

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: IM Cannabis Corp. (the "Issuer" or "IMC").

Trading Symbol: IMCC

Number of Outstanding Listed Securities as of 30/09/2021:

67,581,944 Common Shares, 7,362,759 Warrants

Date: October 6, 2021

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

- **On September 8, 2021, further to the Issuer's press releases dated April 30, 2021, June 1, 2021 and August 9, 2021, the Issuer provided additional information on the share consideration component (the "Panaxia Consideration Shares") of its acquisition of the Panaxia-to-the-Home online pharmacy and trading house license (the "Panaxia Assets") from Panaxia Pharmaceutical Industries Israel Ltd. and Panaxia Logistics Ltd., part of the Panaxia Labs Israel, Ltd. group of companies ("Panaxia"). On September 1, 2021, the Issuer issued the second instalment of 246,007 Panaxia Consideration Shares at a price of US\$3.68 per Panaxia Consideration Share, representing an aggregate value of US\$905,305.76. Up to three additional instalments (each, an "Additional Instalment") are expected. The next two Additional Instalments will be issued on the first trading day of each of the next two consecutive months. The fifth and final Additional Instalment will be issued upon the later of (i) four months from the issuance of the first instalment of Panaxia Consideration Shares; or (ii) the second closing of the Transaction, which is subject to the approval of the Israeli Ministry of Health.**

2. Provide a general overview and discussion of the activities of management.

Management of the Issuer ("Management") is focused on continuing the Issuer's growth in all three markets in which it currently operates: Israel, Germany and Canada. Following the successful completion of the acquisition of Trichome Financial Corp. ("Trichome") and MYM Nutraceuticals Inc. ("MYM") on March 18, 2021 and July 9, 2021, respectively, Management is focused on integrating and managing its Canadian assets in Canada and maximizing company-wide revenue and margins. Management is also focused on identifying new strategic investments and growth opportunities in Israel and Europe, including, but

not limited to, entering the distribution and retail segments in Israel, and securing additional supply, distribution and sale agreements in Germany through Adjupharm GmbH (“Adjupharm”) and in Israel through Focus Medical Herbs Ltd.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Not Applicable.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not Applicable.

5. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

- **On September 13, 2021, the Issuer entered into an investor relations and communication services agreement with Maya Lustig d/b/a HandsOn (“HandsOn”). HandsOn and Maya Lustig are not a related Person of the Issuer.**
- **On September 17, 2021, Adjupharm signed a five-year exclusive supply agreement for the German market with Zelira Therapeutics Ltd. Adjupharm will distribute the product, Zenivol, in Germany, which is a proprietary cannabinoid-based medicinal product for treatment of chronic insomnia, supported by clinical data.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer’s affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

The factoring agreement (the “48North Agreement”) between 48North Cannabis Group of Companies (“48North”) and Trichome Financial Cannabis Private Credit LP (“Trichome LP”) was terminated prior to maturity of the 48North Agreement after 48North was acquired by a third party. The Issuer’s subsidiary, Trichome, managed the day-to-day factoring activities of Trichome LP and in return, collected an origination fee based on the value of the interest earned on all receivable balances factored under the 48North Agreement.

Trichome LP is an equity accounted investment under IFRS of the Issuer’s subsidiary Trichome.

Trichome LP repaid all capital contributed by participants which was initially used to finance advances under the 48North Agreement. This included repayments to certain key members of Trichome's management who had contributed to Trichome LP at the onset of the 48North Agreement.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not Applicable.

8. Describe the acquisition of new customers or loss of customers.

See Section 5 above.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not Applicable.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Adjupharm hired a sales representative.

11. Report on any labour disputes and resolutions of those disputes if applicable.

Not Applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not Applicable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

As previously noted in the May 2021 CSE Form 7, Trichome JWC Acquisition Corp. ("TJAC"), a wholly-owned subsidiary of Trichome, entered into a revolving credit facility (the "Facility") with a private Canadian creditor for a total commitment of up to \$5 million.

In August, TJAC amended the terms of the Facility to include the Issuer's newly acquired subsidiary, MYM, as a borrower thereunder.

During the month, the overall commitment of the Facility was increased from \$5 million to \$7.5 million in order to increase liquidity at TJAC and MYM and provide more flexibility for their respective management teams to manage cash flow requirements.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	246,007	Issued to Panaxia as the second instalment of Panaxia Consideration Shares, as further detailed in Section 1.	N/A
	37,499	Exercise of 37,499 stock options	\$59,998.40 to be used for working capital.
Incentive Stock Options	29,000	Each incentive stock option granted on September 27, 2021 is exercisable for one common share at an exercise price of \$4.50 for a period of five years from the grant date.	N/A

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

See Section 6 for more details regarding transactions involving related parties during the month.

16. Provide details of any changes in directors, officers or committee members.

Not Applicable.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The current global uncertainty with respect to the spread of COVID-19, the rapidly evolving nature of the pandemic and local and international developments related thereto and its effect on the broader global economy and capital markets may impact the Issuer's business in the coming months.

The Issuer has taken proactive measures to protect the health and safety of its employees in order to continue delivering high quality medical cannabis products to its patients and to maintain its financial health. The Issuer has postponed planned investments in certain jurisdictions until global economic risks subside, but it continues to focus on its acquisition strategy in Canada and Europe. The Issuer also continues to develop the

IMC brand by increasing physician awareness and engagement to drive sales of IMC-branded medical cannabis products in Germany and by seeking new supply and sales agreements in Israel.

While the precise impact of the COVID-19 outbreak on the Issuer remains unknown, the rapid spread of COVID-19 and declaration of the outbreak as a global pandemic have resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which could have negative impact on businesses around the world, including the cannabis markets in which the Issuer and its subsidiaries and related companies operate. Such implications may also affect Trichome's debtors, including their respective abilities to repay their obligations. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets. These disruptions could cause interruptions in supplies and other services from third parties upon which the Issuer relies; decrease demand for products; and cause staff shortages, reduced customer traffic, and increased government regulation, all of which may materially and negatively impact the business, financial condition and results of operations of the Issuer, its subsidiaries and Focus Medical.

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: October 6, 2021

Oren Shuster
Name of Director or Senior
Officer

"Oren Shuster"
Signature

Chief Executive Officer
Official Capacity

Issuer Details		For Month End	Date of Report
Name of Issuer		September 2021	YY/MM/D
IM Cannabis Corp.			2021/10/07
Issuer Address			
550 Burrard Street, Suite 2300, Bentall 5			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Vancouver, BC V6C 2B5		()	+972 546687515
Contact Name		Contact Position	Contact Telephone No.
Yael Harrosh		General Counsel and Business Manager	+972 546687515
Contact Email Address		Web Site Address	
yael.h@imcannabis.com		http://www.imcannabis.com/	