

Part II Organizational Action (continued)

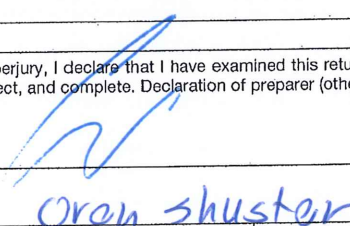
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached.

18. Can any resulting loss be recognized? ▶ See attached.

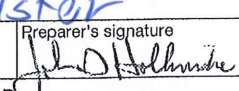
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ May 2, 2021
Print your name ▶ Oren Shuster Title ▶ CEO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
John D. Hollinrake Jr.		<u>3 May 2021</u>		<u>P01568530</u>
Firm's name ▶	Firm's address ▶		Firm's EIN ▶	Phone no.
<u>Dorsey & Whitney LLP</u>	<u>Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104</u>		<u>41-0223337</u>	<u>(206) 903-8812</u>

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

IM Cannabis Corp.

Attachments to Form 8937-Part II

Report of Organizational Actions Affecting Basis of Securities

Consult your tax advisor: 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).