



IM CANNABIS CORP.

TIMELY DISCLOSURE AND CONFIDENTIALITY POLICY

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1. DATE OF ADOPTION

This Disclosure and Confidentiality Policy (this “**Policy**”) has been adopted by the board of directors (the “**Board**”) of IM Cannabis Corp. (the “**Company**”). The Company and the Company’s direct and indirect subsidiary entities are referred to herein as the “**Company Entities**”.

2. PURPOSE OF THIS POLICY

The purpose of this Policy is to ensure that the Company Entities and all persons to whom this Policy applies meet their obligations under the provisions of applicable securities laws and stock exchange rules by establishing a process for the timely disclosure of all Material Information (as defined in Section 6 of this Policy) and ensuring that all persons to whom this Policy applies understand their obligations to preserve the confidentiality of Undisclosed Material Information (as defined in Section 9 of this Policy) under applicable laws, stock exchange rules and this Policy.

This Policy covers disclosures in documents filed with securities regulators and written statements made in the Company’s annual and quarterly reports, news releases, letters to shareholders, presentations by directors, officers, employees or contractors of the Company Entities and information contained on the Company’s website and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

The Company must comply with two sets of rules regarding the timely disclosure of Material Information to the public:

- securities laws governing continuous disclosure, confidentiality and insider trading; and
- applicable stock exchange rules, which expands the requirements of the securities laws,

(collectively referred to as the “**Disclosure Rules**”).

This Policy also provides guidance regarding the use of social media, which should be broadly understood for purposes of this Policy to include blogs, wikis, microblogs, message boards, chat rooms, electronic newsletters, online forums, social networking sites, and other sites and services that permit users to share information with others in a contemporaneous manner.

3. TO WHOM THIS POLICY APPLIES

This Policy applies to any person or entity “**in a special relationship with the Company**”, which means any of the following persons or entities:

1. Any person or entity that is an Insider, Affiliate¹ or Associate² of,
 - (a) the Company,
 - (b) a person or company that is proposing to make a take-over bid, as defined in the *Securities Act* (British Columbia), for the securities of the Company, or
 - (c) a person or company that is proposing to become a party to a reorganization, amalgamation, merger or arrangement or similar business combination with the Company or to acquire a substantial portion of its property.
2. Any person or entity that is engaging in or proposes to engage in any business or professional activity with or on behalf of any Company Entity, such as consultants, or with or on behalf of a person or entity described in item 1 (b) or (c) above.
3. Any person who is a director, officer or employee of a Company Entity or of a person or entity described in item 1 (b) or (c) or item 2 above.
4. Any person or entity that learns of Material Information with respect to the Company while the person or entity was a person or entity described in any of the foregoing items.
5. Any person or entity that learns of Material Information with respect to the Company from any other person or entity described in any of the foregoing items, including a person or entity described in this item, and knows or ought reasonably to have known that the other person or entity is a person or entity in a special relationship with the Company.
6. An “Insider” means any person or entity that:

¹ An entity is an “**Affiliate**” of another entity if one of them is the subsidiary of the other or if both are subsidiaries of the same entity or if each of them is controlled by the same person or entity. For these purposes, an entity will be deemed to be a subsidiary of another entity if (i) it is controlled by, (A) that other, or (B) that other and one or more entities each of which is controlled by that other, or (C) two or more entities, each of which is controlled by that other; or (ii) it is a subsidiary of an entity that is the other’s subsidiary. Further, for these purposes, a person or entity (the “**First Person**”) is considered to “control” an entity (the “**Second Person**”) if (a) the First Person, beneficially owns or directly or indirectly exercises control or direction over securities of the Second Person carrying votes which, if exercised, would entitle the First Person to elect a majority of the directors (or trustees or similar officials) of the Second Person, unless the First Person holds the voting securities only to secure an obligation, (b) the Second Person is a partnership, other than a limited partnership, and the First Person holds more than a 50% interest in the partnership, or (c) the Second Person is a limited partnership and the First Person is the general partner of the Second Person.

² An “**Associate**” of a person or entity means (a) any entity of which such person or entity beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of the entity for the time being outstanding, (b) any partner of that person or entity, (c) any trust or estate in which such person or entity has a substantial beneficial interest or as to which such person or entity serves as trustee or in a similar capacity, (d) any relative of that person who resides in the same home as that person, (e) any person who resides in the same home as that person and to whom that person is married or with whom that person is living in a conjugal relationship outside marriage, or (f) any relative of a person mentioned in item (e) who has the same home as that person.

- (i) is a director or officer of a reporting issuer,
- (ii) a director or officer of a person or company that is itself an insider or subsidiary of a reporting issuer,
- (iii) beneficially owns, directly or indirectly, more than 10% of the voting securities of the Company or who exercises control or direction over more than 10% of the votes attached to the voting securities of the Company or a combination of both carrying more than 10% of the votes attached to the voting securities of the Company (a “**10% Shareholder**”); or
- (iv) a reporting issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security.

Every director, officer and employee of the Company shall execute and deliver the certificate attached to this Policy, indicating such person has read, fully understands and will comply fully with the provisions of this Policy.

4. RESPONSIBILITY FOR THIS POLICY

The audit committee of the Company will be responsible for adopting and periodically reviewing and updating this Policy.

The Board may, in its sole discretion, establish a disclosure committee (the “**Disclosure Committee**”) which, if established, shall be responsible for the Company’s corporate disclosure and shall administer and interpret this Policy, subject to applicable laws and any developments determined by the Board as requiring immediate public disclosure.

The Disclosure Committee shall be comprised of the Company’s Chief Executive Officer (the “**CEO**”), the Company’s Chief Financial Officer (the “**CFO**”) (or persons in equivalent positions to the CEO and CFO) and such other person(s) as the Board may designate from time to time. Further, the Disclosure Committee may at any time, request the assistance or advice of other officers or employees of the Company or third parties (including without limitation requesting the attendance of legal counsel at meetings of the Disclosure Committee or otherwise seek the assistance of legal counsel) in the administration, interpretation and implementation of this Policy. The Disclosure Committee can operate formally or informally as it sees fit, including without limitation, by meeting in person, telephone or via e-mail communications, and can adopt such procedures as it sees appropriate to carry out its responsibilities.

No material information will be released, whether by news release or otherwise, without the explicit consent of the Disclosure Committee, or if not practicable, the express consent of the CEO or the most senior officer of the Company in the CEO’s absence. To the greatest extent practical, members of the Board will be apprised of material developments prior to their public announcement by the Company. The Disclosure Committee will decide when developments are material and require release to the public with input from legal counsel where warranted.

The CFO is the corporate officer responsible for overseeing the financial review of all disclosure documents to ensure they fairly present financial information.

5. INDIVIDUAL(S) WHO ARE AUTHORIZED TO SPEAK ON BEHALF OF THE COMPANY

ENTITIES

Only executive officers of the Company are authorized to communicate with analysts, the media and investors on behalf of any Company Entity.

An authorized spokesperson may, from time to time, designate other person(s), to speak on behalf of one or more of the Company Entities as back-ups or to respond to specific inquiries.

Any person to whom this Policy applies who is approached by the media, an analyst, investor or any other member of the public to comment on the affairs of any Company Entity, must refer all inquiries to an authorized spokesperson and must immediately notify an authorized spokesperson that the approach was made.

6. DISCLOSURE OF MATERIAL INFORMATION

“Material Information” consists of both “material facts” and “material changes”. A **“material fact”** means a fact in respect of one (or more) of the Company Entities that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of the Company. A **“material change”** means a change in the business, operations or capital of one (or more) of the Company Entities that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Company and includes a decision to implement such a change if such a decision is made by the directors of the Company, or by senior management who believe that confirmation of the decision by the directors of the Company is probable. Under U.S. securities laws, Material Information also includes any matters to which there is a substantial likelihood that a reasonable investor would attach importance in making investment decisions.

Any person to whom this Policy applies who becomes aware of information that has the possibility of being Material Information must immediately disclose that information to the General Counsel of the Company, or if the General Counsel is unavailable, any other executive officer of the Company. Schedule “A” attached hereto lists examples of information that may constitute Material Information.

Material Information is required to be disclosed immediately. The General Counsel, in consultation with the executive officers of the Company and others as appropriate, will determine what is deemed to be Material Information and the appropriate public disclosure. Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was given.

In certain circumstances, the General Counsel, in consultation with the executive officers of the Company and others as appropriate, may determine that disclosure would be unduly detrimental to the Company (for example if release of the information would prejudice negotiations in a transaction), in which case the information will be kept confidential until it is appropriate to publicly disclose. In such circumstances, the Company will, if required, file a confidential material change report with the applicable securities regulators, and will periodically (at least every 10 days) review its decision to keep the information confidential.

News releases disclosing Material Information will be transmitted to the applicable stock exchanges, if required, relevant regulatory bodies and major news wire services that disseminate financial news to the financial press and to daily newspapers in Canada that provide regular coverage of financial news.

7. ELECTRONIC COMMUNICATIONS AND WEBSITES

The Company has developed and will maintain a website at the URL <https://imcannabis.com> where all documents provided under timely disclosure requirements, as well as other investor relations information, will be made publicly available.

All information posted on the Company's website must be factual, accurate, up to date and complete, as well as presented in a consistent manner. No Material Information may be posted on the website that has not first been publicly disclosed in compliance with Disclosure Rules.

News releases will be posted on the Company's website and on the System for Electronic Document Analysis and Retrieval (SEDAR) immediately after dissemination through a wire service. News releases will promptly thereafter be furnished to the U.S. Securities and Exchange Commission ("**SEC**") on Form 6-K. The "News" (or analogous) page of the website will include a notice that advises readers that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

8. RUMOURS

In general, no Company Entity will comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. Spokespersons will respond consistently to those rumours, saying "it is our policy not to comment on market rumours or speculation". No exceptions are permitted to this general rule, as inconsistent practices may constitute "tipping" (the disclosure of Undisclosed Material Information (as defined below) to third parties outside the necessary course of business, is prohibited).

Where a rumour is correct, in whole or in part, or where Material Information has been inadvertently leaked and appears to be affecting trading activity of the Company's securities, immediate disclosure of the relevant Material Information must be made by the Company through the issuance of a news release. Where appropriate, the Company should request trading be halted pending the issuance of a news release.

9. CONFIDENTIALITY OF UNDISCLOSED MATERIAL INFORMATION

"**Undisclosed Material Information**" of the Company is Material Information about the Company that has not been "**Generally Disclosed**": that is, disseminated to the public by way of a news release together with the passage of a reasonable amount of time (24 hours, unless otherwise advised that the period is longer or shorter, depending on the circumstances) for the public to analyze the information.

Any person to whom this Policy applies and who has knowledge of Undisclosed Material Information must treat the Material Information as confidential until the Material Information has been Generally Disclosed.

Undisclosed Material Information should not be disclosed to anyone except in the necessary course of business. If Undisclosed Material Information has been disclosed in the necessary course of business, anyone so informed must clearly understand that it is to be kept confidential, and, in appropriate circumstances, execute a confidentiality agreement. Schedule "B" attached hereto lists circumstances where Canadian securities regulators believe disclosure may be in the necessary course of business. When in doubt, all persons to whom this Policy applies must consult with the General Counsel, or if the General Counsel is unavailable, any executive officer

of the Company, to determine whether disclosure in a particular circumstance is in the necessary course of business. For greater certainty, disclosure to analysts, institutional investors, other market professionals and members of the press and other media will not be considered to be in the necessary course of business.

In order to prevent the misuse of inadvertent disclosure of Undisclosed Material Information, the procedures set forth below should be observed at all times:

- documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who “need to know” that information in the necessary course of business and code names should be used if necessary;
- confidential matters should not be discussed in places where the discussion may be overheard;
- transmission of documents containing Undisclosed Material Information by electronic means will be made only where it is reasonable to believe that the transmission can be made and received under secure conditions such as a dedicated server; and
- unnecessary copying of documents containing Undisclosed Material Information must be avoided and extra copies of documents must be promptly removed from meeting rooms and work areas at the conclusion of the meeting and must be destroyed if no longer required.

10. AVOIDING SELECTIVE DISCLOSURE

When participating in shareholder meetings, news conferences, analysts’ conferences and private meetings with analysts, spokespersons must only disclose information that either is not Material Information or is Material Information but has previously been Generally Disclosed. For greater certainty, acceptable topics of discussion include the Company’s business prospects (subject to the provisions of Section 11 of this Policy and the Company’s Stock Trading Policy), the business environment, management’s philosophy and long-term strategy. Any selective disclosure of Undisclosed Material Information, including earnings guidance, is not permitted.

To protect against selective disclosure, spokespersons who are participating in shareholder meetings, news conferences, analysts’ conferences or private meetings with analysts should, wherever reasonably practicable to do so, script their comments and prepare answers to anticipated questions in advance of the meeting or conference.

It is important to ensure that the scripts are carefully reviewed before the meeting or conference, and any Undisclosed Material Information that is contained in the script must be Generally Disclosed before the meeting or conference or deleted from the script if it is premature for the information to be Generally Disclosed.

11. FORWARD-LOOKING INFORMATION

The Company may from time to time give earnings guidance or any other forward-looking information (“**Forward-Looking Information**”) through voluntary disclosure by way of a news

release, provided that the cautionary language described in this Section accompanies the information.

If Forward-Looking Information is Generally Disclosed:

- the information must be clearly stated to be forward-looking;
- the factors and assumptions that were used to arrive at the Forward-Looking Information must be clearly described; and
- the factors that could cause actual results to differ materially must be clearly stated, and should be presented with a reasonably possible range of outcomes, a sensitivity analysis or other qualitative analysis that will assist in assessing the related risks.

It is important to remember that (as confirmed in Court decisions and the decisions and published policies of various regulatory authorities) “boilerplate” generic risk or exclusionary warnings accompanying Forward-Looking Information may not protect the Company, whereas complying with the requirements of this Section should.

12. ANALYST REPORTS

It is the Company’s policy to review, upon request, analysts’ draft research reports or models. In such cases, comments of directors, officers, employees or contractors of the Company Entities should be limited to identifying factual information that has been Generally Disclosed and that may affect an analyst’s model, and to pointing out inaccuracies or omissions with reference to information that has been Generally Disclosed. Any comments must contain a disclaimer that the report was reviewed for factual accuracy only. No comfort or guidance should be expressed on the analysts’ earnings models or earnings estimates and no attempt shall be made to influence an analyst’s opinion or conclusion.

Analysts’ reports must not be circulated by directors, officers, employees or contractors of the Company Entities except when in the necessary course of business, nor may they be posted on, or linked from the Company’s website. The Company may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on it, provided, such list will not include links to the analysts’ or any other third party’s websites or publications.

13. SOCIAL MEDIA

The following principles provide practical guidance to the directors, officers, employees and consultants of the Company Entities on the responsible use of social media, with one of the goals being to prevent any disclosure of confidential or restricted information. Directors, officers, employees and consultants must adhere to the policy whether they are posting on social media in an official capacity or through their personal social media accounts.

- Directors, officers, consultants and employees need to know and adhere to the Company’s Code of Business Conduct and Code of Ethics, employee handbook and other corporate policies when using social media in reference to the Company.
- Directors, officers, employees and consultants should be aware of the effect their actions may have on their images, as well as the image of the Company Entities. Directors,

officers, employees and consultants are personally responsible for the content published on blogs, wikis or any other form of user-generated media.

- Directors, officers, employees and consultants should be aware that the Company may observe content and information made available through social media. Directors, officers, employees and consultants should use their best judgment in posting material that is neither inappropriate nor harmful to the Company Entities, their employees or customers.
- Although not an exclusive list, some specific examples of prohibited social media conduct include posting commentary, content, or images that are defamatory, pornographic, proprietary, harassing, libelous, or that can create a hostile work environment. False, abusive, threatening or defamatory content is strictly prohibited.
- Directors, officers, employees and consultants are not to publish, post or release any information that is considered confidential, Undisclosed Material Information within the meaning of this Policy or not public. If there are questions about what is considered confidential or Undisclosed Material Information, consult with the General Counsel.
- Social media networks, blogs and other types of online content sometimes generate press and media attention or legal questions. Directors, officers, employees and consultants should refer these inquiries to authorized spokespersons of the Company. Directors, officers, employees and consultants should not comment on work-related legal matters unless an official spokesperson that has the approval of the Company to do so. In addition, talking about revenues, future products, pricing decisions, unannounced financial results or similar matters is strictly prohibited.
- Directors, officers, employees and consultants should get appropriate permission before referring to or posting images of current or former directors, officers, consultants, employees, vendors or suppliers of the Company Entities. Additionally, appropriate permission should be obtained to use a third party's copyrights, copyrighted material, trademarks, service marks or other intellectual property.
- Social media use shouldn't interfere with responsibilities at the Company Entities. The computer systems of the Company Entities are to be used for business purposes only. When using the computer systems of the Company Entities, use of social media for business purposes is allowed (ex: Facebook, Twitter, blogs and LinkedIn), but personal use of social media networks or personal blogging of online content is discouraged and could result in disciplinary action.
- Subject to applicable law, after-hours online activity that violates the Code of Business Conduct and Code of Ethics or any other company policy may subject a director, officer, consultant or employee to disciplinary action and/or termination.
- If directors, officers, consultants or employees publish content after-hours that involves work or subjects associated with the Company, a disclaimer should be used, such as this: "The postings on this site are my own and may not represent IM Cannabis Corp.'s positions, strategies or opinions".
- It is highly recommended that directors, officers, consultants and employees keep social media accounts related to the Company Entities separate from personal accounts, if

practical.

14. WHISTLEBLOWING

The obligations of confidentiality set forth in this Policy are subject to applicable whistleblower laws, and to the Company's Whistleblower Policy and Procedures, which protect your right to provide information to governmental and regulatory authorities. You are not required to seek the Company's permission or notify the Company of any communications made in compliance with applicable whistleblower laws, and the Company will not consider such communications to violate this or any other Company policy or any agreement between you and the Company.

15. NON-COMPLIANCE

If any director, officer or employee of the Company discloses Company information in violation of this policy, such person shall be subject to disciplinary action, up to and including termination for cause. Furthermore, violations of this Policy may also be violations under applicable law and may result in penalties for both the Company and Company personnel.

16. CURRENCY OF THIS POLICY

This Policy was last approved by the Board on November 26, 2020.

SCHEDULE "A"

Examples of Information That May Be Material

(Based on National Policy 51-201 – *Disclosure Standards*)

1. Changes in "corporate" structure

- changes in share ownership that may affect control of the Company
- changes in corporate structure such as major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

2. Changes in capital structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in a company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

3. Changes in financial results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the assets of Company Entities
- any material change in the accounting policies of a Company Entity

4. Changes in business and operations

- any development that affects the resources, technology, products or markets of Company Entities
- a significant change in capital investment plans or corporate objectives

- major labour disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts or business
- changes to the Board or executive management of the Company or another Company Entity, including the departure of the Company's CEO, CFO or COO (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Company's securities or their movement from one quotation system or exchange to another

5. Acquisitions and dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other entities, including a take-over bid for, or merger with, another entity

6. Changes in credit arrangements

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the assets of a Company Entity
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

SCHEDULE “B”

Examples of Disclosures That May Be Necessary in the Course Of Business

(Based on National Policy 51-201 – *Disclosure Standards*)

1. Disclosure to:
 - vendors, suppliers, or strategic partners on issues such as research and development, sales and marketing, and supply contracts;
 - employees, officers, and Board members;
 - lenders, legal counsel, auditors, underwriters, and financial and other professional advisors to Company Entities;
 - parties to negotiations;
 - labour unions and industry associations;
 - government agencies and non-governmental regulators; and
 - credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency’s ratings generally are or will be publicly available).
2. Disclosure in connection with effecting a take-over bid, business combination or acquisition.
3. Disclosures in connection with a private placement.
4. Communications with controlling shareholders, in certain circumstances.

**TIMELY DISCLOSURE AND CONFIDENTIALITY POLICY
CERTIFICATE**

I certify that I have read and fully understand IM Cannabis Corp.'s Timely Disclosure and Confidentiality Policy and will comply fully with its provisions

Per: _____
Signature

Name

Position

Date