



Panaxia ramping up expansion into Europe and stepping away from distribution and logistics operations in Israel:
Announces agreement to sell its distribution and logistics activity in Israel to IMC for NIS 20 million in cash and cash equivalents

The decision was made as part of Panaxia's strategic focus on its core activities - exports to Europe and independent production of products for the premium market in Israel - characterized by high profitability and a small number of competitors

Lod, April 30, 2021- Panaxia Labs Israel Ltd. ("Panaxia Israel," TA: PNAX), a leading global medical cannabis company, exporter and Israel's largest manufacturer of medical cannabis products, stated today that it had entered into an agreement to sell its Israeli distribution and logistics operations to cannabis company IMC (Nasdaq/CSE: IMC) for NIS 20 million in cash and cash equivalents (which will be derived from the sale of IMC negotiable shares). The sale of the operation will be done in two stages, and in the first stage, it includes, among other things, the sale of distribution service, Panaxia to Your Door, and part of pharmaceutical trading house activity, and in the second stage, the transfer of the rights to the pharmaceutical trading house license, which is subject, among other things, to approval of the Medical Cannabis Unit of the Ministry of Health. Additionally, as part of the agreement, IMC was given an option to acquire the company's pharmacy activity in 2022. Production of Panaxia's medical cannabis products is unaffected by the agreement and continues to be performed at its production facility in Lod.

Upon the closing of the sale of the assets under the agreement, including exercise of the option, Panaxia, will in fact, complete the sale of its retail operations in Israel, a move that is yet another step towards implementing its strategic plan to focus on its core activity, exports to Europe and other markets outside of Israel. This goes hand in hand with the expansion of the company's independent production activity in Israel in the premium category, through a variety of additional advanced products it has developed. The launch of these products is expected in the coming months, along with the Axiban brand it shares with Israeli pharmaceutical company, Rafa. At this time, Panaxia is the only company in Israel with EU-GMP certification, and its products have been marketed in Germany, France and Cyprus since the first quarter of 2021.

According to the agreement, in the first stage, IMC will pay Panaxia NIS 9 million in cash, and the balance of NIS 11 million will be transferred upon completion of the second stage in IMC shares, including a full ratchet provision. Panaxia's total investment to date in the operation being sold is estimated at NIS 2 million.

The closing of the transaction is expected to improve Panaxia's operating profitability along with the growth and anticipated improvement in profitability thanks to expansion of export activity and local production for the premium sector in Israel in the coming quarters.

The transfer of the operations to IMC under the transaction also includes Panaxia employees employed by said operations. The closing of the transaction is contingent upon approval by the Israeli Ministry of Health ("MOH") and compliance with additional conditions precedent that are standard in these types of transactions.

Dr. Dadi Segal, CEO of Panaxia Global, said, "The agreement we entered into with IMC, our long-time partner, is an important strategic move that is a significant milestone in Panaxia's development into a leading global player in the medical cannabis arena. We established the logistics and distribution operation in response to the need of patients under the old regulation, who wanted to continue to have the products we manufacture delivered to their doorstep under the new regulation as well. Over the years, we improved the operation, which became the largest home delivery of medical cannabis products in Israel, and we are proud to hand over a strong asset to IMC and believe that our patients will continue to benefit from outstanding service, as they have up until now."

"This step is another important aspect in the shift from providing distribution and logistics services in Israel to a strategic focus on our core activities, upon which Panaxia was founded - foreign exports and independent production of a wide variety of sophisticated premium medical cannabis-based products for the Israeli market, backed by strong clinical data and a high therapeutic standard. The decision comes against the progress in Panaxia's export and sales activity in Europe, which began in the first quarter of the year and others steps we plan on taking in the coming quarters to expand activity,"

"No less important, this move will contribute to improving operating profitability and the structure of Panaxia's expenses, along with the anticipated growth and improved profitability anticipated in the coming quarters as a result of our focus on our core activities, which are characterized by strong margins and few competitors."

About Panaxia

Panaxia is a publicly-traded company on the Tel Aviv Stock Exchange (TASE: PNAX). It is a

leading global medical cannabis exporter and the largest Israeli manufacturer of medical cannabis products. Panaxia is the first company in Israel to receive approval from the Israeli Ministry of Health for the manufacturing of medicinal cannabis-based pharmaceuticals (under the IMC-GMP directive), and the only Israeli company to have received the EU-GMP standard certification required for commercial production and export of medical cannabis and its products to Europe. Panaxia's premium products are marketed in Germany, France, and Cyprus through strategic partnerships with European Pharma company Neuraxpharm and its subsidiaries. The company manufactures over 30 medicinal products and has accumulated a broad foundation of clinical experience based on tens of thousands of patients.

Panaxia Israel is a subsidiary of the Panaxia Pharmaceutical Industries, established by Dr. Dadi Segal (Ph.D.), Dr. Eran Goldberg (Ph.D.), and Assi Rotbart (LL. B), as the cannabis division of Segal Pharma Group, operating for over four decades with over 600 different pharmaceutical products distributed in over 40 countries all over the world.

Panaxia USA, another part of the Panaxia Group, manufactures over 60 medical cannabis-based products in North America, including sub-lingual tablets, lozenges, oils, inhalers and other products designed to treat illnesses such as PTSD, Cancer, Chronic Pain, Anorexia, Burns treatment and many more.

The Panaxia Group has over 150 employees.

Panaxia website: <https://panaxia.co.il/>

About IM Cannabis Corp.

IMC (CSE: IMCC, NASDAQ: IMCC) is a multi-country operator ("MCO") in the medical and adult-use recreational cannabis sector, headquartered in Israel and with operations in Israel, Germany and Canada. Over the past decade, the Company believes that the IMC brand has become synonymous with quality and consistency in the Israeli medical cannabis market. The Company has also expanded its business to offer intellectual property-related services to the medical cannabis industry.

In Europe, IMC operates through Adjupharm, a German-based subsidiary and EU GMP-certified medical cannabis processor and distributor. IMC's European presence is augmented by strategic alliances with various pan-European EU-GMP cultivators and distributors to capitalize on the increased demand for medical cannabis products in Europe and bring the IMC brand and its product portfolio to European patients.

In Canada, IMC operates through Trichome JWC Acquisition Corp. ("JWC"). JWC is a licensed producer located in Kitchener, Ontario, selling cannabis flower, pre-rolls, hash and kief in the Canadian recreational cannabis market under the JWC and Wagners brands. JWC operates with high standards for providing clean, consistent, aeroponically-grown premium cannabis products

to medical patients and the adult-use market throughout Canada and the world. On March 31, 2021, IMC entered into a definitive agreement to acquire MYM Nutraceuticals Inc. (“MYM”) and its licensed producer subsidiary, Highland Grow Inc. This transaction, if completed, will reinforce IMC’s goal of being a leading global premium cannabis producer and purveyor.