(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I Reportin	g Issuer				
1 Issuer's name		2 Issuer's employer identification	2 Issuer's employer identification number (EIN)		
IM Cannabis Corp.				None	
3 Name of contact for	additional information	5 Email address of contact			
Investor Relations 6 Number and street (or P.O. box if mail is not delivered to			972-58-6683040	investors@imcannabis.com 7 City, town, or post office, state, a	and ZIP code of contact
b Number and street (or P.O. box ii maii is no	t delivered to	street address) or contact	2 Gity, town, or post office, diato, o	and En dodd or bernaer
550 Burrard Street, Suit	te 2300			Vancouver, British Columbia V	6C 2B5
8 Date of action		9 Class	sification and description		
March 18, 2021 10 CUSIP number	11 Serial number		12 Ticker symbol	13 Account number(s)	
10 Ooon humber	TT GOTAL HAMIST	(0)	1		
44969Q	N/A		CSE: IMCC	N/A	
Part II Organiza	tional Action Atta	ch additiona	I statements if needed. S	ee back of form for additional questi	ions.
14 Describe the organ the action ► See		applicable, the	e date of the action of the da	ate against which shareholders' ownershi	p is measured for
THE ACTION See	attacned.				
					<u>-</u>
45 Describe the guard	situative offeet of the ora	anizational ac	tion on the basis of the secu	rity in the hands of a U.S. taxpayer as an	adjustment per
	entage of old basis ► S			111y my the flande of a city tangenty of the time	
onaro or ao a poros		ee attached.			
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16 Describe the calcu	lation of the change in	basis and the	data that supports the calcu	lation, such as the market values of secu	urities and the
valuation dates ▶					
					Form 8937 (12-2017)
For Paperwork Reducti	on Act Notice, see the	e separate Ins	structions.	Cat. No. 37752P	Form 0931 (12-2017)

Form 8	8937 ((12-2017)	Page Z
Par	-		
17			see attached.
		·	
10	Can	n any resulting loss be recognized? See attached.	
18.	Can	Tarry resulting loss be recognized: P See attached.	
19	Prov	ovide any other information necessary to implement the adjustment, such as the reportable tax year ▶ <u>See attach</u>	ied.
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			t the best of the bulledge and
	L	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has	to the best of my knowledge and as any knowledge.
		belief, it is true, correct, and complete. Declaration of property (editor than small), a small	
Sign		Date > llay	2 2021
Her	e	Signature Date Date	400
		Print your page 1 (1) Valle Shillstown Title CEO	
		Print/Type preparer's name Rreparer's signature Date Che	ck T if PTIN
Pai		Supplied to the supplied to th	-employed P01568530
Pre) Firm	n's EIN ▶ 41-0223337
Use		Firm's address Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104 Pho	ne no. (206) 903-8812
Send	For	rm 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden,	UT 84201-0054

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IM Cannabis Corp.

Attachments to Form 8937-Part II

Report of Organizational Actions Affecting Basis of Securities

<u>Consult your tax advisor</u>: The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Arrangement (as defined below) on the tax basis of shares in IM Cannabis Corp. ("IMCC"), in the hands of former shareholders of Trichome Financial Corp. ("Trichome") who are U.S. taxpayers ("U.S. Shareholders"). This discussion does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders.

For additional information, please read the Management Information Circular of Trichome (the "Trichome Circular"), which is available at www.sedar.com.

Part II Item 14. Description of organizational action

On March 18, 2021, IMCC acquired all of the issued and outstanding common shares of Trichome pursuant to an Arrangement Agreement and Plan of Arrangement (the "Arrangement"). Immediately thereafter, Trichome became a wholly-owned subsidiary of IMCC. Each former Trichome shareholder not exercising dissent rights in connection with the Arrangement received 0.24525 shares of IMCC common stock in exchange for each Trichome share of common stock surrendered in exchange therefor pursuant to the Arrangement.

U.S. Shareholders should review the Trichome Circular and consult their own tax advisors regarding the tax consequences of the Arrangement to them in light of their particular circumstances.

Part II Item 15. Description of the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer

The Arrangement is intended to qualify as a tax-deferred "reorganization" within the meaning of Code Section 368(a). As a result, provided the Arrangement qualifies as a tax-deferred "reorganization", each U.S. Shareholder should have a tax basis in its shares of IMCC common stock received pursuant to the Arrangement equal to such U.S. Shareholder's aggregate tax basis in the shares of Trichome common stock surrendered in exchange therefor.

Certain U.S. Shareholders may recognize gain under Code Section 367. U.S. Shareholders that recognized gain should have a tax basis in the IMCC common shares received pursuant to the Arrangement equal to their fair market value at the time of the Arrangement.

Part II Item 16. Description of the calculation of the change in basis

In the event the Arrangement is taxable, for purposes of calculating fair market value, the fair market value of a share of common stock of IMCC on March 18, 2021 is estimated at U.S.\$7.91, which was the average of the high and low prices for IMCC common shares on the CSE on March 18, 2021 as converted to U.S. dollars using the Daily Noon Exchange Rate on March 18, 2021 as published by the Bank of Canada.

Each U.S. Shareholder should consult with its own tax advisors to determine whether they are required to recognize gain and what measure of fair market value is appropriate.

Part II Item 17 List of Applicable Code Sections

The Arrangement is intended to qualify as a tax-deferred "reorganization" within the meaning of Code Section 368(a). Provided the Arrangement so qualifies, the consequences of the Arrangement to U.S. Shareholders should be determined under Code Sections 354, 358, 367, 368 and 1221.

Part II Item 18 Recognition of Loss

Provided the Arrangement qualifies as a tax-deferred "reorganization", then, in general, each U.S. Shareholder who received shares of IMCC common stock pursuant to the Arrangement should not recognize any loss.

Part II Item 19 Other Information

In general, any gain recognized should be reported by U.S. Shareholders for the taxable year which includes March 18, 2021 (e.g., a calendar-year shareholder would report the transaction on his, her or its federal income tax return filed for the 2021 calendar year).