

Form 62-103F1

Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to common shares (“**Common Shares**”) of IM Cannabis Corp. (the “**Issuer**”).

The Issuer’s head office is:
Kibbutz Gilil Yam
Central District, Israel, 4690500

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable. The Common Shares were issued from treasury and not acquired on the secondary market.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Rafael Gabay (the “**Acquiror**”)
Elifelet 26, Tel Aviv, Israel, 6608026

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On August 24, 2022, the Acquiror acquired 613,496 Common Shares (the “**Acquisition**”) as part of the Issuer’s non-brokered private placement of 4,887,496 Common Shares at a price of USD\$0.50 per Common Share for aggregate proceeds of USD\$2,443,748 (the “**Private Placement**”).

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s security holding percentage in the class of securities.

The Acquiror acquired 613,496 Common Shares pursuant to the Private Placement.

Prior to the Acquisition, the Acquiror beneficially owned or controlled 8,090,720 Common Shares, representing 11.61% of the Issuer's issued and outstanding Common Shares on a non-diluted basis (based on 69,695,325 Common Shares issued and outstanding). As a result of the Acquisition, the Acquiror now beneficially owns or controls an aggregate of 8,704,216 Common Shares, representing approximately 11.67% of the Issuer's issued and outstanding Common Shares on a non-diluted basis (based on 74,582,821 Common Shares issued and outstanding following the Private Placement).

The resulting change in the Acquiror's share ownership position was greater than 2% from the Acquiror's last early warning report that was filed on October 16, 2019 (the "Previous EWR") in which he reported beneficial ownership of 22.34% of the then-issued and outstanding Common Shares on a non-diluted basis. The decrease in the Acquiror's share ownership since the Previous EWR was due primarily to a series of Common Share treasury issuances by the Issuer that diluted the Acquiror's previously reported position.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

The Acquiror acquired 613,496 Common Shares pursuant to the Private Placement.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to the Acquisition, the Acquiror owned 8,090,720 Common Shares, representing 11.61% of the Issuer's issued and outstanding Common Shares on a non-diluted basis.

Following the Acquisition, the Acquiror beneficially owns or controls an aggregate of 8,704,216 Common Shares, representing approximately 11.67% of the Issuer's issued and outstanding Common Shares on a non-diluted basis.

3.5 State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

The Acquiror has ownership and control over 8,704,216 or 11.67% of the issued and outstanding Common Shares.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

The Acquiror holds 1,535 Common Shares through Ewave Group Ltd., an entity of which the Acquiror owns and controls 50% of the outstanding ordinary shares (8,702,681 direct ownership and control over 1,535 through Ewave Group Ltd.)

- 3.6 **If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's security holdings.**

Not applicable.

- 3.7 **If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 **If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Consideration Paid

- 4.1 **State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The Acquiror paid aggregate cash consideration of USD\$306,000 (\$397,279.80 based on the Bank of Canada daily average exchange rate on August 24, 2022)

at a price of USD\$0.50 per Common Share for the 613,496 Common Shares acquired pursuant to the Private Placement.

- 4.2 **In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable.

- 4.3 **If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;

- (k) an action similar to any of those enumerated above.

The Acquiror has acquired the above noted Common Shares for general investment purposes.

The Acquiror may in the future take such actions in respect of his holdings in the Issuer as he may deem appropriate based on his assessment of market conditions and any other conditions he considers relevant at the time, including the purchase of additional Common Shares through open market or privately negotiated transactions or the sale of all or a portion of the Acquiror's holdings in the open market or in privately negotiated transactions to one or more purchasers, subject in each case to applicable securities laws.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent's best

knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated as of the 8 day of September, 2022.

"Rafael Gabay"

Name: Rafael Gabay

Title: Principal Shareholder