

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.**

Securities were acquired from treasury of the Issuer pursuant to a securities for debt transaction of the Issuer.

**Item 2 – Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

L5 Capital Inc., a company controlled by Marc Lustig (collectively, the “**Acquiror**”), having an address of 4177 Rockridge Road, West Vancouver, BC, V7W 1A3.

**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 May 8, 2023, the Acquiror acquired an aggregate of 492,492 units of the Issuer (each, a “**Unit**”) in exchange for the settlement of \$838,776 (approximately US\$615,615, using the Bank of Canada daily exchange rate for April 26, 2023) of debt owed by the Issuer to the Acquiror (the “**Acquisition**”). Each Unit consisted of one Common Share and one Common Share purchase warrant (each, a “**Warrant**”), with each Warrant entitling the holder to purchase one additional Common Share at an exercise price of US\$1.50 for a period of 36 months from the date of issuance.

**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 securityholding percentage in the class of securities.**

The Acquiror acquired an aggregate of 492,492 Common Shares and 492,492 Warrants pursuant to the Acquisition.

Immediately prior to the Acquisition, the Acquiror beneficially owned or controlled 433,558 Common Shares, representing approximately 3.37% of the Issuer's issued and outstanding Common Shares on a non-diluted basis (based on 12,846,645 Common Shares then issued and outstanding). As a result of the Acquisition, the Acquiror now beneficially owns or controls an aggregate of 926,050 Common Shares, representing approximately an additional 6.94% of the Issuer's issued and outstanding Common Shares on a non-diluted basis (based on 13,339,137 Common Shares issued and outstanding as of the date hereof).

Immediately prior to the Acquisition, the Acquiror beneficially owned or controlled 208,868 securities convertible into Common Shares, representing approximately an additional 1.60% of the Issuer's issued and outstanding Common Shares on a partially diluted basis (based on 12,846,645 Common Shares then issued and outstanding). As a result of the Acquisition, the Acquiror now beneficially owns or controls an aggregate of 701,360 securities convertible into Common Shares, representing approximately an additional 5.00% of the Issuer's issued and outstanding Common Shares on a partially diluted basis (based on 13,339,137 Common Shares issued and outstanding as of the date hereof).

If the Acquiror were to exercise his securities convertible or exercisable for Common Shares, including the Warrants acquired pursuant to the Acquisition, they would own or control an aggregate of 1,627,410 Common Shares, representing 11.59% of the issued and outstanding Common Shares on a partially diluted basis.

**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 ownership over an aggregate of 492,492 Common Shares and 492,492 Warrants pursuant to the Acquisition.

**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 securityholding 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 beneficially owned or controlled 433,558 Common Shares, representing approximately 3.37% of the Issuer's issued and outstanding Common Shares on a non-diluted basis (based on

12,846,645 Common Shares then issued and outstanding). As a result of the Acquisition, the Acquiror now beneficially owns or controls an aggregate of 926,050 Common Shares, representing approximately an additional 6.94% of the Issuer's issued and outstanding Common Shares on a non-diluted basis (based on 13,339,137 Common Shares issued and outstanding as of the date hereof).

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If the Acquiror were to exercise his securities convertible or exercisable for Common Shares, including the Warrants acquired pursuant to the Acquisition, they would own or control an aggregate of 1,627,410 Common Shares, representing 11.59% of the issued and outstanding Common Shares on a partially diluted basis.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding 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 926,050 Common Shares, representing approximately 6.94% of the Issuer's issued and outstanding Common Shares on a non-diluted basis (based on 13,339,137 Common Shares issued and outstanding as of the date hereof).

The Acquiror has beneficial ownership and control over 701,360 securities convertible into Common Shares, representing approximately an additional 5.00% of the Issuer's issued and outstanding Common Shares on a partially diluted basis (based on 13,339,137 Common Shares issued and outstanding as of the date hereof).

**(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.**

Not applicable.

- 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 securityholdings.**

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.**

Pursuant to the Acquisition, the Acquiror acquired 492,492 Common Shares and 492,492 Warrants in exchange for the settlement of \$838,776 of debt owned by the Issuer to the Acquiror.

- 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 securities 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 or other securities of the Issuer 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 of 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<sup>th</sup> day of May, 2023.

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Name: Marc Lustig