the foregoing, the maximum term of any Option granted under the Stock Option Plan will be ten years. The Stock Options Plan provides for a cashless exercise procedure.

The total number of Common Shares that may be reserved for issuance to all directors and executive officers as a group under the Stock Option Plan and any other Securities Based Compensation Arrangements (as such term is defined in the Stock Option Plan), in aggregate, will not exceed, at any time, or within any 12-month period, 10% of the issued and outstanding Common Shares, on a non-diluted basis, as at the date of grant of any Options under the Stock Option Plan.

The total number of Common Shares that may be reserved for issuance and granted to any one Executive (as such term is defined in the Stock Option Plan) under the Stock Option Plan and all other Securities Based Compensation Arrangements, in aggregate, will not exceed at any time, or within a 12-month period, 5% of the issued and outstanding Common Shares, on a non-diluted basis, as at the date of grant of any Options under the Stock Option Plan.

The total number of Common Shares that may be reserved for issuance and granted to persons engaging in investor relations activities under the Stock Option Plan and all other Securities Based Compensation Arrangements, in aggregate, will not exceed at any time, or within a 12-month period, 1% of the issued and outstanding Common Shares, on a non-diluted basis, as at the date of grant of any Options under the Stock Option Plan.

The Board may terminate the Stock Option Plan at any time in its absolute discretion, without shareholder approval. If the Stock Option Plan is terminated, no further Options will be granted, but the Options then outstanding will continue in full force and effect in accordance with the provisions of the Stock Option Plan until the time they are exercised or terminated or expire under the terms of the Stock Option Plan and the applicable Option agreement.

Shareholder Re-Approval of the Stock Option Plan

Since the Stock Option Plan is a "rolling plan", Shareholder approval of the Stock Option Plan is required by the CSE three years after institution and within every three years thereafter. In accordance with the policies of the CSE, the Company requests Shareholders to consider, and if thought fit, approve an ordinary resolution substantially in the form set forth below:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The stock option plan of the Company originally approved by the shareholders of the Company on July 28, 2021 (the "**Stock Option Plan**"), in the form attached as Schedule "D" to the management information circular of the Company dated June 23, 2021, is hereby confirmed, ratified and approved, and the Company has the ability to grant awards under the Stock Option Plan until May 23, 2028, which is the date that is three years from the date of the meeting of the holders (the "**Shareholders**") of common shares of the Company ("**Common Shares**") at which Shareholder approval of the Stock Option Plan is being sought.
2. The awards to be issued under the Stock Option Plan, and all unallocated awards under the Stock Option Plan, be and are hereby approved.
3. The board of directors of the Company (the "**Board**") is hereby authorized to make such amendments to the Stock Option Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Stock Option Plan, the approval of the Shareholders.
4. Any one director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as, in the opinion of such director or officer of the Company, may be necessary or desirable to carry out the terms of the foregoing resolutions."

To be effective, the Stock Option Plan Resolution, in the form set out above, requires an affirmative vote of not less than a majority of the votes cast by the Shareholders present virtually or by proxy and entitled to vote at the Meeting.

The Board unanimously recommends that Shareholders vote FOR the approval of the Stock Option Plan. It is intended that all proxies received will be voted in favour of the approval of the Stock Option Plan unless a proxy contains instructions to vote against the approval of the Stock Option Plan.

9. Other Business

It is not known that any other matters will come before the Meeting other than as set forth above and in the Notice of Meeting accompanying this Circular, but if such should occur, the Management designees intend to vote on them in accordance with their best judgement, exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment thereof.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's philosophy, objectives and processes regarding executive compensation. This disclosure is intended to communicate compensation provided to: (i) the chief executive officer ("CEO") of the Company; (ii) the chief financial officer ("CFO" of the Company); (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO of the Company, as at the end of the most recently completed financial year whose total compensation was, individually, more than C\$150,000; and (iv) each individual who would be a Named Executive Officer (as defined herein) under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, as at December 31, 2024, (collectively, the "**Named Executive Officers**") and (v) the directors of the Company. During the year ended December 31, 2024, the Named Executive Officers of the Company were as follows:

- (1) Oren Shuster, CEO, Executive Chairman and a director of the Company;
- (2) Uri Birenberg, CFO of the Company;
- (3) Eyal Fisher, CEO of the IMC Holdings and each of the Israeli Subsidiaries;
- (4) Richard Balla, CEO of Adjupharm, a wholly owned subsidiary of the Company; and
- (5) Michal Lebovitz Nissimov, Company's General Counsel and secretary.

Compensation Philosophy and Objectives

The executive compensation program adopted by the Company and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of the Company. The executive compensation program attempts to ensure that the compensation of the senior executive officers provides a competitive base compensation package and a strong link between corporate performance and compensation. Senior executive officers are motivated through the program to enhance long-term shareholder value and rewarded for their yearly individual contribution in the context of overall annual corporate performance.

Elements of Compensation

The compensation paid to executive officers in any year consists of three primary components:

1. base salary;
2. cash bonuses; and/or
3. long-term incentives.

The Company believes that making a significant portion of executive officers' compensation based on long-term incentives supports the Company's executive compensation philosophy, as these forms of compensation allow those most accountable for the Company's long-term success to acquire and hold Common Shares.

For the year ended December 31, 2024, the Board determined and administered all executive compensation based on recommendations by the Company's Compensation Committee.

The key features of these three primary components of compensation are discussed below:

1. Base Salary

Base salary recognizes the value of an individual to the Company based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which the Company competes for talent. Base salaries for executive officers are reviewed annually. Any change in the base salary of an executive officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Company and a review of the performance of the Company as a whole and the role such executive officer played in such corporate performance.

2. Cash Bonuses

Cash bonuses for the executive officers are determined by reference to the Company's actual performance relative to objectives and individual contributions toward such performance. All awards made to executive officers are subject to the review and approval of the Compensation Committee and Board and are examined in absolute terms as well as in relation to peer company performance. The Company currently does not have an established cash bonus plan or defined key performance indicators ("KPIs") in place; however, the Compensation Committee is in the process of developing these frameworks for future implementation.

3. Long Term Incentives

Long term incentives, such as Options and RSUs are intended to focus Management's attention on corporate performance over a period of time longer than one year in recognition of long-term horizons for return on investments and strategic decisions. The number of Options and/or RSUs given to each executive officer is determined by his or her position, past contribution and potential future contributions to the Company as well as the number and terms of Options and RSU awards previously granted to the executive officer. The securities-based awards granted under the Stock Option Plan and RSU plan (the "**RSU Plan**" and together with the Stock Option Plan, the "**Securities Based Compensation Arrangements**") are reviewed by the Compensation Committee. The Compensation Committee determines a meaningful level of awards for executive officers of the Company. The number of Options and RSUs are also influenced by the number of officers and key employees in the current year and the likelihood of grants in future years to officers and key employees since the aggregate number of Common Shares available for issuance pursuant to all Securities Based Compensation Arrangements cannot exceed 10% of the Company's issued Common Shares on a rolling basis. The Company is currently engaged with external advisors to develop and implement updated Securities Based Compensation Arrangements that align with market practices and the Company's strategic objectives.

Other than the Securities Based Compensation Arrangements, the Company does not have any other long-term incentive plans pursuant to which securities or cash compensation is intended to serve as an incentive for performance over a period greater than one financial year.

Stock Option Plan

The Stock Option Plan was approved by the Shareholders at the annual general and special meeting of shareholders held on July 28, 2021, and replaced the previous stock option plan of the Company (the “**Predecessor Stock Option Plan**”). The Predecessor Stock Option Plan continues to exist but only for the purpose of governing the terms of Options that were granted under the Predecessor Stock Option Plan prior to the adoption of the Stock Option Plan.

The purpose of the Stock Option Plan is to provide the Company with the advantages of the incentive inherent in equity ownership on the part of directors, executive officers, employees and consultants (collectively, the “**Eligible Persons**”) who are responsible for the continued success of the Company; to create in those Eligible Persons a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage Eligible Persons to remain with the Company and any subsidiaries; and to attract new employees, directors, officers and consultants.

The Stock Option Plan is administered by the Compensation Committee. The Compensation Committee has the authority to grant Options to Eligible Persons and subject to the policies of the Canadian stock exchange upon which the Common Shares principally trade, will determine the terms and conditions applicable to the exercise of those Options including the number of Common Shares issuable under each Option, the exercise price, the expiry date, vesting conditions, if any, the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Common Shares acquired on exercise of the Option, and the events, if any, that give rise to a termination or expiry of the Option participant’s rights under the Option, and the period in which such termination or expiry can occur. Notwithstanding the foregoing, the maximum term of any Option granted under the Stock Option Plan is ten years. The Stock Options Plan provides for a cashless exercise procedure.

The total number of Common Shares that may be reserved for issuance to all directors and executive officers as a group under the Stock Option Plan and any other Securities Based Compensation Arrangements, in aggregate, cannot exceed, at any time, or within any 12-month period, 10% of the issued and outstanding Common Shares, on a non-diluted basis, as at the date of grant of any Options under the Stock Option Plan.

The total number of Common Shares that may be reserved for issuance and granted to any one Executive (as defined in the Stock Option Plan) under the Stock Option Plan and all other Securities Based Compensation Arrangements, in aggregate, cannot exceed at any time, or within a 12-month period, 5% of the issued and outstanding Common Shares, on a non-diluted basis, as at the date of grant of any Options under the Stock Option Plan.

The total number of Common Shares that may be reserved for issuance and granted to persons engaging in investor relations activities under the Stock Option Plan and all other Securities Based Compensation Arrangements, in aggregate, cannot exceed at any time, or within a 12-month period, 1% of the issued and outstanding Common Shares, on a non-diluted basis, as at the date of grant of any Options under the Stock Option Plan.

The Board may terminate the Stock Option Plan at any time in its absolute discretion, without shareholder approval. If the Stock Option Plan is terminated, no further Options will be granted, but the Options then outstanding will continue in full force and effect in accordance with the provisions of the Stock Option Plan until the time they are exercised or terminated or expire under the terms of the Stock Option Plan and the applicable Option agreement.

RSU Plan

The RSU Plan was approved by Shareholders at a special meeting of Shareholders held on December 16, 2020. The RSU Plan was established to provide a financial incentive for employees, consultants and directors of the Company, to devote their best efforts towards the long-term success of the Company’s business, by aligning qualified participants’ financial interests with those of the Company and its shareholders, to assist the Company in attracting

and retaining individuals with top-level talent, passion, ability, and an overall commitment to the business of the Company, and to ensure that the total compensation provided to such participants is at competitive levels. Accordingly, the RSU Plan is intended to supplement the Company's other Securities Based Compensation Arrangements provided that the aggregate issuances under the RSU Plan and all other the Securities Based Compensation Arrangements do not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis immediately prior to the proposed grant of the applicable RSUs.

The RSU Plan provides that RSUs may be granted by the Compensation Committee to directors, executive officers, employees and consultants of the Company (each an **"RSU Participant"**). The Compensation Committee determines from time to time the RSU Participants to whom RSUs are granted and the provisions and restrictions with respect to such grant. The Compensation Committee takes into consideration the present and potential contributions of and the services rendered by the particular RSU Participant to the success of the Company and any other factors which the Compensation Committee deems appropriate and relevant.

Each RSU entitles the RSU Participant, subject to the RSU Participant's satisfaction of any conditions, restrictions or limitations imposed under the RSU Plan or RSU grant letter, to receive: (i) one previously unissued Common Share for each RSU; or (ii) a cash payment equal to the number of RSUs multiplied by the fair market value of one Common Share on the vesting date; or (iii) a combination of (i) and (ii), as determined by the Compensation Committee, on the date when the RSU is fully vested. Concurrent with the determination to grant RSUs to a RSU Participant, the Compensation Committee also determines the vesting schedule applicable to such RSUs, which shall extend no later than December 15th of the third calendar year following the calendar year in which the grant occurred in respect of the RSUs.

RSU grants are subject to additional limitations under the terms of the RSU Plan. Unless permitted by the CSE or approved by disinterested Shareholders:

- (a) the maximum number of RSUs available for grant to any one person under the RSU Plan and any other Securities Based Compensation Arrangements of the Company in a 12-month period is 5% of the total number of Common Shares then outstanding on a non-diluted basis; and
- (b) the maximum number of Common Shares issuable to insiders of the Company (as a group) under the RSU Plan, together with any other Common Shares issuable under any other Securities Based Compensation Arrangements, shall not exceed at any time or within any 12-month period, 10% of the issued and outstanding Common Shares on a non-diluted basis at the time of grant.

Further, the total number of Common Shares issuable to any RSU Participant performing investor relations activities over any 12-month period, pursuant to the RSU Plan and together with any other Common Shares issuable under any other Securities Based Compensation Arrangements, cannot exceed 1% of the issued and outstanding number of Common Shares then outstanding on a non-diluted basis at the time of grant.

The Board or Compensation Committee, as the case may be, may terminate, discontinue or amend the RSU Plan at any time, provided that, without the consent of an RSU Participant, such termination, discontinuance or amendment may not in any manner adversely affect such RSU Participant's rights under any RSU granted to such RSU Participant under the RSU Plan.

The Board or Compensation Committee may, subject to the receipt of shareholder approval and the receipt of any regulatory approval including any stock exchange approval (where required), make the following amendments to the RSU Plan or RSUs under the RSU Plan:

- (a) increase the number of Common Shares which may be issued pursuant to the RSU Plan, other than by virtue of a change in Common Shares, whether by reason of a stock dividend, consolidation, subdivision or reclassification which adjustment may be made by the Board or Compensation Committee for the number of Common Shares available under the RSU Plan and the number of Common Shares subject to RSUs;

- (b) amend the definition of “Participant” under the RSU Plan which would have the potential of narrowing, broadening or increasing insider participation;
- (c) amendments to cancel and reissue RSUs;
- (d) amendments to the list of amendments to the RSU Plan or RSUs requiring requisite regulatory and shareholder approval and those subject to requisite regulatory approval (where required) but not subject to shareholder approval;
- (e) amendments that extend the term of an RSU;
- (f) amendments to the participation limits including: the maximum number of shares issuable under the RSU Plan, limitations on grants of RSUs to any one person in a 12-month period, grants within a one-year period to insiders, and the number of shares issuable to a person providing investor relations activities in any 12-month period; and
- (g) amendments to the RSU Plan that would permit RSUs, or any other right or interest of a RSU Participant under the RSU Plan, to be assigned or transferred, other than for normal estate settlement purposes.

The Board or Compensation Committee may, subject to receipt of requisite regulatory approval (where required), but not subject to shareholder approval, in its sole discretion make all other amendments to the RSU Plan or RSUs under the RSU Plan that are not of the type contemplated above, including, without limitation:

- (a) amendments of a housekeeping nature.
- (b) amendments to the vesting provisions of a RSU or the RSU Plan.
- (c) amendments to the definitions, other than such definitions noted above.
- (d) amendments to reflect changes to applicable securities laws; and
- (e) amendments to ensure that the RSUs granted under the RSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a RSU Participant to whom a RSU has been granted may from time to time be a resident, citizen or otherwise subject to tax therein.

Except as otherwise may be expressly provided for under the RSU Plan or pursuant to a will or by the laws of descent and distribution, no RSU and no other right or interest of a RSU Participant is assignable or transferable, and any such assignment or transfer in violation of the RSU Plan is deemed to be null and void.

In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision or reclassification, an appropriate adjustment will be made by the Board or Compensation Committee in the number of Common Shares available under the RSU Plan and the number of Common Shares subject to any RSUs. If the foregoing adjustment results in a fractional Common Share, the fraction shall be rounded down to the nearest whole number. All such adjustments are conclusive, final and binding for all purposes of the RSU Plan.

Risk Analysis

The Board and Compensation Committee considered risks associated with executive compensation and do not believe that the Company’s executive compensation policies and practices encourage its executive officers to take inappropriate or excessive risks. Aside from a fixed base salary, Named Executive Officers are compensated through the granting of

Security Based Compensation Arrangements, which are compensation that is both “at risk” and associated with long-term value creation. The value of such compensation is dependent upon shareholder return over Security Based Compensation Arrangement vesting periods which reduces the incentive for executives to take inappropriate or excessive risks as their long-term compensation is at risk.

Under the stock trading policy adopted by the Company on November 26, 2020, as amended from time to time, executive officers and directors are strongly discouraged but are not prohibited from purchasing financial instruments; however, the Company does not have any policies which prohibit the purchase of financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation.

Performance Graph

The following graph compares the cumulative total shareholder return by comparing a \$100 investment in Common Shares on December 31, 2020, to the cumulative shareholder return of the CSE Composite Index for the same period, assuming the reinvestment of cash distributions and/or dividends:



	December 31				
	2020	2021	2022	2023	2024
IM Cannabis Corp.	\$100.00	\$42.03	\$1.29	\$0.46	\$0.54
CSE Composite Index	\$100.00	\$171.57	\$132.1	\$41.3	\$33.71

The trend in the above performance graph does not correlate to the trend of the compensation paid to the Named Executive Officers. As described under "*Elements of Compensation*", based salaries reflect each Named Executive Officer's primary duties and responsibilities and are set at levels based on responsibility, experience and expertise as well as subjective factors such as leadership. We believe that Management must be compensated a minimum base salary for the value of the services provided, irrespective of our Common Share price performance. Pursuant to our Security Based Compensation Arrangements, we have granted Options and RSUs to our Named Executive Officers, each form a significant portion of compensation, and therefore the total compensation for the Named Executive Officers is directly affected by decreases or increases in the price of our Common Shares as the value of such Options and RSUs changes as our Common Share price changes.

Share-Based and Option-Based Awards

The Company recognizes the importance of share-based and Option-based awards for retaining employees and keeping them motivated. New grants to employees are made based on the role and position of the employee, with consideration given to the limits imposed by the Company's Securities Based Compensation Arrangements. The role of the Compensation Committee is to review Management's recommendations and provide feedback related to security-based compensation.

Compensation Governance

The Compensation Committee

The Compensation Committee is responsible for, among other things, developing and monitoring the Company's overall approach to compensation issues and implementing and administering a system of compensation that provides for competitive Compensation.

The Compensation Committee conducts an annual review of the Company's compensation issues and practices, including corporate goals and objectives relative to the compensation of the CEO and other senior officers of the Company, and makes a comprehensive set of recommendations to the Board during each calendar year.

The Compensation Committee is currently comprised of:

1. Einat Zakariya (Chair);
2. Brian Schinderle; and
3. Moti Marcus,

each of whom is considered "independent" as determined under Rule 5605(a)(2) of the Nasdaq Stock Market Rules and as defined in National Instrument 52-110 - Audit Committees ("NI 52-110").

The Company has affirmatively determined that each member of the Compensation Committee qualifies as independent under Nasdaq rules applicable to board members generally and to Compensation Committee members. Under Nasdaq rules, Compensation Committee members must satisfy the additional independence criteria set forth in Rule 10C-1 of the Exchange Act and the rules of Nasdaq. To be considered independent for purposes of Rule 10C-1 of the Exchange Act and under the rules of Nasdaq, the board of directors must affirmatively determine that the member of the Compensation Committee is independent, including a consideration of all factors specifically relevant to determining whether the director has a relationship to the company which is material to that director's ability to be independent from Management in connection with the duties of a Compensation Committee member, including, but not limited to: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the company to such director; and (ii) whether such director is affiliated with the company, a subsidiary of the company or an affiliate of a subsidiary of the company. In addition, each expected member of the compensation committee is a "non-employee directors" as defined in Rule 16b-3 of the Exchange Act.

In determining the members of the Compensation Committee, the Board looks to each director's past experience and strives to include a range of skills and experiences to ensure that the members act independently and think analytically about the Company's compensation practices.

Einat Zakariya

Ms. Zakariya is an accomplished executive with over 30 years of management experience, having served as a CEO, senior executive, and business owner. Since 2018, she has been the CEO and Partner of Liv Collection, a subsidiary of Ewave Holdings Ltd. Previously, she served as the CEO and partner in The Promised Land, a subsidiary of Ewave Nadlan International Investments Ltd., from 2014 to 2018. With extensive expertise in the hotel industry and real estate business, Ms. Zakariya has led negotiations with capital investors and institutional partners, as well as overseeing development, marketing, and sales. She has also played a key role in managing teams and designing compensation and incentive structures. As a director for various companies, she has been actively involved in shaping compensation strategies, salary benchmarking, and developing bonus mechanisms, providing valuable insights into executive compensation policies and practices.

Brian Schinderle

Mr. Schinderle is a seasoned financial executive with over 40 years of experience in banking, investment banking, private equity, and hedge fund management. He is the Co-founder and Principal of SSC Advisors, a boutique Mergers & Acquisitions and Strategic Advisory business focused primarily on the cannabis market. He is also the founder and

managing partner of Solidum Capital Advisors LLC (“**Solidum**”) which invests its own capital and operates in a merchant banking and advisory capacity with a select group of companies in the cannabis sector. In addition, from 2018 to 2020, Mr. Schinderle served as Executive Vice President of Finance of GR Companies Inc. (dba Grassroots Cannabis) (“**Grassroots**”), focusing on finance, strategy, capital markets, investor relations, mergers and acquisitions. In July 2020, Grassroots merged with Curaleaf Holdings, Inc. (CSE: CURA) in a transaction valued at approximately US\$850. Prior to forming Solidum in 2017, Mr. Schinderle spent over 20 years in investment management, primarily investing in fixed income and equity assets via hedge funds, private equity and discretely managed funds. Mr. Schinderle has extensive board experience, having served as both an independent and non-independent director on multiple corporate boards, including executive and compensation committees. He has worked closely with independent compensation consultants and headhunters to develop and approve executive compensation structures and performance-based incentive awards. His background as an active investor in hedge funds and private equity has provided him with broad exposure to diverse compensation arrangements and incentive plans, giving him a strong understanding of industry norms and market comparables. Mr. Schinderle currently serves on the advisory boards of GLP Partners (dba Greenlight Cannabis), Altitude Investments Inc. and AIM PLC.

Moti Marcus

Mr. Marcus is a seasoned executive with over 40 years of experience in financial and managerial leadership across multiple industries in the Israeli economy. Since 2020, he has served as the CEO of Packer Quality Metals Ltd., one of Israel’s largest metal processing companies. Previously, he held other key positions, including as CFO and deputy CEO of S. Cohen Metal Works Ltd. and CEO of Aviv Shigur. He also served as CFO and Deputy CEO of Diplomat, a leading company, and has led several other prominent organizations. Throughout his career, Mr. Marcus has specialized in business strategy, financial management, mergers and acquisitions, restructuring, and executive leadership. He has also played a pivotal role as a director in multiple organizations, where he developed compensation and bonus structures, designed executive remuneration frameworks aligned with adjusted bonuses, and established KPIs to ensure effective performance-based compensation. His extensive experience and strategic insights contribute significantly to the Compensation Committee’s decision-making process. Mr. Marcus completed his bachelor’s degree in economics and accounting at Bar Ilan University and Tel Aviv University and his master’s degree in business management and finance at Bar Ilan University.

Executive Compensation – Related Fees

In November 2024, the Company engaged J.T.G human resource consultation Ltd. (“**Zviran**”) to provide guidance on Management and director compensation. As part of their engagement with the Company, Zviran provides key services in executive compensation analysis and policy development, including:

- **Salary Benchmarking for Management Positions** – Conducting a comparative analysis of executive salary levels based on a tailored sample of companies. This includes the CEO and senior Management positions, with a breakdown of base salary, bonuses, and equity compensation.
- **Compensation Analysis for International Operations** – Assessing salary levels for executives in Adjupharm, using MERCER and Accumulate market data. This includes benchmarking compensation components such as base salary, bonuses, and equity grants.
- **Equity Grant Policy Review** – Evaluating the Company’s equity compensation strategy for Board members and executives, including grant methods, frequency, and valuation.
- **Equity Compensation Policy Development** – Establishing an equity-based compensation framework, including:
 - Defining a capital compensation strategy.
 - Structuring an allocation model for existing and new employees, from the CEO and Board members downward.
 - Setting guidelines for equity content and reallocation policies.

- Developing a multi-year allocation plan; and
- Supporting Compensation Committee approval processes.

Through these services, Zviran assists the Company in maintaining a competitive and structured executive compensation framework aligned with industry's best practices. Zviran's engagement with the Company is strictly limited to the services outlined above. No other services have been provided to the Company by Zviran. Any additional services that Zviran, its advisors, or any of its affiliates may provide to the Company at the request of Management must receive prior approval from the Board or Compensation Committee. The Company will pay Zviran approximately NIS 70 thousand and (CA\$27 thousand) for these services.

Executive Compensation – Related Fees

Summary Compensation Table

The following table sets out all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the three most recently completed financial years of the Company in respect of the Named Executive Officers of the Company:

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Oren Shuster ⁽³⁾ <i>CEO, Executive Chairman and Director</i>	2024	484,697	Nil	45,591	Nil	Nil	Nil	Nil	530,288
	2023	476,266	Nil	331,802	Nil	Nil	Nil	Nil	818,068
	2022	506,244	Nil	1,110,057	Nil	Nil	Nil	Nil	1,616,301
Uri Birenberg ⁽⁴⁾ <i>CFO</i>	2024	330,238	Nil	Nil	Nil	Nil	Nil	26,064	356,302
	2023	73,558	Nil	Nil	Nil	Nil	Nil	Nil	73,558
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eyal Fisher ⁽⁵⁾ <i>CEO of the IMC Holdings and each of the Israeli Subsidiaries</i>	2024	262,198	Nil	628	Nil	Nil	Nil	34,966	297,164
	2023	216,998	Nil	1,693	Nil	Nil	Nil	Nil	216,998
	2022	215,586	Nil	4,381	Nil	Nil	Nil	Nil	217,279
Richard Balla <i>CEO of Adjupharm</i>	2024	193,608	Nil	Nil	88,908	Nil	Nil	31,035	313,551
	2023	175,385	Nil	Nil	87,692	Nil	Nil	30,895	293,972
	2022	164,186	Nil	37	Nil	Nil	Nil	29,066	193,289
Michal Lebovitz Nissimov <i>General Counsel and secretary</i> ⁽⁶⁾	2024	192,877	Nil	828	Nil	Nil	Nil	Nil	193,705
	2023	119,088	Nil	1,099	Nil	Nil	Nil	Nil	120,187
Marc Lustig, former <i>Executive Chairman</i> ⁽⁷⁾	2024	22,400	Nil	Nil	Nil	Nil	Nil	Nil	22,400
	2023	129,920	79,959	Nil	Nil	Nil	Nil	Nil	209,879

Notes:

- (1) Each of Messrs. Shuster, Birenberg, Fisher, and Mrs. Lebovitz Nissimov received their compensation in NIS and Mr. Balla received his compensation in Euros. All salaries were converted to CDN pursuant to the average Bank of Canada rate for the applicable fiscal year.
- (2) The Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation under the following assumptions: (i) risk free interest rate of 0.42% to 4.21% (ii) expected dividend yield of 0%; (iii) expected volatility of 76.28% to 82.31%; and (iv) a term of 2 to 10 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.
- (3) Oren Shuster, through Ewave, a company in which he controls, entered into a consulting agreement with the Company pursuant to which he is paid NIS 108,350 plus VAT per month (approximately \$40,390 plus tax per month) in consideration of his CEO services provided to the Company. Mr. Shuster did not earn consideration for his role as Chairman and nor as a director of the Company during the fiscal years ended December 31, 2024, 2023 and 2022.
- (4) Mr. Birenberg was appointed as CFO of the Company effective October 10, 2023.

- (5) Mr. Fisher was appointed as CEO of the IMC Holdings and each of the Israeli Subsidiaries effective March 15, 2023.
- (6) Michal Lebovitz Nissimov was appointed as Company General Counsel and Secretary effective April 14, 2023.
- (7) 50,065,300,393 Common Shares and 23,020 Warrants are held by Marc Lustig directly and 105,040 Common Shares and 495,742,826,624 Warrants are held indirectly through L5 Capital Inc. ("L5 Capital"), a privately held entity of which Mr. Lustig owns and controls 100% of the outstanding voting rights. Mr. Lustig resigned from his role as a director effective June 5, 2024.

Outstanding Option-Based Awards and Share-Based Awards

The following table is a summary of all outstanding Option-based awards and share-based awards of Named Executive Officers as of December 31, 2024:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽⁴⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Oren Shuster	21,875	3.00	October 4, 2026	5,469	Nil	Nil	Nil
Uri Birenberg	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eyal Fisher	167	3.00	October 4, 2026	42	Nil	Nil	Nil
Richard Balla	1,500	16.00	July 30, 2029	Nil	Nil	Nil	Nil
Michal Lebovitz Nissimov	500	3.00	October 4, 2026	125	Nil	Nil	Nil

Notes:

- (1) Each Option entitles the holder to purchase one Common Share.
- (2) As of December 31, 2024, the closing price of the Common Shares, was \$3.25 per Common Share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of Option-based awards and share-based awards that vested during the year ended December 31, 2024, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2024:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Oren Shuster	1,821	Nil	Nil
Uri Birenberg	Nil	Nil	Nil
Richard Balla	Nil	Nil	Nil
Eyal Fisher	14	Nil	Nil
Michal Lebovitz Nissimov	42	Nil	Nil

Notes:

- (1) As of December 31, 2024, the closing price of the Common Shares was \$3.25 per Common Share.

PENSION PLAN BENEFITS

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Company.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Other than described below, no Named Executive Officer has entered into an arrangement with the Company or a subsidiary of the Company that provide for payments to the Named Executive Officers in connection with any termination or change of control beyond any payment that a Named Executive Officer may be entitled to pursuant to applicable employment standard law:

Oren Shuster

Effective January 15, 2018, the Company and Ewave entered into a management services agreement (the “**Shuster Agreement**”) pursuant to which Oren Shuster was engaged to provide CEO services to the Company. Mr. Shuster is employed and compensated by Ewave. Pursuant to the terms and conditions of the Shuster Agreement, Ewave charges a monthly fee of NIS 108,350 plus VAT (approximately \$40,390 plus tax per month. Either party may terminate the agreement at any time for any reason upon three months’ notice with continuing payments during such notice period. The Company, through its subsidiary, may terminate the agreement forthwith for cause without notice.

DIRECTOR COMPENSATION

The objective of the Company’s compensation program for directors is to attract and retain members of the Board of a quality and nature that will enhance the sustainable profitability and growth of the Company. Director compensation is intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of their roles.

Director Compensation Table

The following table sets out certain information respecting the compensation paid to directors of the Company who were not Named Executive Officers during the year ended December 31, 2024:

Name ⁽¹⁾	Fees earned (\$) ⁽²⁾	Share-based awards (\$)	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Brian Schinderle ⁽⁴⁾	70,700	Nil	4,015	Nil	Nil	Nil	74,715
Moti Marcus ⁽⁵⁾	80,200	Nil	6,809	Nil	Nil	Nil	87,009
Einat Zakariya ⁽⁸⁾	74,200	Nil	6,809	Nil	Nil	Nil	81,009
Shmulik Arbel	19,035	Nil	Nil	Nil	Nil	106,244 ⁽⁶⁾	125,279
Marc Lustig ⁽⁷⁾	22,400	Nil	Nil	Nil	Nil	Nil	22,400

Notes:

- (1) Each of Mr. Marcus Ms. Zakariya and Mr. Arbel received their compensation in NIS and Mr. Schinderle received his compensation in USD. All salaries were converted to CDN pursuant to the average Bank of Canada rate for the applicable fiscal year. L5 Capital received their fees in CDN.
- (2) Other than with respect to Mr. Lustig, each director was entitled to a \$13,750 payment per quarter for their role as a director of the Company. For each Audit Committee meeting, the Chair received a \$1,500 payment and each other member received a \$1,000 payment and for each of the Compensation Committee and Governance and Nomination Committee meetings, the Chair received a \$1,200 payment and each other member received a \$700 payment.
- (3) The Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value and relied on the following key assumptions and estimates for each calculation under the following assumptions: (i) risk free interest rate of 3.23% (ii) expected dividend yield of 0%; (iii) expected volatility of 128.1% to 137.34%; and (iv) a term of 2 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.
- (4) Mr. Schinderle receives compensation through Solidum Capital Advisors LLC.
- (5) Mr. Marcus receives compensation through Marcus Management Services Ltd.
- (6) Mr. Arbel received additional compensation for his services as an adviser to the Company. This compensation was received in NIS and converted to CDN pursuant to the average Bank of Canada rate for the applicable fiscal year.
- (7) Mr. Lustig resigned from his role as a director effective June 5, 2024. Mr. Lustig did not earn consideration for his role as a director of the Company; however, Mr. Lustig, through L5 Capital, entered into a consulting agreement with the Company pursuant to which he was paid \$5,250 per month in consideration of his Executive Chairman services provided to the Company. Mr. Lustig resigned as Executive Chairman effective June 5, 2024.

Directors’ Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth for each of the Company’s directors, other than directors who are also currently Named Executive Officers, all share-based awards and Option-based awards outstanding at the end of the year ended December 31, 2024:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options ⁽¹⁾ (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options ⁽²⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Brian Schinderle	1,500	3.00	October 4, 2026	4,875	Nil	Nil	Nil
Moti Marcus	1,500	3.00	October 4, 2026	4,875	Nil	Nil	Nil
Einat Zakariya	1,500	3.00	October 4, 2026	4,875	Nil	Nil	Nil
Shmulik Arbel	Nil	N/A	N/A	Nil	Nil	N/A	N/A
Marc Lustig	Nil	N/A	N/A	Nil	Nil	N/A	N/A

Notes:

- (1) Each Option entitles the holder to purchase one Common Share.
- (2) The closing price of the Common Shares as at December 31, 2024 was \$3.25 per Common Share.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of the Company's directors, other than directors who are also currently Named Executive Officers, the value of Option-based awards and share-based award that vested during the year ended December 31, 2024, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2024

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Brian Schinderle	1,625	Nil	Nil
Moti Marcus	1,625	Nil	Nil
Einat Zakariya	1,625	Nil	Nil

Note:

- (1) The closing price of the Common Shares as of December 31, 2024 was \$3.25 per Common Share.

EQUITY COMPENSATION PLAN INFORMATION

The Stock Option Plan and RSU Plan are the only equity compensation plans approved by the Shareholders. The following sets forth information in respect to Common Shares authorized for issuance under the Company's equity compensation plans as at December 31, 2024:

Plan Category	Number of Securities to be Issued upon Exercise of Options, Warrants and Rights (a)	Weighted – Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans Approved by Securityholders	34,576	\$4.71	273,969
Equity Compensation Plans Not Approved by Securityholders	Nil	N/A	Nil
Total	34,576	\$4.71	273,969

Notes:

- (1) As at December 31, 2024, the Company had 34,576 Options issued and outstanding and 273,969 Options remaining authorized for issuance under the Stock Option Plan.
- (2) As at December 31, 2024, the Company had Nil RSUs issued and outstanding and 273,969 RSUs remaining authorized for issuance under the RSU Plan.
- (3) As at December 31, 2024, the Company had 3,085,452 Common Shares issued and outstanding. The Predecessor Plans together cannot exceed

10% of the issued and outstanding Common Shares on a non-diluted basis.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the Company's financial year ended December 31, 2024.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, Management is not aware of any material interest, direct or indirect, of any informed person of the Company, or any associate or affiliate of any such informed person, in any transaction since the commencement of the Company's fiscal year ended December 31, 2024, or in any proposed transaction, that has materially affected or would materially affect the Company.

CORPORATE GOVERNANCE

The Board views effective corporate governance as an essential element for the effective and efficient operation of the Company. The Company believes that effective corporate governance improves corporate performance and benefits all of its shareholders. The following statement of corporate governance practices sets out the Board's review of the Company's governance practices relative to Form 58-101F1 under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201"). Additional information on the Company's corporate governance practices can be found in the 2024 Annual Report under the heading "*Corporate Governance*". The 2024 Annual Report is available on Company's SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar. Upon request, the Company will promptly provide a copy of the 2024 Annual Report free of charge to any securityholder of the Company who requests it.

Board

The Board is responsible for supervising the management of the business and affairs of the Company. The independent directors, as such term is defined in NI 58-101 and NI 52-110, are Moti Marcus, Brian Schinderle, Einat Zakariya, and Shmulik Arbel. Oren Shuster is a non-independent director by virtue of him being the CEO and executive chairman of the Company. As a result, the majority of the Board as it is currently constituted is independent. The Board facilitates its exercise of independent supervision through regular meetings of the Board, including meetings without the non-independent director in attendance.

The attendance of each director at Board meetings and committee meetings, since the beginning of the most recently completed financial year, was as follows:

Name of Director	Board	Audit Committee	Compensation Committee	Governance and Nomination Committee
Oren Shuster	14/14	N/A	N/A	N/A
Marc Lustig ⁽¹⁾	7/14	N/A	N/A	N/A
Moti Marcus	14/14	6/6	1/1	N/A
Einat Zakariya	14/14	6/6	1/1	N/A
Brian Schinderle	14/14	6/6	1/1	N/A
Shmulik Arbel ⁽²⁾	2/14	N/A	N/A	N/A

Note

- (1) Marc Lustig resigned as Executive Chairman and a director effective June 5, 2024.
(2) Shmulik Arbel was appointed to the Board effective September 9, 2024.

In addition to the meetings referenced above, there were numerous informal meetings between Management and the committees. Previously, when the Board had more than one independent director, the independent directors did not hold regularly scheduled meetings at which non-independent directors and members of Management are not present. However, the Board believes that appropriate structures and procedures are in place to ensure that it can function independently of Management and the Board periodically holds independent sessions at the end of Board meetings.

When the Board had more than one independent director, the independent directors were in frequent informal communication with one another.

The Board believes that it functions independently of Management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of Management. The Board meets without Management present, as circumstances require. If conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. Considering the guidelines contained in NP 58-201, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of Management are not in attendance (when the Board previously had more than one independent director). The Board is of the opinion that no formal leadership of independent directors is required given the size of the Board and the ability of the independent directors to convene meetings of independent directors.

The Board has plenary power to manage and supervise the Management of the business and affairs of the Company and to act in the best interest of the Company. The Board is responsible for the overall stewardship of the Company and approves all significant decisions that affect the Company before they are implemented, as well as overseeing the implementation of such decisions and reviewing the results thereof. Any related party transaction, as such term is defined in MI 61-101, is subject to review by the independent directors of the Company.

In order to exercise their duties appropriately, the Board may at any time retain outside financial, legal or other advisors at the expense of the Company. In addition, any director may, subject to the approval of the Governance and Nomination Committee, retain an outside financial, legal or other advisor at the expense of the Company.

The roles and responsibilities of the chairman of the Board is set out in the Mandate of the Board. The Board has not developed written position descriptions for the chair of each Board committee. The persons acting as chairs of Board committees have the experience and expertise necessary to assess the role they must play in the context of a public company. The Company has adopted a position description for the CEO, summarized as follows.

CEO Position Description

The CEO is responsible for leading the business and affairs of the Company through the development and implementation of plans, policies, values, strategies, specific goals and budgets for the growth and operation of the Company with the objective of maximizing the Company's long-term success and creating shareholder value. The CEO will report directly to the Board and shall respect the Board's independence and discuss all major corporate commitments and strategies with the Board before they are undertaken. In fulfilling their responsibilities, the CEO shall foster a corporate culture that promotes and encourages high ethical and moral standards, individual integrity and compliance with applicable laws and regulations and policies implemented by the Company that further such objectives.

Specific Responsibilities

The CEO is specifically responsible for:

- (a) overseeing that the day-to-day business affairs of the Company are appropriately managed and taking steps to maintain and enhance an effective senior Management team reporting to the CEO;
- (b) recommending to the Board the Company's financial and operating goals and objectives and, following approval by the Board thereof, consistently striving to achieve such goals and objectives;
- (c) formulating, and presenting to the Board for approval, long-term business plans, strategies and policies having the objective of maximizing the Company's long-term success and the creation of shareholder value;
- (d) together with other senior Management, as are appropriate, developing and recommending to the Board annual business plans and budgets that support the Company's long term business plans and strategies;

- (e) developing and implementing, with senior Management, plans, strategies, budgets and policies necessary to achieve the goals and objectives of the Company;
- (f) supervising, maintaining and deploying the Company's resources – human, financial or otherwise – with the purpose and objective of achieving the Company's operating goals and objectives;
- (g) keeping the Board informed in a timely and candid manner of the progress of the Company towards the achievement of its strategic and operational goals and objectives and of all material deviations from the goals, objectives, plans, strategies, budgets or policies established by the Board;
- (h) overseeing, evaluating and taking steps to enhance, where necessary, the integrity and reliability of the Company's internal controls, including its management information systems and financial reporting, and establishing, maintaining, designing and evaluating disclosure controls and procedures for the Company;
- (i) identifying and managing business risks faced by the Company, including overseeing the design and implementation of appropriate systems and procedures to effectively monitor, manage and mitigate such risks;
- (j) ensuring that the Board has regular exposure to the Company's senior Management and overseeing the development and succession of the Company's senior Management team;
- (k) evaluating the performance of senior Management and making recommendations with respect to their compensation;
- (l) maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels;
- (m) serving as the Company's principal spokesperson and ensuring that information communicated to the public fairly portrays the position of the Company and that timely and continuous disclosure obligations of the Company are met;
- (n) representing the Company in a such a way so as to enhance and maintain the Company's reputation and to promote positive relationships with shareholders, suppliers, contractors, clients, service providers, strategic partners, creditors, financial institutions, local communities, all levels of government and the media; and
- (o) fulfilling all other responsibilities as assigned by the Board, in the manner expected by the Board.

In addition, the CEO has the responsibilities specified in their employment agreement with the Company.

Other Reporting Issuer Experience

None of the Company's nominee directors are currently directors of other reporting issuers (or equivalent) in a jurisdiction of Canada or a foreign jurisdiction.

Orientation and Continuing Education of Board Members

The Company currently does not have any formal orientation or continuing education programs in place for new directors, though it is encouraged for all members. Board meetings are sometimes held at the Company's facilities, with some directors residing in Israel attending in person, while others participate via Zoom, and are combined with tours and presentations by Management and employees to give the Board additional insight into the Company's business. In addition, Management makes itself available for discussion with all Board members. Management does provide regular reporting, both on the Company's operations and opportunities, as well industry trends and opportunities.

Ethical Business Conduct

The Board is of the view that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict-of-interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest, are sufficient to ensure that the Board operates independently of Management and in the best interests of the Company. In addition, the Board adopted a Code of Business Conduct and Code of Ethics on November 26, 2020, which applies to all Company's personnel, including all members of the Board, to conduct all Company's affairs in accordance with all applicable laws, rules and regulations of the jurisdictions in which it does business. The Code of Business Conduct and Code of Ethics are available on SEDAR+ at www.sedarplus.ca and on the Company's website at <https://investors.imcannabis.com/corporate-governance/governance-documents>. The Board monitors compliance with the Code of Business Conduct and Code of Ethics by requiring that all employees and executive officers of the Company certify that they have read, understood and agreed to be bound by the Code of Business Conduct and Code of Ethics.

Nomination of Directors

The size of the Board is reviewed annually when the Governance and Nomination Committee considers the number of directors to recommend for election at the annual general meeting of shareholders. The Governance and Nomination Committee takes into account the number of directors required to carry out the Board duties effectively and to maintain a diversity of view and experience.

Compensation of Directors and Officers

The Compensation Committee reviews and determines the compensation of directors and officers. The Compensation Committee is comprised entirely of independent directors and meets at least annually to establish, administer and evaluate the compensation philosophy, policies and plans for directors and officers regarding director and executive compensation. The Compensation Committee reviews the performance and determines the compensation of the CEO based on criteria, including the Company's performance and accomplishment of long-term strategic objectives. The Compensation Committee further reviews each individual officer's performance and determines compensation that is comparable to similarly situated officers in comparable companies. The full text of the Compensation Committee charter is posted on the Company's website at <https://investors.imcannabis.com/corporate-governance/governance-documents>.

For information on the Compensation Committee, please see the 2024 Annual Report available on Company's SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar, as well as the section in this Circular entitled "*Statement of Executive Compensation*".

Other Board Committees

As of the date of this Circular, the Company's standing committees are the Audit Committee, Compensation Committee, and Governance and Nomination Committee.

Audit Committee

For information on the Audit Committee, please see section entitled "Audit Committee" in the 2024 Annual Report available on Company's SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar.

Governance and Nomination Committee

The purpose of the Governance and Nomination Committee is to develop and monitor the Company's approach to:

- (i) matters of governance; and
- (ii) the nomination of directors to the Board.

The current members of the Governance and Nomination Committee are:

1. Einat Zakariya (Chair);

2. Oren Shuster; and
3. Moti Marcus.

The Governance and Nomination Committee is not comprised of entirely independent directors; however, the Governance and Nomination Committee monitors best practices for governance and annually reviews the Company's governance practices and disclosures to ensure that it continues to exemplify high standards of corporate governance. The Governance and Nomination Committee reviews the mandate of the Board, the charters of each of the committees, and the methods and processes by which the directors fulfill their respective duties and responsibilities to ensure that they meet all applicable regulatory requirements and best practices.

The full text of the Governance and Nomination Committee charter is posted on the Company's website at <https://investors.imcannabis.com/corporate-governance/governance-documents>.

Additional information on the Governance and Nomination Committee can be found in the 2024 Annual Report under the headings entitled "*Compensation*" and "*Other Board Committees*".

Assessment of the Directors, Board and Board Committees

The Board acts in accordance with the Company's Mandate of the Board of Directors, Audit Committee Charter, Compensation Committee Charter and Governance and Nomination Committee Charter, as applicable, to monitor the adequacy of information given to directors, the communications between the Board and Management, and the strategic direction and processes of the Board and its committees to satisfy themselves that the Board, its committees, and its individual directors are performing effectively. A copy of the Mandate of the Board is posted on the Company's website at <https://investors.imcannabis.com/corporate-governance/governance-documents>.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the Company's SEDAR+ and EDGAR profiles at www.sedarplus.ca and www.sec.gov/edgar. Financial information about the Company is provided in the Annual Financial Statements and associated MD&A for its most recently completed financial year ended December 31, 2024.

Shareholders may request copies of the Annual Financial Statements and associated MD&A by contacting the General Counsel of the Company at +972-54-2815033.

DATED at Kibbutz Glil-Yam, Israel, this 31st day of March 2025.

BY ORDER OF THE BOARD

"Oren Shuster"

Oren Shuster
CEO and Director

SCHEDULE “A”

CHANGE OF AUDITOR REPORTING PACKAGE

(See attached)

IM CANNABIS CORP.

NOTICE OF CHANGE OF AUDITOR

To: Fahn Kanne & Co. Grant Thornton Israel

And To: Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global

And To: Canadian Securities Exchange
British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Financial And Consumer Services Commission (New Brunswick)
Manitoba Securities Commission
Nova Scotia Securities Commission
Autorité Des Marchés Financiers
Financial And Consumer Affairs Authority of Saskatchewan
Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland & Labrador)
Office of the Superintendent of Securities (Northwest Territories)
Department of Justice (Nunavut)
Department of Community Services (Yukon)

Take notice that IM Cannabis Corp. (the “**Company**”) gives the following notice in accordance with 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”):

1. The Company has decided to change its auditor from Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global (the “**Predecessor Auditor**”) to Fahn Kanne & Co. Grant Thornton Israel (the “**Successor Auditor**”).
2. On January 16, 2025, the Predecessor Auditor resigned at the Company’s request and the Successor Auditor agreed to its appointment as the Company’s new auditor.
3. The Company’s request for the Predecessor Auditor to resign as auditor of the Company and the appointment of the Successor Auditor as auditor of the Company, were considered and approved by the audit committee of the Company and by the board of the directors of the Company.
4. There were no modified opinions in the Predecessor Auditor’s reports in connection with the audits of the Company’s two most recently completed fiscal years ended December 31, 2023 and 2022. There have been no further audits of financial statements subsequent to the Company’s most recently completed fiscal year and ending on the date of the Predecessor Auditor’s resignation.
5. There are no “reportable events”, as defined in section 4.11(7)(e) of NI 51-102.

DATED this 17th day of January 2025.

ON BEHALF OF IM CANNABIS CORP.

/s/ Oren Shuster

Name: Oren Shuster

Title: Chief Executive Officer

January 16, 2025

Fahn Kanne & Co.
Head Office
32 Hamasger Street
Tel-Aviv 6721118, ISRAEL
PO Box 36172, 6136101

T +972 3 7106666
F +972 3 7106660
www.gtfk.co.il

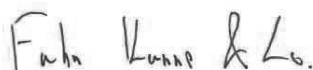
To: Canadian Securities Exchange
British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Financial And Consumer Services Commission (New Brunswick)
Manitoba Securities Commission
Nova Scotia Securities Commission
Autorité Des Marchés Financiers
Financial And Consumer Affairs Authority of Saskatchewan
Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland & Labrador)
Office of the Superintendent of Securities (Northwest Territories)
Department of Justice (Nunavut)
Department of Community Services (Yukon)

Dear Sirs / Mesdames

Re: IM Cannabis Corp. - Change of Auditor Notice dated January 16, 2025

Pursuant to Part 4.11 of National Instrument 51-102, Continuous Disclosure Obligations, we have reviewed the notice of change of auditor of IM Cannabis Corp. dated January 16, 2025 (the "Notice") and based on our knowledge of such information at this time, we agree with the statements contained in the Notice pertaining to our firm.

Yours sincerely,



FAHN KANNE & CO. GRANT THORNTON ISRAEL

Tel-Aviv, Israel

cc: The Board of Directors, IM Cannabis Corp.

January 17, 2025

Canadian Securities Exchange
British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Financial And Consumer Services Commission (New Brunswick)
Manitoba Securities Commission
Nova Scotia Securities Commission
Autorité Des Marchés Financiers
Financial And Consumer Affairs Authority of Saskatchewan
Office of the Superintendent of Securities (Prince Edward Island)
Office of the Superintendent of Securities (Newfoundland & Labrador)
Office of the Superintendent of Securities (Northwest Territories)
Department of Justice (Nunavut)
Department of Community Services (Yukon)

**Re: IM Cannabis Corp.
Change of Auditor Notice dated January 16, 2025**

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Change of Auditor Notice and confirm our agreement with the information contained in the Notice pertaining to our firm.

Your sincerely,

/s/ KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

cc: The Board of Directors, IM Cannabis Corp.

SCHEDULE “B”
EQUITY INCENTIVE PLAN

(See attached)

**IM CANNABIS CORP.
OMNIBUS STOCK AWARD PLAN**

**SECTION 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) **“Sub-Plan for Award Holders in Israel”** means the Sub Plan, a copy of which is attached hereto as Appendix “A” for Award Holders who are resident in Israel.
- (b) **“Administrator”** means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (c) **“Associate”** means, where used to indicate a relationship with any person:
 - (i) any relative, including the spouse of that person or a relative of that person’s spouse, where the relative has the same home as the person;
 - (ii) any partner, other than a limited partner, of that person;
 - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
 - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (d) **“Award”** means a grant of Options, Stock Awards, or Restricted Share Units under the Plan or any Sub-Plan.
- (e) **“Award Certificates”** means the certificates evidencing the Awards.
- (f) **“Award Holder”** means a Person who holds an unexercised and unexpired Award or, where applicable, the Personal Representative of such person.
- (g) **“Black-Out”** means a restriction imposed by the Company on all or any of its directors, officers, Employees, Insiders or persons in a special relationship whereby they are to refrain from trading in the Company’s securities until the restriction has been lifted by the Company.
- (h) **“Board”** means the board of directors of the Company.
- (i) **“Change of Control”** means an occurrence when either:
 - (i) a reorganization, amalgamation, merger or plan of arrangement in connection with any of the foregoing, other than solely involving the Corporation and one or more of its Subsidiaries, with respect to which all or substantially all of the persons who were the beneficial owners of the Common Shares immediately prior to such reorganization, amalgamation, merger or plan of arrangement do not, following such reorganization, amalgamation, merger or plan of arrangement beneficially own, directly or indirectly, more than 50 percent of the resulting voting shares on a fully-diluted basis;
 - (ii) the acquisition of Common Shares by a person or group of persons acting in concert (other than the Corporation or a Subsidiary of the Corporation) as a result of which the offeror and its affiliates beneficially own, directly or indirectly, 50 percent or more of the Common Shares then outstanding;
or

- (iii) the sale to a person other than a Subsidiary of the Corporation of all or substantially all of the Corporation's assets.
- (j) “**Committee**” means a committee of the Board to which the responsibility of approving the grant of Awards has been delegated, or if no such committee is appointed, the Board itself.
- (k) “**Company**” means IM Cannabis Corp., a company formed under the laws of the Province of British Columbia, Canada.
- (l) “**Consultant**” means an individual who:
- (i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or any Related Entity of the Company other than services provided in relation to a “distribution” (as that term is described in the *Securities Act*);
 - (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause 1 below);
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
 - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Awards as a Consultant or as an equivalent thereof,
- and includes:
- 1. a corporation of which the individual is an Employee or shareholder or a partnership of which the individual is an Employee or partner (a “**Consultant Entity**”); or
 - 2. an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (m) “**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment which cannot be accommodated under applicable human rights laws without imposing undue hardship on the Company or any Subsidiary employing or engaging the Person, that the Committee, acting reasonably, determines constitutes a disability.
- (n) “**Employee**” means:
- (i) an individual who works full-time or part-time for the Company or any Related Entity of the Company and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Awards as an Employee or as an equivalent thereto; or
 - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an Employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an Employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,
- and includes:
- (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (o) “**Exchange**” means the stock exchange upon which the Company's shares principally trade.
- (p) “**Executive**” means an individual who is a director or officer of the Company or a Related Entity of the Company, and includes:

- (i) a corporation wholly-owned by such individual; and
- (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (q) **“Exercise Notice”** means the written notice of the exercise of an Option, in the form to be determined by the Company, or by written notice in the case of uncertificated Shares, duly executed by the Award Holder.
- (r) **“Exercise Period”** means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that the Option has Vested pursuant to the terms and conditions of this Plan and any additional terms and conditions imposed by the Committee, and that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (s) **“Exercise Price”** means the price at which an Award is exercisable or purchasable (as applicable) as determined in accordance with Section 5.3.
- (t) **“Expiry Date”** means the date the Award expires as set out in the Award Certificate or as otherwise determined in accordance with Sections 5.4, 8.2, 8.3, 8.4, or 13.4.
- (u) **“Expiry Time”** means the time the Award expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.
- (v) **“Grant Date”** means the date on which the Committee grants a particular Award, which is the date the Award comes into effect provided however that no Award can be exercised or purchased (as applicable) unless and until all necessary Regulatory Approvals have been obtained.
- (w) **“Insider”** means an insider as that term is defined in the *Securities Act*.
- (x) **“Investor Relations Activities”** means any activities, by or on behalf of the Company or shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company:
 - (A) to promote the sale of products or services of the Company; or
 - (B) to raise public awareness of the Company,
 that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
 - (ii) activities or communications necessary to comply with the requirements of:
 - (A) applicable securities laws; or
 - (B) Exchange requirements or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (A) the communication is only through the newspaper, magazine or publication; and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
 - (iv) activities or communications that may be otherwise specified by the Exchange.
- (y) **“Market Value”** means the market value of the Shares as determined in accordance with Section 5.3.

- (z) “**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*.
- (aa) “**Option**” means an incentive share purchase option granted pursuant to this Plan entitling the Award Holder to purchase Shares of the Company.
- (bb) “**Outstanding Issue**” means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Award in question.
- (cc) “**Person**” means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person.
- (dd) “**Personal Representative**” means:
 - (i) in the case of a deceased Award Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Award Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Award Holder.
- (ee) “**Plan**” means this award plan as from time to time amended and restated.
- (ff) “**Regulatory Approvals**” means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Awards granted from time to time hereunder.
- (gg) “**Regulatory Authorities**” means any Exchange or any other organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Awards granted from time to time hereunder.
- (hh) “**Regulatory Rules**” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Awards granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (ii) “**Related Entity**” means a Person that is controlled by the Company, a Person that controls the Company, or is controlled by the same Person that controls the Company. For the purposes of this Plan, a Person (first person) is considered to control another Person (second person) if the first Person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of:
 - (i) ownership of or direction over voting securities in the second Person;
 - (ii) a written agreement or indenture;
 - (iii) being the general partner or controlling the general partner of the second Person; or
 - (iv) being a trustee of the second Person.
- (jj) “**Related Person**”:
 - (i) means an Insider of the Company or Related Entity; or
 - (ii) means an Associate of an Insider of the Company or Related Entity.
- (kk) “**Restricted Share Unit**” or “**RSU**” mean a unit granted or credited to an Award Holder’s notional account pursuant to the terms of this Plan that, subject to the provisions hereof, entitles such person to receive RSU Shares.
- (ll) “**RSU Shares**” means the Shares delivered to an Award Holder in accordance with the provisions of the Plan in settlement of RSUs under this Plan.

- (mm) “**Securities Act**” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (nn) “**Share**” or “**Shares**” means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (oo) “**Stock Award**” means a unit granted or credited to an Award Holder’s notional account pursuant to the terms of this Plan that, subject to the provisions hereof, entitles such person to receive Stock Award Shares.
- (pp) “**Stock Award Shares**” means the Shares delivered to an Award Holder in accordance with the provisions of the Plan in settlement of Stock Awards under this Plan.
- (qq) “**Sub-Plan**” means any sub-plan subject to the terms of the Plan including for greater certainty the Sub-Plan for Award Holders in Israel.
- (rr) “**Subsidiary**” means a wholly-owned or controlled corporation of the Company.
- (ss) “**Triggering Event**” means:
- (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
 - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons;
 - (iv) a proposed Change of Control of the Company;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
 - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Awards granted hereunder to permit the Plan and Awards granted hereunder to stay in effect.
- (tt) “**Vest**”, “**Vesting**” or “**Vested**” means that a portion of the Award granted to the Award Holder which is available to be exercised or purchased (as applicable) by the Award Holder at any time and from time to time.

Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Award Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

SECTION 2 GRANT OF AWARDS

2.1 Grant of Awards

- (a) The Committee shall, from time to time in its sole discretion, grant Awards to such Persons and on such terms and conditions as are permitted under this Plan. No member of the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any options granted under it.

2.2 Record of Award Grants

The Committee shall be responsible to maintain a record of all Awards granted under this Plan and such record shall contain, in respect of each Award:

- (a) the name and address of the Award Holder;
- (b) the category (Executive, Employee or Consultant) under which the Award was granted to him, her or it;
- (c) the Grant Date and Expiry Date of the Award;
- (d) the number of Shares which may be acquired on the exercise, vesting or purchase (as applicable) of the Award and the Exercise Price of the Award, if any;
- (e) the Vesting and other additional terms, if any, attached to the Award; and
- (f) the particulars of each and every time the Award is exercised or purchased (as applicable).

2.3 Effect of Plan

All Awards granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Award Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Award Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Award Certificate, save and except as noted below. Each Award will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Award Certificate for such Award. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

2.4 Hold Period

In addition to any resale restrictions under applicable legislation, all options granted hereunder and all Common Shares issued on the exercise of Options, Stock Awards or RSUs will be subject to a four (4) month hold period (“**Hold Period**”) from the date the Awards are granted and the Awards and any Common Shares issuable on the exercise thereof must bear the following legends:

“WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT THE DATE IMMEDIATELY FOLLOWING THE DATE WHICH IS FOUR MONTHS AFTER THE DATE OF THE GRANT OF THE OPTION.]”

SECTION 3 PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Awards are to be granted.

3.3 Limits on Award Grants

The Company shall only grant Awards under this Plan in accordance with Section 12 hereof and, for greater certainty, may not grant any Awards under this Plan unless an exemption under NI 45-106 is available. All Awards granted to any Employees or Consultants who are engaged in Investor Relations Activities for the Company, any associated Consultant, any executive officer of the Company, any director of the Company or any permitted assign of those Persons shall require security holder approval in accordance with the Regulatory Rules, including the requirements under NI 45-106 if, after the grant:

- (a) the number of securities, calculated on a fully diluted basis, reserved for issuance under Awards granted to:
 - (i) Related Persons, exceeds 15% of the outstanding securities of the Company; or
 - (ii) a Related Person, exceeds 5% of the outstanding securities of the Company; or
- (b) the number of securities, calculated on a fully diluted basis, issued within 12 months to
 - (i) Related Persons, exceeds 15% of the outstanding securities of the Company; or
 - (ii) a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company;

3.4 Limits on Award Grants for Investor Relations Activities

The maximum number of Awards which may be granted within a 12-month period to Employees or Consultants engaged in Investor Relations Activities must not exceed 2% of the Outstanding Issue.

3.5 Notification of Grant

Following the granting of an Award, the Administrator shall, within a reasonable period of time, notify the Award Holder in writing of the grant and shall enclose with such notice the Award Certificate representing the Award so granted. In no case will the Company be required to deliver an Award Certificate to an Award Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Award.

3.6 Copy of Plan

Each Award Holder shall be promptly provided with a copy of the Plan (and any amendment thereto) upon request from an Award Holder to the Administrator.

3.7 Limitation on Service

The Plan does not give any Award Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Award Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

3.8 No Obligation to Exercise or Purchase

Award Holders shall be under no obligation to exercise or purchase Awards.

3.9 Agreement

The Company and every Award Holder granted an Award hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Award granted hereunder, the Award Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Award Holder receives his, her or its Awards pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Award Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Awards in that agreement and the terms attaching to the Awards as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.10 Notice

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Award Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Award Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

3.11 Representation

As a condition precedent to the issuance of an Award, the Company must be able to represent to the Exchange as of the Grant Date that the Award Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

SECTION 4 NUMBER OF SHARES UNDER PLAN

4.1 Committee to Approve Issuance of Shares

The Committee shall approve by resolution the issuance of all Shares to be issued to Award Holders upon the exercise, vesting or purchase (as applicable) of Awards, such authorization to be deemed effective as of the Grant Date of such Awards regardless of when it is actually done. The Committee shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

4.2 Number of Shares

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Awards granted pursuant to this Plan, plus any other outstanding stock awards of the Company granted pursuant to a previous stock award plan or agreement, will not exceed 20% of the Outstanding Issue. If any Award expires or otherwise terminates for any reason without having been exercised, vested or purchased (as applicable) in full, the number of Shares in respect of such expired or terminated Award shall again be available for the purposes of granting Awards pursuant to this Plan.

4.3 Fractional Shares

No fractional shares shall be issued upon the exercise, vesting or purchase (as applicable) of any Award and, if as a result of any adjustment, an Award Holder would become entitled to a fractional share, such Award Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

SECTION 5 TERMS AND CONDITIONS OF OPTIONS

5.1 Exercise Period of Option

Subject to Sections 5.4, 8.2, 8.3, 8.4, and 13.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Award Certificate issued in respect of such Option.

5.2 Number of Shares Under Option

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Award Certificate issued in respect of the Option.

5.3 Exercise Price of Option

The Exercise Price at which an Award Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Award Certificate issued in respect of the Option. Notwithstanding the foregoing, the Exercise Price shall not be less than the greater of \$0.05, and the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows:

- (a) if the Company's Shares are listed on the Exchange, and the Committee determines the Exchange to be the Company's primary Exchange, Market Value will be the greater of the closing trading price of the Shares on:
 - (i) the trading day prior to the Grant Date; and (ii) the Grant Date;
- (b) subject to subparagraph (a) above, for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (c) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraphs (a) or (b) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (d) subject to subparagraph (a), if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (e) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

5.4 Termination of Option

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Award Holder may exercise a Vested Option in whole or in part at any time and from time to time during the Exercise Period. Any Vested Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Award Certificate and the date established, if applicable, in paragraphs (a) or (b) below or Sections 8.2, 8.3, 8.4, or 13.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Award Holder holds his or her Option as an Executive and such Award Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Award Certificate, the 90th day following the date the Award Holder ceases to hold such position unless the Award Holder ceases to hold such position as a result of:
 - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
 - (ii) a special resolution having been passed by the shareholders of the Company removing the Award Holder as a director of the Company or any Subsidiary; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Award Holder ceases to hold such position; OR

- (b) *Ceasing to be Employed or Engaged* - In the event that the Award Holder holds his or her Option as an Employee or Consultant and such Award Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Award shall be, unless otherwise determined by the Committee and expressly provided for in the Award Certificate, the 90th day following the date the Award Holder ceases to hold such position, unless the Award Holder ceases to hold such position as a result of:
 - (i) termination for cause; or
 - (ii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Award Holder ceases to hold such position, except if the Award Holder ceases to hold such position as a result resigning his or her position in which event the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Award Certificate, the 30th day following the date the Award Holder ceases to hold such position. For greater certainty any unvested Options will be immediately cancelled and forfeited to the Company for no consideration.

Notwithstanding Section 5.4(a) and (b) hereof, In the event that an Award Holder ceases to hold the position of Executive, Employee, Consultant, or director for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Option shall stay in place for that Award Holder with such Option then to be treated as being held by that Award Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Award Holder under Section 11.2 of this Plan.

Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

5.5 Vesting of Option and Acceleration

The Vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Award Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the Vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Award Holder under Section 11.2 of this Plan.

5.6 Additional Terms

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Award Certificate. The Award Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Award Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Award Certificate for such Award. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 6 TERMS AND CONDITIONS OF STOCK AWARDS

6.1 Eligibility

Stock Awards may be granted at any time and from time to time as determined by the Committee, either alone or in addition to other Awards granted under the Plan. The Committee shall determine the eligible Persons to whom, and the time or times at which, grants of Stock Awards will be made, the number of Stock Awards to be awarded, the number of Shares subject to the Stock Awards, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards.

6.2 Vesting of Restricted Share Units

Stock Award Shares shall be issued to or for the benefit of the Award Holder promptly following each vesting date determined by the Administrator, provided that the Award Holder is still engaged by the Company or its affiliate on the applicable vesting date. After each such vesting date the Company shall promptly cause to be issued for the benefit of the Award Holder, certificates for such Stock Award Shares with respect to Stock Awards that became vested on such vesting date, subject to Section 9.3 below. It is clarified that no Stock Award Shares shall be issued pursuant to the Stock Award to the Award Holder until the vesting criteria determined by the Committee is met.

6.3 Terms

Prior to the actual issuance of any Shares, each Stock Award will represent an unfunded and unsecured obligation of the Company.

SECTION 7

TERMS AND CONDITIONS OF RESTRICTED SHARE UNITS

7.1 Eligibility

Restricted Share Units may be granted at any time and from time to time as determined by the Committee, either alone or in addition to other Awards granted under the Plan. The Committee shall determine the eligible Persons to whom, and the time or times at which, grants of Restricted Share Units will be made, the number of Restricted Share Units to be awarded, the number of Shares subject to the Restricted Share Units, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards.

7.2 Vesting of Restricted Share Units

RSU Shares shall be issued to or for the benefit of the Award Holder promptly following each vesting date determined by the Administrator, provided that the Award Holder is still engaged by the Company or its affiliate on the applicable vesting date. After each such vesting date the Company shall promptly cause to be issued for the benefit of the Award Holder, certificates for such RSU Shares with respect to Restricted Share Units that became vested on such vesting date, subject to Section 9.3 below. It is clarified that no RSU Shares shall be issued pursuant to the Restricted Share Units to the Award Holder until the vesting criteria determined by the Committee is met.

7.3 Terms

Prior to the actual issuance of any Shares, each Restricted Share Unit will represent an unfunded and unsecured obligation of the Company.

SECTION 8

TRANSFERABILITY OF AWARDS

8.1 Non-transferable

Except as provided otherwise in this Section 8, Awards are non-assignable and non-transferable.

8.2 Death of Award Holder

In the event of the Award Holder's death: (a) any Vested Options held by such Award Holder shall pass to the Personal Representative of the Award Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date; and (b) any unvested RSUs or Stock Awards previously credited to the Award Holder's account will be cancelled, and vested RSUs or Stock Awards will be paid to the Award Holder's estate, with any settlement or redemption to occur within 12 months following the termination date.

8.3 Disability of Award Holder

If the employment or engagement of an Award Holder as an Employee or Consultant or the position of an Award Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Award Holder's Disability: (a) any Vested Options held by such Award Holder shall be exercisable by such Award Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date; and (b) any unvested RSUs or Stock Awards previously credited to the Award Holder's account will be cancelled, and vested RSUs or Stock Awards will be paid to the Award Holder or the Award Holder's estate, with any settlement or redemption to occur within 12 months following the termination date.

8.4 Disability and Death of Award Holder

If an Award Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Award Holder's Disability and such Award Holder dies within one year after the termination of such engagement, any Awards held by such Award Holder that could have been acquired upon exercise, vesting or purchase (as applicable) immediately prior to his or her death shall pass to the Personal Representative of such Award Holder and shall be exercisable or purchasable by the Personal Representative on or before the date which is the earlier of one year following the death of such Award Holder and the applicable Expiry Date.

8.5 Vesting

Unless the Committee determines otherwise, Awards held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to Vest in accordance with any Vesting schedule to which such Awards are subject.

8.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Award Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Award Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

SECTION 9 EXERCISE OR PURCHASE OF AWARD

9.1 Exercise or Purchase of Award

An Award may be exercised or purchased only by the Award Holder or the Personal Representative of any Award Holder. An Award Holder or the Personal Representative of any Award Holder may exercise or purchase an Award in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice (in the case of an exercise of an Option only), or by written notice in the case of uncertificated Shares, the applicable Award Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise or purchase of the Award. Notwithstanding anything else contained herein, Awards may not be exercised or purchased during a Black-Out unless the Committee determines otherwise.

9.2 Black Out Period

If an Award expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to Section 5.4(a) or Section 5.4(b) above) within or immediately after a Black-Out, the Holder may elect for the term of such Award to be extended to the date which is ten (10) business days after the last day of the Black-Out.

9.3 Issue of Share Certificates

As soon as reasonably practicable following the receipt of the notice of exercise as described in Section 9.1 (if applicable) and payment in full for the Awarded Shares being acquired (if applicable), the Administrator will direct its transfer agent, after the acquisition of the Awarded Shares, to issue to the Award Holder the appropriate number of Shares in either certificate form or at the election of the Company, on an uncertificated basis pursuant to the instructions given by the Award Holder to the Administrator. If the number of Shares so purchased is less than the number of Shares subject to the Award Certificate surrendered, the Administrator shall also provide a new Award Certificate for the balance of Shares available under the Award to the Award Holder concurrent with delivery of the Shares.

9.4 No Rights as Shareholder

Until the date of the issuance of the certificate for the Shares purchased or received pursuant to the exercise, vesting or purchase (as applicable) of an Award, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise, vesting or purchase (as applicable) of the Award, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the Shares, the decision of the Committee shall be final, conclusive and binding.

9.5 Tax Withholding and Procedures

- (a) If, following the exercise by an Award Holder of an Award or a portion thereof in accordance with the provisions of Section 9.3 hereof, the Company is required under the Income Tax Act (Canada) or any other applicable law to make source deductions in respect of any benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of the Award or Common Shares on exercise of Options ("**Withholding Obligations**"), then the Award Holder shall, in addition to the payment of the purchase price for the Common Shares then being purchased:

- (i) pay to the Company sufficient cash as is reasonably determined by the Company to be the amount necessary to satisfy the Withholding Obligations; or
 - (ii) at the discretion of the Company, elect to permit the Company to reduce the number of Common Shares to be issued to the Award Holder by the number of Common shares having a fair market value at such time as is equal to the amount necessary to satisfy the Withholding Obligations; or make other arrangements acceptable to the Company to fund the Withholding Obligations.
- (b) It is the responsibility of the Award Holder to ensure that they adhere to tax legislation in their jurisdiction regarding the reporting of benefits derived from the Award or exercise of Options.
- (c) In the event any taxation authority should reassess the Company for failure to have withheld income tax, or other similar payments from the Award Holder, pursuant to the provisions herein, the Award Holder shall reimburse and save harmless the Company for the entire amount assessed, including penalties, interest and other charges.
- (d) The Company will, within the time and in the manner prescribed by the Income Tax Act (Canada) (or any corresponding requirement under applicable provincial tax law), remit the Withholding Obligation to the Receiver General for Canada or other applicable tax authority and shall, to the extent necessary and within the time and in the manner prescribed by the Income Tax Act (Canada) (or any corresponding requirement under applicable provincial tax law), make the election contemplated by subsection 110(1.1) of the Income Tax Act (Canada) (or any corresponding requirement under applicable provincial tax law) that neither it nor any person with whom it does not deal at arm's length (for purposes of the Income Tax Act (Canada)) will deduct any amount in respect of any payment to the Award Holder in connection with the exercise or surrender of his or her options and the Company shall also provide evidence of such election to the Award Holder forthwith upon making such election.

SECTION 10 ADMINISTRATION

10.1 Board or Committee

The Plan shall be administered by the Administrator with oversight by the Committee.

10.2 Powers of Committee

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan. For the avoidance of doubt, as long as the Company's securities are traded on an Exchange, the provisions of this Plan shall be subject to the directives, rules and regulations of the applicable Exchange, which shall govern over any conflicting provision in the Plan or Award Certificate. In the event that any of the provisions of this Plan do not comply with such directives, rules and regulations, the Administrator and/or the Committee shall be entitled to automatically amend the provisions of this Plan in order to comply with the directives, rules and regulations of the applicable Exchange;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Award Holders without constituting a termination of employment or engagement for purposes of the Plan;

- (g) do the following with respect to the granting of Awards:
 - (i) determine the Executives, Employees or Consultants to whom Awards shall be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determine the terms of the Award to be granted to an Award Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and Vesting schedule (which need not be identical with the terms of any other Award);
 - (iii) subject to any necessary Regulatory Approvals and Section 11.2, amend the terms of any Awards;
 - (iv) determine when Awards shall be granted;
 - (v) allow for the cashless exercise of Options and the applicable terms and conditions thereof; and
 - (vi) determine the number of Shares subject to each Award;
- (h) accelerate the Vesting schedule of any Award previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

10.3 Administration by Committee

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

10.4 Interpretation

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Award Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

SECTION 11 APPROVALS AND AMENDMENT

11.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Awards granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

11.2 Amendment of Award or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Award or the Plan or the terms and conditions of any Award thereafter to be granted provided that where such amendment relates to an existing Award and it would:

- (a) materially decrease the rights or benefits accruing to an Award Holder; or
- (b) materially increase the obligations of an Award Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Award Holder in question to such amendment. If at the time the Exercise Price of an Award is reduced the Award Holder is an Insider of the Company, the Insider must not exercise or purchase the Award at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

SECTION 12

CONDITIONS PRECEDENT TO ISSUANCE OF AWARDS AND SHARES

12.1 Compliance with Laws

An Award shall not be granted, exercised or purchased, and Shares shall not be issued pursuant to the exercise, vesting or purchase (as applicable) of any Award, unless the grant, exercise or purchase (as applicable) of such Award and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Awards and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Award Certificates and the certificates for the Shares or the written notice in the case of uncertificated Shares representing such Shares accordingly.

12.2 Regulatory Approvals

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Awards to be granted without first obtaining the necessary Regulatory Approvals unless such Awards are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Awards hereunder. No Award granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Awards granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Award Holders under Section 11.2 of this Plan.

12.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Awards hereunder, the exercise or purchase of those Awards or the lawful issuance and sale of any Shares pursuant to such Awards, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 13

ADJUSTMENTS AND TERMINATION

13.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this Section 13, the Plan shall terminate on, and no more Awards shall be granted under the Plan after, the tenth anniversary of the date of the Exchange's acceptance of the Plan.

13.2 No Grant During Suspension of Plan

No Award may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Award Holder, alter or impair any rights or obligations under any Award previously granted.

13.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Awards then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Award Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Awards; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised or unpurchased portion of existing Awards shall not be altered, it being intended that any adjustments made with respect to such Awards shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this Section 13.3, and without limitation, neither:

- (a) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (b) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Awards pursuant to this Section 13.3 shall not be considered an amendment requiring the Award Holder's consent for the purposes of Section 11.2 of this Plan.

13.4 Triggering Events

Subject to the Company complying with Section 13.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Award Certificate, the Committee may, without the consent of the Award Holder or Holders in question do one or more of the following:

- (a) cause all or a portion of any of the Awards granted under the Plan to terminate upon the occurrence of a Triggering Event;
- (b) cause all or a portion of any of the Awards granted under the Plan to be exchanged for stock awards of another corporation upon the occurrence of a Triggering Event in such ratio and at such Exercise Price as the Committee deems appropriate, acting reasonably; or
- (c) cause all Awards or portions thereof granted under the Plan to become immediately exercisable notwithstanding any contingent Vesting provision to which such Awards may have otherwise been subject.

Such termination or exchange shall not be considered an amendment requiring the Award Holder's consent for the purpose of Section 11.2 of the Plan.

13.5 Notice of Termination by Triggering Event

In the event that the Committee wishes to cause all or a portion of any of the Awards granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Award Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Award Holder the opportunity to exercise or purchase the Vested portion of the Awards prior to such termination. Furthermore, if any of the Awards granted under this Plan are cancelled prior to their Expiry Date, the Company shall not grant new Awards to the same Persons or Entities until thirty (30) days have lapsed from the date of cancellation.

13.6 Determinations to be Made by Committee

Adjustments and determinations under this Section 13 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

13.7 Sub Plan for Participants Subject to Israeli Taxation

Any Award Holders who are resident in Israel shall be subject to the Sub-Plan for Award Holders in Israel. For greater certainty any issuances to Award Holders subject to the Sub-Plan for Award Holders in Israel shall only be issuable provided they do not contradict the regulations of the Exchange.

APPENDIX “A”

IM CANNABIS CORP.

STOCK AWARD PLAN

SUB-PLAN FOR AWARD HOLDERS IN ISRAEL

1. SPECIAL PROVISIONS FOR AWARD HOLDERS IN ISRAEL

1.1 This 2023 Sub-Plan for Award Holders in Israel (the “**Sub-Plan**”) to the IM Cannabis Corp. Stock Award Plan (the “**Plan**”) is made in accordance with Section 13.7 of the Plan. This Sub-Plan was approved by IM Cannabis Corp. (the “**Company**”).

1.2 The provisions specified hereunder apply only to persons who are deemed to be residents of the State of Israel for tax purposes or are otherwise subject to taxation in Israel with respect to Awards.

1.3 This Sub-Plan applies with respect to Awards granted under the Plan. The purpose of this Sub-Plan is to establish certain rules and limitations applicable to Awards that may be granted or issued under the Plan from time to time, in compliance with the tax, securities and other applicable laws currently in force in the State of Israel. Except as otherwise provided by this Sub-Plan, all grants made pursuant to this Sub-Plan shall be governed by the terms of the Plan. This Sub-Plan is applicable only to grants made after the date of its adoption. This Sub-Plan complies with, and is subject to, the ITO and Section 102.

1.4 The Plan and this Sub-Plan shall be read together. In any case of contradiction, whether explicit or implied, between the provisions of this Sub-Plan and the Plan, the provisions of this Sub-Plan shall govern. For the avoidance of doubt, as long as the Company’s securities are traded on an Exchange, the provisions of this Sub-Plan shall be subject to the directives, rules and regulations of the applicable Exchange, which shall govern over any conflicting provision in the Sub-Plan or Award Certificate. In the event that any of the provisions of this Sub-Plan do not comply with such directives, rules and regulations, the Administrator and/or the Committee shall be entitled to automatically amend the provisions of this Sub-Plan in order to comply with the directives, rules and regulations of the applicable Exchange.

2. DEFINITIONS

Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Plan. The following additional definitions shall apply to grants made pursuant to this Sub-Plan:

“**3(i) Award**” means an Award, which is subject to taxation pursuant to Section 3(i) of the ITO, which has been granted to any person who is not an Eligible 102 Award Holder.

“**102 Capital Gains Track**” means the tax alternative set forth in Section 102(b)(2) and 102(b)(3) of the ITO pursuant to which all or a part of the income resulting from the sale of Shares is taxable as a capital gain.

“**102 Capital Gains Track Award**” means a 102 Trustee Award qualifying for the special tax treatment under the 102 Capital Gains Track.

“**102 Ordinary Income Track**” means the tax alternative set forth in Section 102(b)(1) of the ITO pursuant to which income resulting from the sale of Shares derived from Awards is taxed as ordinary income.

“**102 Ordinary Income Track Award**” means a 102 Trustee Award qualifying for the ordinary income tax treatment under the 102 Ordinary Income Track.

“**102 Trustee Award**” means an Award granted pursuant to Section 102(b) of the ITO and held in trust by a Trustee for the benefit of the Eligible 102 Award Holder, and includes both 102 Capital Gains Track Awards and 102 Ordinary Income Track Awards.

“**Affiliate**” for the purpose of grants made under this Sub-Plan, means any affiliate of the Company that is an “employing company” within the meaning of Section 102(a) of the ITO.

“Controlling Shareholder” as defined in Section 32(9) of the ITO, currently defined as an individual who prior to the grant or as a result of the grant or exercise of any Award, holds or would hold, directly or indirectly, in his/her name or with a relative (as defined in the ITO) (i) 10% of the outstanding share capital of the Company, (ii) 10% of the voting power of the Company, (iii) the right to hold or purchase 10% of the outstanding equity or voting power, (iv) the right to obtain 10% of the “profits” of the Company (as defined in the ITO), or (v) the right to appoint a director of the Company.

“Deposit Requirements” shall mean with respect to a 102 Trustee Award, the requirement to evidence deposit of an Award with the Trustee, in accordance with Section 102, in order to qualify as a 102 Trustee Award.

“Election” means the Company’s or its Affiliate’s choice of the type of 102 Trustee Awards it shall make under the Plan (as between 102 Capital Gains Track Awards or 102 Ordinary Income Track Awards), as filed with the ITA.

“Eligible 102 Award Holder” means an Award Holder who is a person employed by the Company or its Affiliates, including an individual who is serving as a director (as defined in the ITO) or an office holder (as defined in the ITO), who is not a Controlling Shareholder.

“Israeli Fair Market Value” shall mean with respect to 102 Capital Gains Track Awards only, for the sole purpose of determining tax liability pursuant to Section 102(b)(3) of the ITO, if at the Grant Date the Company’s shares are listed on any established stock exchange or a national market system, or if the Company’s shares shall be registered for trading within ninety (90) days following the date of grant, the Fair Market Value of the Shares at the Grant Date shall be determined in accordance with the average value of the Company’s shares on the thirty (30) trading days preceding the Grant Date or on the thirty (30) trading days following the date of registration for trading, as the case may be.

“ITA” means the Israel Tax Authority.

“ITO” means the Israeli Income Tax Ordinance (New Version), 1961, and the rules, regulations, orders or procedures promulgated thereunder and any amendments thereto, including specifically the Rules, all as may be amended from time to time.

“Non-Trustee Award” means an Award granted to an Eligible 102 Award Holder pursuant to Section 102(c) of the ITO and not held in trust by a Trustee.

“Required Holding Period” means the requisite period prescribed by the ITO and the Rules, or such other period as may be required by the ITA, with respect to 102 Trustee Awards, during which Awards granted by the Company must be held by the Trustee for the benefit of the person to whom it was granted. As of the date of the adoption of this Sub-Plan, the Required Holding Period for 102 Capital Gains Track Awards is 24 months from the date of grant of the Award.

“Rules” means the Income Tax Rules (Tax Benefits in Share Issuance to Employees) 5763-2003.

“Section 102” shall mean the provisions of Section 102 of the ITO, as amended from time to time, including by the Law Amending the Income Tax Ordinance (Number 132), 2002, effective as of January 1, 2003 and by the Law Amending the Income Tax Ordinance (Number 147), 2005.

“Trust Agreement” shall mean the trust agreement entered into between the Trustee and the Company.

“Trustee” means a person or entity designated by the Committee to serve as a trustee and approved by the ITA in accordance with the provisions of Section 102(a) of the ITO.

3. TYPES OF AWARDS AND SECTION 102 ELECTION

3.1 Awards made as 102 Trustee Awards shall be made pursuant to either (a) Sections 102(b)(2) and 102(b)(3) of the ITO as 102 Capital Gains Track Awards or (b) Section 102(b)(1) of the ITO as 102 Ordinary Income Track Awards. The Company’s Election regarding the type of 102 Trustee Award it chooses to make shall be filed with the ITA. Once the Company (or its Affiliate) has filed such Election, it may change the type of 102 Trustee Award that it chooses to make only after the passage of at least 12 months from the end of the calendar year in which the first grant was made in accordance with the previous Election, in accordance with Section 102. For the avoidance of doubt, such Election shall not prevent the Company from granting Non-Trustee Awards to Eligible 102 Award Holders at any time.

3.2 Eligible 102 Award Holders may receive only 102 Trustee Awards or Non-Trustee Awards under this Sub-Plan. Award Holders who are not Eligible 102 Award Holders may be granted only 3(i) Awards under this Sub-Plan.

3.3 No 102 Trustee Awards may be made effective pursuant to this Sub-Plan until 30 days after the date the requisite filings required by the ITO and the Rules, including the filing of the Plan and Sub-Plan, have been made with the ITA.

3.4 The Award Agreement shall indicate whether the grant is a 102 Trustee Award, a Non-Trustee Award or a 3(i) Award; and, if the grant is a 102 Trustee Award, whether it is a 102 Capital Gains Track Award or a 102 Ordinary Income Track Award.

4. TERMS AND CONDITIONS OF 102 TRUSTEE GRANTS

4.1 Each 102 Trustee Award shall be deemed granted on the Grant, provided that its qualification as a 102 Trustee Award shall be dependent upon the Company's and the Trustee's compliance with any applicable requirements set forth by the ITA with regard to such grants.

4.2 Unless other procedures shall be determined from time to time by the Committee and notified to the Award Holders in Israel, the mechanism of exercising vested 102 Trustee Options shall be in accordance with the provisions of the Plan, except that the Exercise Notice of 102 Trustee Options shall be made in such form and method in compliance with the provisions of Section 102 and shall also be delivered in copy to the authorized representative of the Affiliated Company with which the Award Holders in Israel is employed and/or engaged, if applicable, and to the Trustee.

4.3 Notwithstanding anything to the contrary in the Plan, each 102 Trustee Award granted to an Eligible 102 Award Holder and each Share acquired pursuant to a 102 Trustee Award shall be deposited with a Trustee in compliance with the Deposit Requirements and held in trust by the Trustee (or be subject to a supervisory trustee arrangement if approved by the ITA). After termination of the Required Holding Period, the Trustee may release such Awards and any Shares issued with respect to such Award, provided that (i) the Trustee has received an acknowledgment from the ITA that the Eligible 102 Award Holder has paid any applicable tax due pursuant to the ITO or (ii) the Trustee and/or the Company or its Affiliate withholds any applicable tax due pursuant to the ITO. The Trustee shall not release any 102 Trustee Awards or shares issued with respect to the 102 Trustee Awards prior to the full payment of the Eligible 102 Award Holder's tax liabilities.

4.4 Each 102 Trustee Award shall be subject to the relevant terms of Section 102 and the ITO, which shall be deemed an integral part of the 102 Trustee Award and shall prevail over any term contained in the Plan, this Sub-Plan or Award Agreement that is not consistent therewith. Any provision of the ITO and any approvals of the ITA not expressly specified in this Sub-Plan or any document evidencing an Award that are necessary to receive or maintain any tax benefit pursuant to the Section 102 shall be binding on the Eligible 102 Award Holder. The Trustee and the Eligible 102 Award Holder granted a 102 Trustee Award shall comply with the ITO and the terms and conditions of the Trust Agreement. For avoidance of doubt, it is reiterated that compliance with the ITO specifically includes compliance with the Rules. Further, the Eligible 102 Award Holder agrees to execute any and all documents which the Company or the Trustee may reasonably determine to be necessary in order to comply with the provision of any applicable law, and, particularly, Section 102. With respect to 102 Capital Gain Track Awards, to the extent that the Shares are listed on any established stock exchange or a national market system, the provisions of Section 102(b)(3) of the ITO and the Israeli Fair Market Value shall apply with respect to the Israeli tax rate applicable to such Awards.

4.5 During the Required Holding Period, the Eligible 102 Award Holder shall not require the Trustee to release or sell the Awards and Shares received subsequently following any realization of rights derived from Awards or Shares (including stock dividends) to the Eligible 102 Award Holder or to a third party, unless permitted to do so by applicable law. Notwithstanding the foregoing, the Trustee may, pursuant to a written request and subject to applicable law, release and transfer such Shares to a designated third party, provided that both of the following conditions have been fulfilled prior to such transfer: (i) the Trustee either (a) withheld payment of all taxes required to be paid upon the sale or transfer thereof, if any, or (b) received confirmation either that such payment, if any, was remitted to the tax authorities or of another arrangement regarding such payment, which is satisfactory to the Company and the Trustee and (ii) the Trustee has received written confirmation from the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, the Plan, any applicable Award Agreement and applicable law. To avoid doubt such sale or release during the Required Holding Period shall result in different tax ramifications to the Eligible 102 Award Holder under Section 102 and the Rules and/or any other regulations or orders or procedures promulgated thereunder, which shall apply to and shall be borne solely by such Eligible 102 Award Holder (including tax and mandatory payments otherwise payable by the Company or its Affiliates, which would not apply absent a sale or release during the Required Holding Period).

4.6 In the event a stock dividend is declared and/or additional rights are granted with respect to Shares which derive from Awards granted as 102 Trustee Awards, such dividend and/or rights shall also be subject to the provisions of this Section 4 and the Required Holding Period for such stock dividend and/or rights shall be measured from the commencement of the Required Holding Period for the Award with respect to which the dividend was declared and/or rights granted. In the event of a cash dividend on Shares, the Trustee shall transfer the dividend proceeds to the Eligible 102 Award Holder in accordance with the Plan after deduction of taxes and mandatory payments in compliance with applicable withholding requirements, and subject to any other requirements imposed by the ITA.

4.7 If an Award granted as a 102 Trustee Award is exercised/vests during the Required Holding Period, the Shares issued upon such exercise/vesting (as applicable) shall be issued in the name of the Trustee for the benefit of the Eligible 102 Award Holder (or be subject to a supervisory trustee arrangement if approved by the ITA). If such an Award is exercised or settled after the Required Holding Period ends, the Shares issued upon such exercise or settlement shall, at the election of the Eligible 102 Award Holder, either (i) be issued in the name of the Trustee (or be subject to a supervisory trustee arrangement if approved by the ITA), or (ii) be transferred to the Eligible 102 Award Holder directly, provided that the Eligible 102 Award Holder first complies with all applicable provisions of the Plan, this Sub-Plan and the applicable Award Agreement.

4.8 To avoid doubt: (i) notwithstanding anything to the contrary in the Plan, including without limitation Section 9.2 thereof, payment upon exercise or purchase of Awards granted under the 102 Capital Gains Track, may only be paid by cash or check, and not by promissory note, surrender of Shares, reduction of Shares pursuant to a cashless exercise or net exercise arrangement or other forms of payment, unless and to the extent permitted under Section 102 and as authorized by the ITA or the prior approval of the ITA is obtained (as applicable); (ii) notwithstanding anything to the contrary in the Plan, including without limitation Section 12.3 thereof, certain adjustments and amendments to the terms of Awards granted under the 102 Capital Gains Track, including pursuant to dividend equivalents, recapitalization events, repricings, dividend adjustments and so forth, may disqualify the Awards from benefitting from the tax benefits under the 102 Capital Gains Track, unless and to the extent permitted under Section 102 and as authorized by the ITA or the prior approval of the ITA is obtained (as applicable); (iii) notwithstanding anything to the contrary in the Plan or in the Company's corporate documents, repurchase rights/call options with regard to Awards made as 102 Capital Gains Track Awards shall be subject to the prior approval of the ITA and any terms and conditions of such approval (as applicable); (iv) notwithstanding anything to the contrary in the Plan, if an Award Holder ceases to be employed or engaged by the Company and/or its Affiliates, the vesting of any Awards granted under the 102 Capital Gains Track shall end as of such termination of employment or engagement; and (v) notwithstanding anything to the contrary in the Plan, Awards granted under the 102 Capital Gains Track may only be settled in Shares and not in cash.

4.9 The Company shall be under no duty to ensure, and no representation or commitment is made, that any of the Awards qualify or will qualify under any particular tax treatment (such as Section 102), nor shall the Company be required to take any action for the qualification of any of the Awards under such tax treatment. The Company shall have no liability of any kind or nature in the event that, for any reason whatsoever, the Awards do not qualify for any particular tax treatment.

4.10 Any Award granted under the 102 Capital Gains Track is meant to comply in full with the terms and conditions of Section 102 and the requirements of the ITA, and therefore the Plan and the Sub-Plan are to be read such that they comply with the requirements of Section 102. Should any provision in the Plan and/or the Sub-Plan disqualify the Plan and/or the Sub-Plan and/or any Award granted under Section 102 Capital Gain Track granted thereunder from beneficial tax treatment pursuant to the provisions of Section 102, such provision shall not apply to such Awards and the underlying Shares unless the ITA provides approval of compliance with Section 102.

5. NON-TRUSTEE AWARDS

5.1 Non-Trustee Awards granted hereunder shall be granted to, and the exercised Shares issued pursuant to the exercise of Non-Trustee Options, issued to, Award Holders in Israel.

5.2 Without derogating and subject to the above, and to all other applicable restrictions in the Plan, this Sub-Plan, the Award Agreement and applicable Law, the Non-Trustee Awards and the exercised Shares issued pursuant to the exercise of the Non-Trustee Options, and all rights attached thereto (including bonus shares) shall not be transferred unless and until the Company has either (a) withheld payment of all taxes required to be paid upon the sale or transfer thereof, if any, or (b) received confirmation either that such payment, if any, was remitted to the tax authorities or of another arrangement regarding such payment, which is satisfactory to the Company.

5.3 An Award Holders in Israel to whom Non-Trustee Awards are granted must provide, upon termination of his/her employment, a surety or guarantee to the satisfaction of the Company, to secure payment of all taxes which may become due upon the future transfer of his/her Awards and/or exercised Shares to be issued upon the exercise of his/her outstanding Non- Trustee Options, all in accordance with the provisions of Section 102.

6 3(I) AWARDS

6.1 3(i) Awards granted hereunder shall be granted to, and the exercised Shares issued pursuant to the exercise of 3(i)Options issued to, the Award Holders in Israel.

6.2 Without derogating and subject to the above, and to all other applicable restrictions in the Plan, this Sub-Plan, the Award Agreement and applicable Law, the 3(i) Awards and the exercised Shares issued pursuant to the exercise of the 3(i) Options, and all rights attached thereto (including bonus shares) shall not be transferred unless and until (a) the Company has either (i) withheld payment of all taxes required to be paid upon the sale or transfer thereof, if any, or (ii) received confirmation either that such payment, if any, was remitted to the tax authorities or of another arrangement regarding such payment, which is satisfactory to the Company; and (b) the Award Holders in Israel provided to the Company an invoice pertaining to the services rendered by him to Company.

6.3 The Company may require, as a condition to the grant of the 3(i) Awards, that an Award Holders in Israel to whom 3(i) Awards are to be granted, provide a surety or guarantee to the satisfaction of the Company, to secure payment of all taxes which may become due upon the future transfer of his/her Awards and/or exercised Shares to be issued upon the exercise of his/her outstanding 3(i) Options.

7 ASSIGNABILITY

As long as Awards or Shares are held by the Trustee on behalf of the Eligible 102 Award Holder, all rights of the Eligible 102 Award Holder over the Shares are personal, cannot be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

8 TAX CONSEQUENCES

8.1 Any tax consequences arising from the grant, or vesting or exercise of any Award, from the payment for Shares or the acquisition of Shares issued upon the exercise or vesting (as applicable) of the Award, from the sale or disposition of any Shares covered by an Award, or from any other event or act (of the Company and/or its Affiliates and/or the Trustee and/or the Award Holder) hereunder (including without any limitation any taxes and compulsory payments, such as National Insurance Institute and health tax payments), shall be borne solely by the Award Holder. The Company and/or its Affiliates, and/or the Trustee shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Award Holder shall agree to indemnify the Company and/or its Affiliates and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Award Holder.

8.2 The Company or any of its Affiliates, and the Trustee may make such provisions and take such steps as it/they may deem necessary or appropriate for the withholding of all taxes required by law to be withheld with respect to Awards granted under the Plan and the exercise/vesting, sale, transfer or other disposition thereof, including, but not limited, to (i) deducting the amount so required to be withheld from any other amount (or Shares issuable) then or thereafter to be provided to the Award Holder, including by deducting any such amount from an Award Holder's salary or other amounts payable to the Award Holder, to the maximum extent permitted under law; and/or (ii) requiring the Award Holder to pay to the Company or any of its Affiliates the amount so required to be withheld; and/or (iii) withholding otherwise deliverable Shares having a Fair Market Value equal to the minimum amount statutorily required to be withheld; and/or (iv) causing the exercise and sale of any Awards or Shares held by on behalf of the Award Holder or selling a sufficient number of such Shares otherwise deliverable to the Award Holder through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld either through a voluntary sale or through a mandatory sale arranged by the Company (on the Award Holder's behalf pursuant to the Award Holder's authorization as expressed by acceptance of the Award under the terms herein), to the extent permitted by applicable law or pursuant to the approval of the ITA. In addition, the Award Holder shall be required to pay any amount (including penalties) that exceeds the tax to be withheld and transferred to the tax authorities, pursuant to applicable tax laws, regulations and rules.

8.3 The Company does not represent or undertake that an Award shall qualify for or comply with the requisites of any particular tax treatment (such as the 102 Capital Gains Track), nor shall the Company, its assignees or successors be required to take any action for the qualification of any Award under such tax treatment. The Company shall have no liability of any kind or nature in the event that, as a result of application of applicable law, actions by the Trustee or any position or interpretation of the ITA, or for any other reason whatsoever, an Award shall be deemed to not qualify for any particular tax treatment.

8.4 With respect to Non-Trustee Awards, if the Eligible 102 Award Holder ceases to be employed by the Company or any Affiliate, the Eligible 102 Award Holder shall extend to the Company and/or its Affiliate a security or guarantee for the payment of tax due at the time of sale of Shares to the satisfaction of the Company, all in accordance with the provisions of Section 102 and the Rules.

8.5 The Company and/or when applicable, the Trustee shall not be required to release any Share certificate to an Israeli taxpayer Award Holder until all required payments have been fully made. In the event that the Company, or its Affiliates, or the Trustee, as applicable, is uncertain as to the sum of the full tax payment due or which is subject to withholding, the Company or the Trustee, as applicable, may refuse to release the Shares until such time as the ITA verifies the sum of the full tax payment which is due, and the Award Holders shall not have any claims in connection with such refusal. In addition, the Company shall not be obligated to honor the exercise or vesting of an Award by or on behalf of an Award Holder until all tax consequences (if any) arising from the exercise or vesting of such Award and/or sale or disposition of Shares and/or Award are resolved in a manner reasonably acceptable to the Company.

8.6 THE AWARD HOLDER IS STRONGLY ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING, EXERCISING OR DISPOSING ANY AWARD IN LIGHT OF HIS OR HER PARTICULAR CIRCUMSTANCES. THE COMPANY DOES NOT ASSUME ANY RESPONSIBILITY TO ADVISE THE AWARD HOLDER ON SUCH MATTERS, WHICH SHALL REMAIN THE SOLE RESPONSIBILITY OF THE AWARD HOLDER.

9 ADJUSTMENTS OF AWARDS UNDER THIS APPENDIX

9.1 **Distribution of Bonus Shares.** Notwithstanding the provisions of Section 13.3 of the Plan, in the event that the Company distributes bonus shares, the Exercise Price of Awards granted under this Appendix that are outstanding as of the record date of such distribution (hereinafter in this Section 9.1, the “**Record Date**”) shall not be adjusted; however, the number of Shares covered by each Outstanding Award and the number of Shares which have been authorized for issuance under the Plan but as to which no Options or other Award have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or other Award, shall be proportionately adjusted to the increase in the number of issued Shares, such that the number of Shares underlying the relevant Outstanding Award shall increase by the proportionate number of bonus shares (of the same class which was distributed to the other shareholders in the applicable distribution of bonus shares) to which the Award Holder would have otherwise been entitled had the exercise of the Outstanding Award taken place immediately prior to the distribution of the bonus shares. Bonus shares distributed pursuant to this Section 9.1 shall be subject to and in accordance with the terms of any applicable ruling issued by the ITA with respect to 102 Capital Gains Track Awards, to the extent required, and subject to any legend or restriction applicable to the holders of bonus shares for which this adjustment was applied.

For purposes of this Section 9.1, the term “**Outstanding Awards**” shall mean Awards granted prior to the Record Date, which have not been exercised or vested (as applicable) into Shares prior to or on the Record Date.

9.2 **Rights Issue.** Notwithstanding the provisions of Section 13.3 of the Plan, in the case of a rights issue made by the Company to its securities holders, the number of Shares covered by Awards granted under this Appendix as of the record date of such distribution (hereinafter in this Section 9.2, the “**Record Date**”) shall be proportionately and equitably adjusted so as to maintain through such an event the proportionate equity portion represented by the rights issue, such that the number of Shares underlying the relevant Outstanding Award shall be proportionately adjusted to the benefit component underlying the rights issuance as represented by the difference between the closing price of the Company’s shares on the stock exchange on the last trading day prior to the “ex-rights” day and the base price of the Company’s shares on the stock exchange following the “ex-rights” day. This adjustment shall be subject to and in accordance with the terms of any applicable ruling issued by the ITA with respect to 102 Capital Gains Track Awards, to the extent required.

For purposes of this Section 9.2, the term “**Outstanding Awards**” shall mean Awards granted prior to the Record Date, which have not been exercised or vested (as applicable) into Shares prior to or on the Record Date.

9.3 Dividends. Notwithstanding the provisions of Section 13.3 of the Plan, in the event of a distribution of cash dividend or in kind dividend to the Company's shareholders (including by way of court approved distribution pursuant to an applicable statute), The Exercise Price of Awards granted under this Appendix that are outstanding as of the record date of such distribution of a dividend in cash or in kind (hereinafter in this Section 9.3, the "**Record Date**"), shall be adjusted, such that the Exercise Price of the Outstanding Awards shall be decreased by the gross dividend amount per Share (or its monetary value in the event of a dividend in kind). This adjustment shall be subject to and in accordance with the terms of any applicable ruling issued by the ITA with respect to 102 Capital Gains Track Awards, to the extent required. In no event will the Exercise Price of the Awards outstanding as of the Record Date be adjusted to a price lower than the minimum Exercise Price set forth in applicable law. Except as expressly provided herein, no distribution of a dividend in cash or in kind shall affect, and no adjustment thereof shall be made, with respect to the number of Shares subject to an Award.

For purposes of this Section 9.3, the term "Outstanding Awards" shall mean Awards granted prior to the Record Date, which have not been exercised into Shares prior to or on the Record Date.

10 SECURITIES LAWS

All Awards hereunder shall be subject to compliance with the Israeli Securities Law, 1968, and the rules and regulations promulgated thereunder.

