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IM Cannabis Announces Units for Debt Settlement

TORONTO and GLIL YAM, Israel, April 28, 2023 /PRNewswire/ -- IM Cannabis Corp. (the "**Company**" or "**IMC**") (NASDAQ: IMCC) (CSE: IMCC), an international medical cannabis company, has agreed to a securities for debt settlement transaction (the "**Debt Settlement**") with L5 Capital Inc. ("**L5 Capital**"), a company wholly-owned and controlled by Marc Lustig, the executive chairman and a director of the Company. Pursuant to the Debt Settlement, the Company will settle outstanding indebtedness of \$838,776 (approximately US\$615,615, using the Bank of Canada daily exchange rate for April 26, 2023) through the issuance of 492,492 units (the "**Units**") at a price of US\$1.25 per Unit. Each Unit consists of one common share of the Company (each, a "**Common Share**") and one Common Share purchase warrant (each, a "**Warrant**"). Each Warrant entitles L5 Capital to purchase one additional Common Share at an exercise price of US\$1.50 for a period of 36 months from the date of issue.



All securities issued will be subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable Canadian securities legislation.

Closing of the Debt Settlement is expected to occur on or about May 5, 2023.

The Debt Settlement is a "related party transaction" pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") by virtue of L5 Capital being wholly-owned and controlled by an insider of the Company. The Company relied on Sections 5.5(a) and 5.7(1)(a) of MI 61-101 for exemptions from the requirements to obtain a formal valuation and minority shareholder approval, respectively, because the fair market value securities issued to the director was below 25% of the Company's market capitalization for the purposes of MI 61-101.

About IM Cannabis Corp.

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

The IMC ecosystem operates in Israel through its commercial relationship with Focus Medical Herbs Ltd. ("Focus Medical"), which imports and distributes cannabis to medical patients, leveraging years of proprietary data and patient insights. The Company also operates medical cannabis retail pharmacies, online platforms, distribution centers, and logistical hubs in Israel that enable the safe delivery and quality control of IMC products throughout the entire value chain. In Germany, the IMC ecosystem operates through Adjupharm GmbH, where it distributes cannabis to pharmacies for medical cannabis patients. Until recently, the Company also actively operated in Canada through Trichome, where it cultivated, processed, packaged, and sold premium and ultra-premium cannabis at its own facilities under the WAGNERS and Highland Grow brands for the adult-use market in Canada.

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Forward-Looking Statements

This press release contains forward-looking information or forward-looking statements under applicable Canadian and U.S. securities laws (collectively, "**forward-looking statements**"). All information that addresses activities or developments that we expect to occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "likely" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are based on the estimates and opinions of management on the date the

statements are made. In the press release, such forward-looking statements include, but are not limited to, statements regarding the anticipated closing date of the Debt Settlement.

The above list of forward-looking statements is not exhaustive. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated or implied by such forward-looking statements due to a number of factors and risks. These include: the failure of the Company to comply with applicable regulatory requirements in a highly regulated industry; unexpected changes in governmental policies and regulations in the jurisdictions in which the Company operates; and the Company's ability to continue to meet the listing requirements of the Canadian Securities Exchange and the NASDAQ Capital Market.

Any forward-looking statement included in this press release is made as of the date of this press release and is based on the beliefs, estimates, expectations and opinions of management on the date such forward-looking information is made. The Company does not undertake any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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