UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

December 7, 2022
Date of Report (Date of earliest event reported)

BODY AND MIND INC.

(Exact name of registrant as specified in its charter)

Nevada	000-55940	98-1319227
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer IdentifiCAtion No.)

750 – 1095 West Pender Street Vancouver, British Columbia, Canada	V6E 2M6
(Address of principal executive offices)	(Zip Code)

(800) 361-6312
Registrant's telephone number, including area code

Not applicable.
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐	Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (Section 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Section 240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

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EXPLANATORY NOTE

This Current Report on Form 8-K/A (the "Amendment No. 1") amends the Current Report on Form 8-K (the "Original Form 8-K") filed by Body and Mind Inc. (the "Company") dated December 7, 2022 and filed with the Securities and Exchange Commission on December 13, 2022.

This Amendment No. 1 is solely for the purpose of providing the financial statements and information required by Item 9.01(a) of Form 8-K and the pro forma financial information required by Item 9.01(b) of Form 8-K in connection with the Company's previously reported acquisition of Canopy Monterey Bay, LLC ("Canopy").

SECTION 2 – FINANCIAL INFORMATION

Item 2.01 Completion of Acquisition or Disposition of Assets

This Amendment No. 1 on Form 8-K/A amends and supplements the Original Form 8-K to include the historical audited and unaudited financial statements of Canopy and the pro forma combined financial information required by Item 9.01 of Form 8-K that were not included in the Original Form 8-K. All disclosure under Item 2.01 in the Original Form 8-K is hereby incorporated by reference into this Item 2.01. Except as set forth herein, no modifications have been made to information contained in the Original Form 8-K, and the Company has not updated any information contained therein to reflect events that have occurred since the date of the Original Form 8-K.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of business acquired

The audited financial statements of Canopy as of and for the year ended December 31, 2020, with the accompanying notes, are attached hereto as Exhibit 99.1.

The unaudited interim financial statements of Canopy for the nine months ended September 30, 2021, with the accompanying notes, are attached hereto as Exhibit 99.2.

(b) Pro forma financial information

The unaudited pro forma combined financial information of the Company and Canopy as of and for the three months ended October 31, 2021 and for the twelve months ended July 31, 2021, with accompanying notes, are attached hereto as Exhibit 99.3.

(d) Exhibits

Exhibit	Description
23.1	Consent of Sadler, Gibb & Associates, LLC
99.1	Audited financial statements of Canopy as of and for the year ended December 31, 2020.
99.2	Unaudited interim financial statements of Canopy for the nine months ended September 30, 2021.
99.3	Unaudited pro forma combined financial statements as of and for the three months ended October 31, 2021 and for the twelve months ended July 31, 2021.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BODY AND MIND INC.

DATE: March 6, 2023

By: */s/ Michael Mills*
Michael Mills
President, CEO and Director

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Canopy Monterey Bay, LLC

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
AND FINANCIAL STATEMENTS

For the year ended December 31, 2020

(Expressed in U.S. Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members and Management of Canopy Monterey Bay LLC:

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Canopy Monterey Bay LLC ("the Company") as of December 31, 2020, the related statement of income, changes in members' equity, and cash flows for the year ended December 31, 2020 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there were no critical audit matters.

/s/ Sadler, Gibb & Associates, LLC

We have served as the Company's auditor since 2021.

Draper, UT
August 19, 2022

Canopy Monterey Bay, LLC
Balance Sheet
(U.S. Dollars)

		December 31, 2020
ASSETS		
Current		
Cash	$	540,849
Prepaid expenses		37,652
Inventory		698,729
Other assets		15,000
Total Current Assets		1,292,230
Loan receivable – related party		20,000
Operating lease right-of-use asset *(Note 10)*		200,198
Property and equipment, net *(Note 5)*		36,483
TOTAL ASSETS	$	1,548,911
LIABILITIES		
Current		
Accounts payable and accrued expenses	$	654,085
Notes payable – related parties *(Note 6)*		331,299
Operating lease liabilities – current portion *(Note 10)*		71,612
Total Current Liabilities		1,056,996
Operating lease liabilities – net of current portion *(Note 10)*		140,061
TOTAL LIABILITIES		1,197,057
Commitments and Contingencies		
MEMBERS' EQUITY		
Members' capital		22,000
Retained earnings		329,854
TOTAL MEMBERS' EQUITY		351,854
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	1,548,911

The accompanying notes are an integral part of these financial statements.

Canopy Monterey Bay, LLC

Statement of Income
(U.S. Dollars)

		December 31, 2020
Sales	$	8,552,366
Cost of sales		5,226,828
		3,325,538
Operating Expenses		
Accounting and legal		102,273
Business development		148,950
Depreciation		5,711
Insurance		54,244
Lease expense		138,337
Licenses, utilities, and office administration		229,698
Salaries and wages		996,377
		1,675,590
Net Operating Income Before Other Income		1,649,948
Other expense (income)		
Interest expense		42,394
Other expense		86,131
Net Income Before Income Tax		1,521,423
Provision for income taxes		(830,710)
Net Income	$	690,713

The accompanying notes are an integral part of these financial statements.

Canopy Monterey Bay, LLC

Statement of Changes in Members' Equity
(U.S. Dollars)

	Members' Capital	Retained Earnings	Total
Balance – December 31, 2019	$ 222,000	$ (360,859)	$ (138,859)
Members capital distribution	(200,000)	-	(200,000)
Net income	-	690,713	690,713
Balance – December 31, 2020	$ 22,000	$ (329,854)	$ 351,854

The accompanying notes are an integral part of these financial statements.

Canopy Monterey Bay, LLC
Statement of Cash Flows

Cash Resources Provided By (Used In)		**2020**
Operating Activities		
Net income	$	690,713
Items not affecting cash:		
Depreciation		5,711
Interest expense on lease liability		11,475
Changes in operating assets and liabilities:		
Prepaids		270,715
Inventory		(434,192)
Trade payables and accrued liabilities		149,975
Other assets		(15,000)
Cash provided by operating activities		679,397
Investing Activity		
Loan receivable – related party		(20,000)
Purchase of property and equipment		(17,465)
Cash used in investing activities		(37,465)
Financing Activities		
Member capital distribution		(200,000)
Cash used in financing activities		(200,000)
Net Increase in Cash		441,932
Cash– Beginning of Year		98,917
Cash– End of Year	$	540,849

Supplemental Disclosures with Respect to Cash Flows *(Note 9)*

The accompanying notes are an integral part of these financial statements.

1. Nature and Continuance of Operations

Canopy Monterey Bay LLC (the "Company") is a California limited liability company organized on 25 July 2017. The Company owns one retail cannabis dispensary in the limited license jurisdiction of Seaside, California.

2. Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, Disclosure Framework –Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 is effective for annual and interim periods beginning after 15 December 2019. Adopting this ASU did not have a significant impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes. ASU 2019-12 removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. ASU 2019-12 is effective for annual and interim periods beginning after 15 December 2020. Early adoption is permitted. The Dispensary does not anticipate this amendment to have a significant impact on the financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the financial position, statements of operations and cash flows.

3. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Basis of presentation

These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in U.S. dollars. The Company's fiscal year end is December 31.

Cash

At 31 December 2020, the Company had $494,246 in its bank accounts and $46,603 cash on hand at is dispensary location. Cash and cash equivalents include all highly liquid investments with original maturities, when purchased, of three months or less.

Revenue recognition

The Company recognizes revenue from product sales when our customers obtain control of our products. As a retail operation, this occurs when the customers pay for the products. Upon transfer of control, the Company has no further performance obligations.

Due to the nature of the Company's revenue from contracts with customers, the Company does not have material contract assets or liabilities that fall under the scope of ASC 606.

The Company's revenues accounted for under ASC 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue streams. The sales prices are generally fixed and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

Inventory

Inventory consists of finished goods available for sale at the retail store. The Company values its finished goods at the lower of the actual costs or its current estimated market value less costs to sell. The Company periodically reviews its inventory for obsolete and potentially impaired items. As of 31 December 2020, the Company has no allowance for inventory obsolescence.

Property and equipment

Property and equipment are stated at cost and are amortized over their estimated useful lives on a straight-line basis as follows:

Computer equipment	3 years
Equipment	7 years
Leasehold improvements	shorter of 15 years or the term of the lease

Income taxes

The Company operates as a limited liability company but has elected to be taxed as a C-Corp. Deferred income taxes are reported for timing differences between items of income or expense reported in the consolidated financial statements and those reported for income tax purposes in accordance with ASC 740, “Income Taxes”, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

The Company evaluates its uncertain tax positions and would recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position of for all uncertain tax positions in the aggregate could differ from the amount recognized. Management does not believe that the Company has any uncertain tax provisions.

Advertising

Advertising expenses to promote the Company’s services are expensed as incurred. Advertising expenses included in business development expense was $124,263 for the year ended December 31, 2020.

Fair value measurements

The Company accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. We categorize each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. Our Level 3 assets and liabilities include investments in other private entities, and goodwill and intangible assets, when they are recorded at fair value due to an impairment charge. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

Financial assets and financial liabilities have fair values that approximate their carrying values.

Use of estimates and assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Lease accounting

The Company adopted ASC 842, leases effective January 1, 2020 using a modified retrospective approach. Under ASC 842, leases are separated into two classifications: operating leases and financial leases. Lease classification under ASC 842 is relatively similar to ASC 840. For a lease to be classified as a finance lease, it must meet one of the five finance lease criteria: (1) transference of title/ownership to the lessee, (2) purchase option, (3) lease term for major part of the remaining economic life of the asset, (4) present value represents substantially all of the fair value of the asset, and (5) asset specialization. Any lease that does not meet these criteria is classified as an operating lease. ASC 842 requires all leases to be recognized on the Company's balance sheet. Specifically, for operating leases, the Company recognizes a right-of-use asset and a corresponding lease liability upon lease commitment.

4. Financial Instruments

The following table represents the Company's financial instruments as of 31 December 2020:

		As of 31 December 2020
Financial assets at fair value		
Cash	$	540,849
Financial liabilities at amortized cost		
Accounts payable and accrued expenses	$	654,085

Management of financial risks

The financial risk arising from the Company's operations include credit risk, liquidity risk and interest rate risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk related to cash and cash equivalents as it holds cash in excess of federally insured limits, with major financial institutions. The Company mitigates this risk by managing and monitoring the underlying business relationship.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company had a working capital of $235,233 at 31 December 2020 and a positive cash flows from operations for the years then ended. The Company mitigates this risk by management and monitoring operating cash flows.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not hold financial instruments that will fluctuate in value due to changes in interest rates.

5. Property and Equipment

	Leasehold Improvement	Vehicles	Furniture and Equipment	Total
Cost:				
Balance, 1 January, 2020	$ 14,538	$ 6,800	$ 6,729	$ 28,067
Additions	1,602	13,400	2,463	17,465
Balance, 31 December 2020	$ 16,140	$ 20,200	$ 9,192	$ 45,532
Accumulated Depreciation:				
Balance, 1 January, 2020	$ 970	$ 1,407	$ 961	$ 3,338
Depreciation	1,513	2,885	1,313	5,711
Balance, 31 December 2020	$ 2,483	$ 4,292	$ 2,274	$ 9,049
Net Book Value:				
At 31 December 2020	**$ 13,657**	**$ 15,908**	**$ 6,918**	**$ 36,483**

The Company recorded depreciation expense of $5,711 for the year ended December 31, 2020.

6. Related Party Transactions

The notes payable at 31 December 2020 in the amount of $331,299 were provided by two member-owners of the Company in June 2018 and were unsecured, accrued interest at 10%, and were due on January 1, 2025. The Notes were used to help secure working capital needs of the Company. The Company incurred interest expense of $42,394 for the year ended December 31, 2020. As of December 31, 2020 the Company had accrued interest of $115,127 classified within accrued expenses.

In October 2020, the Company entered into a promissory note with a Company that is majority owned by the owners of the Company for working capital needs and to purchase product. The Company entered into a $61,000 promissory note but only lent $20,000 to the related party borrower during the year ended December 31, 2020. The promissory note has a 10% interest rate and is due by April 30, 2022. The loan is collateralized by the product purchased with the loan.

7. Members' Equity

The Company has authorized one class of unit for its members. During the year ended December 31, 2020 the Company made distributions of $200,000 to its owners.

8. Segmented Information and Major Customers

All of the Company's revenue generating activities and capital assets relate to this segment and are located in California, USA. During the year ended 31 December 2020, the Company had no major customer over 10% of its revenues.

9. Supplemental Disclosures with Respect to Cash Flows

The Company adopted ASC 842, Lease Accounting, on January 1, 2020 at which time the Company recognized right-of-use assets, and a corresponding increase in lease liabilities, in the amount of $276,269.

10. Operating Leases

On July 1, 2018 Company entered into a three-year lease agreement for the property located at 1900 Fremont Blvd, Seaside, CA, containing approximately 5,000 square feet. Current monthly rent is $7,416. Subsequent to December 31, 2020, the Company extended their lease with the landlord to June 2023.

On adoption of ASC 842, Lease Accounting, the Company recognized right-of-use assets, and a corresponding increase in lease liabilities, in the amount of $276,269 which represented the present value of future lease payments using a discount rate of 12% per annum.

During the year ended 31 December 2020, the Company recorded lease expense of $138,337 of which $11,475 related to the accretion of lease liabilities and the decrease of right-of-use assets. The Company made payment of $127,696 for lease payments to its landlord for the year.

Supplemental cash flow information related to leases was as follows:

Right-of-use assets obtaining in exchange for lease obligations:		
Operating leases	$	276,269
Weighted-average remaining lease term – operating leases		2.5 years
Weighted-average discount rate – operating leases		12%

The discount rate of 12% was determined by the Company as the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Maturities of lease liabilities were as follows:

Year Ending 31 December		**Operating Leases**
2021	$	91,742
2022		108,000
2023		54,000
Total lease payments	$	253,742
Less imputed interest		(42,069)
Total	$	211,673
Less current portion		(71,612)
Long term portion	$	140,061

11. Income Taxes

The provision for income taxes consists of the following:

	2020
Income tax provision:	
Federal	695,989
State	134,721
Provision for income taxes	830,710

A reconciliation of the income tax expense calculated using the applicable federal statutory rate to the Company's actual income tax expense is as follows:

	2020
Federal statutory income tax rate	21.0%
State and local income taxes	8.8%
IRC 280E Disallowance	26.0%
Other	1.2%
	57.0%

Deferred income taxes are recognized for the future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities. The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and tax liabilities are as follows:

	2020
Deferred tax assets:	
Fixed assets	751
Less: valuation allowance	(751)
Total deferred tax assets	-
Net deferred tax asset (liability)	-

The valuation allowance for deferred tax assets decreased by $479 to $751 in 2020. In determining the carrying value of our deferred tax assets, the Company evaluated all available evidence that led to a conclusion that based upon the more-likely-than-not standard of the accounting literature, these deferred tax assets were unrecoverable.

All tax years for both federal and state purposes remain open and subject to examination by tax jurisdictions.

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The CARES Act is an emergency economic stimulus package that includes spending and tax breaks to strengthen the United States economy and fund a nationwide effort to curtail the effect of COVID-19. While the CARES Act provides sweeping tax changes in response to the COVID-19 pandemic, some of the more significant provisions are the extension of the carryback period of certain losses to five years, and the suspension of the 80 percent limitation imposed by the Tax Cuts and Jobs Act of 2017 (TCJA) on utilization of net operating losses generated in 2018, 2019 and 2020 to offset taxable income generated in tax years prior to 2021. The CARES Act also increased the ability to deduct interest expense from 30 percent, as imposed by the TCJA, to 50 percent of modified taxable income. The CARES Act also provides a credit against employee wages, the opportunity to defer payment of a portion of federal payroll taxes to December 2021 and December 2022, and enhanced small business loans to assist businesses impacted by the pandemic. The Company's tax provision and financial position was not materially impacted by the CARES Act.

On December 27, 2020, the United States enacted the Consolidated Appropriations Act, which extended and modified many of the tax related provisions of the CARES Act. The Company does not anticipate a material impact of the Consolidated Appropriations Act on its tax provision or financial position.

12. Commitments and Contingencies

The Company is not currently subject to any material legal proceedings.

13. Subsequent Events

Purchase Agreement

On December 1, 2021, Body and Mind, Inc, ("Body and Mind") announced the entering into of two definitive agreements with the Company and the membership interest owners (the "Sellers") of the Company to acquire an aggregate of 100% of the Company.

The first purchase agreement ("PA #1") between Body and Mind's subsidiary, DEP Nevada, Inc. ("DEP"), the Company and all of the Sellers provides for the assignment of 80% of the membership interests of the Company to DEP in exchange for a purchase price of US$4.8 million comprised of US$2.5 million in cash (the "Cash Purchase Price") and a secured promissory note in the amount of $2.3 million bearing interest at a rate of 10% per annum compounded annually and having a maturity date of five years from the effective date of PA #1. Interest is payable for the first 6 months with the principal and accrued interest due at maturity. There are no prepayment penalties. The Cash Purchase Price is to be paid into escrow pursuant to an escrow agreement between the parties to PA #1 and Secured Trust Escrow, which Cash Purchase Price is to be released to the Sellers upon the receipt of city and state approval, or returned to DEP in the event of the denial of city and state approval and the agreement is terminated, in which case the 80% membership interests will be transferred back to the Sellers and the promissory note will be terminated.

The second purchase agreement ("PA #2") between DEP and the one continuing Seller provides for the assignment of the remaining 20% of the membership interests of the Company to DEP following the receipt of the city and state approval under PA #1 in exchange for US$1 million to be paid in either shares of common stock of Body and Mind (the "Consideration Shares") or in cash at DEP's sole option if such payment takes place within six (6) months following the execution of PA #1. If DEP elects to pay the purchase price in Consideration Shares, the amount of Consideration Shares shall be determined based on the 10 day volume weighted average price ("VWAP") ending on November 30, 2021, which is US$0.3665 per share for a total of 2,728,156 shares. PA #2 contains a working capital adjustment provision, which provides that if there is a working capital deficiency as of the closing date of PA #1, then the purchase price under PA #2 shall be reduced by the amount of the deficiency, and if there is a working capital surplus as of the closing date of PA #1, then the purchase price under PA #2 shall be increased by the amount of the surplus.

On 17 June 2022, Body and Mind, through its wholly owned subsidiary, DEP, entered into the first amendment to PA #1 and PA #2 (the "First Amendment") whereby the cash purchase price under PA #1 will be reduced from US$2.5 million to US$1.25 million and Body and Mind will issue US$1.25 million shares of common stock of Body and Mind to the Sellers based on the 10 day VWAP for the ten (10) consecutive trading days prior to the effective date of the First Amendment (the "Effective Date") and subject to compliance with the policies of the Canadian Securities Exchange (the "CSE"). Body and Mind will also issue additional shares to Cary Stiebel equal to the difference between the amount of the shares of common stock of Body and Mind that were issued by Body and Mind to Mr. Stiebel on December 3, 2021 (the "PA #2 Shares") and the amount of shares that Mr. Stiebel would have received had the VWAP for the PA #2 Shares been calculated as of the Effective Date (the "Additional PA #2 Shares"). Additionally, on the date that is eighteen (18) months (548 days) following the Effective Date of this First Amendment (the "Additional Share Issuance Date") Body and Mind will issue US$100,000 worth of shares to the Sellers based on the ten (10) day VWAP and subject to compliance with the policies of the CSE, calculated as of the Additional Share Issuance Date. Furthermore, DEP shall cause Body and Mind to issue to Mr. Stiebel Three Hundred Thousand Dollars (US$300,000.00) worth of shares of common stock of Body and Mind within three (3) days following the Effective Date of this First Amendment, which shall be priced at the ten (10) day VWAP calculated as of the Effective Date of this First Amendment, and subject to compliance with the policies of the CSE (the "Additional True-up Shares"). Prior to the conclusion of the calculation of the actual working capital in accordance with PA #1 and PA #2, Sellers shall complete, execute and deliver to DEP Schedule D to the First Amendment, which shall set forth the amount of Additional True-up Shares each Seller is entitled to (as applicable) and such Additional True-up Shares shall be retitled in accordance with Schedule D to the First Amendment. In the event Schedule D to the First Amendment is not completed, executed and delivered to DEP prior to the conclusion of the calculation of the actual working capital, DEP shall have no obligation to retitle the shares and all Sellers hereby waive any claims against DEP and Body and Mind in connection with such issuance made in accordance with Section 2(b)(v) of the First Amendment. Upon conclusion of the calculation of the actual working capital in accordance with PA #1 and PA #2, the parties agree as follows:

(a) If the actual working capital is less than the target working capital of $nil, the Purchase Price (as defined in PA #2) shall be reduced by an amount equal to the difference between the target working capital and the actual working capital and all of the Additional True-up Shares shall be forfeited and retuned to Body and Mind for cancellation;

(b) If the actual working capital is greater than the target working capital of $nil and the Additional True-up Shares are sufficient to cover the difference between the actual working capital and the target working capital (the “DEP Deficit”), the parties agree that all or a portion of the Additional True-up Shares (valued at the ten (10) day VWAP calculated as of the Effective Date of the First Amendment and subject to compliance with the policies of the CSE) shall be issued to Sellers to satisfy the DEP Deficit owed by DEP to the Sellers in accordance with Section 2.02(b) of PA #2;

(c) If the actual working capital is greater than the target working capital and the Additional True-up Shares are insufficient to cover the DEP Deficit, all of the Additional True-up Shares shall be issued to Sellers and the parties agree that any additional amounts owed to the Sellers shall be paid by DEP to the Sellers via additional shares of common stock of Body and Mind.

In addition to the terms of the First Amendment, the parties have agreed that the release of any Additional True-up Shares hereunder shall be subject to the Sellers providing written direction to DEP for the release of the Additional True-up Shares payable under the First Amendment.

Seller Consulting Services Engagement

As part of the acquisition agreements PA#1 and PA#2 on November 29, 2021, a Letter of Intent (LOI) was executed to engage the Sellers, Jayme Rivard and Cary Stiebel, as business consultants at a rate of $5,000 per month each, for 12 months beginning December 1, 2021.

Subsequently, this LOI was amended on June 2, 2022 to extend the agreement until December 31, 2024 and for Body and Mind to issue 100,000 stock options to purchase 100,000 shares of Body and Mind 's common stock to Consultant, Mr. Stiebel, and 100,000 stock options to purchase 100,000 shares of Body and Mind 's common stock to Consultant, Jayme Rivard (collectively, the "Stock Options"). The exercise price for the Stock Options shall not be lower than the greater of the closing market price of Body and Mind 's shares on (a) the trading day prior to the date of grant of the Stock Options, and (b) the date of grant of the Stock Options and will have an expiry date of five (5) years from the date of grant. Any delays by any of the Sellers (as defined in MIP A # 1) in providing requested materials, escrow instructions or otherwise failing to cooperate with Buyer will extend the Closing Deadline by an amount corresponding to the length of delay caused by Sellers. As of the date of these financial statements, the Stock Options have not been granted.

Further, this LOI was amended again on August 5, 2022 to defer all payments for consulting services from August 1, 2022 to August 1, 2023, in lieu of potential unknown working capital liabilities.

Lease

In July 2021, the Company extended their retail lease until June 30, 2023.

Canopy Monterey Bay, LLC

UNAUDITED FINANCIAL STATEMENTS

For the nine months ended September 30, 2021

(Expressed in U.S. Dollars)

Unaudited Financial Statements

Canopy Monterey Bay, LLC
Balance Sheet
(U.S. Dollars)

ASSETS	**September 30, 2021**
	(Unaudited)
Current	
Cash	$ 380,455
Prepaid expenses	42,750
Inventory	474,138
Loan receivable – related party	16,128
Total Current Assets	913,471
Loan receivable – related party	20,000
Operating lease right-of-use asset *(Note 10)*	144,396
Property and equipment, net *(Note 5)*	34,304
TOTAL ASSETS	$ 1,112,171
LIABILITIES	
Current	
Accounts payable and accrued expenses	$ 506,825
Notes payable – related parties *(Note 6)*	106,299
Operating lease liabilities – current portion *(Note 10)*	92,218
Total Current Liabilities	705,342
Operating lease liabilities – net of current portion *(Note 10)*	68,866
TOTAL LIABILITIES	774,208
Commitments and Contingencies	
MEMBERS' EQUITY	
Members' capital	22,000
Retained earnings	315,963
TOTAL MEMBERS' EQUITY	337,963
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 1,112,171

The accompanying notes are an integral part of these financial statements.

Canopy Monterey Bay, LLC
Statement of Operations
(U.S. Dollars)

	Nine Months Ended September 30, 2021
	(Unaudited)
Sales	$ 7,931,386
Cost of sales	6,150,802
	1,780,584
Operating Expenses	
Accounting and legal	85,799
Business development	114,232
Depreciation	5,656
Insurance	43,895
Lease expense	123,095
Licenses, utilities, and office administration	151,495
Salaries and wages	792,665
	1,316,837
Net Operating Income Before Other Expense	463,747
Other expense	
Interest expense	21,057
Net Income Before Income Tax	442,690
Provision for income taxes	(456,581)
Net Loss	$ (13,891)

The accompanying notes are an integral part of these financial statements.

Canopy Monterey Bay, LLC

Statement of Changes in Members' Equity
For the Nine Months Ended September 30, 2021
(U.S. Dollar)
(Unaudited)

	Members' Capital	Retained Earnings	Total
Balance – December 31, 2020	$ 22,000	$ 329,854	$ 351,854
Net loss	-	(13,891)	(13,891)
Balance – September 30, 2021	$ 22,000	$ 315,963	$ 337,963

The accompanying notes are an integral part of these financial statements.

Canopy Monterey Bay, LLC
Statement of Cash Flows

Cash Provided By (Used In)	Nine Months Ended September 30, 2021
Operating Activities	(Unaudited)
Net loss	$ (13,891)
Items not affecting cash:	
Depreciation	5,655
Interest expense on lease liability	5,212
Changes in operating assets and liabilities:	
Prepaids	(5,098)
Inventory	224,591
Other assets	(1,128)
Trade payables and accrued liabilities	(147,259)
Cash provided by operating activities	68,082
Investing Activities	
Purchase of property and equipment	(3,476)
Cash used in investing activities	(3,476)
Financing Activities	
Repayment of notes payable	(225,000)
Cash used in financing activities	(225,000)
Net Change in Cash	(160,394)
Cash– Beginning of Year	540,849
Cash– End of Year	$ 380,455

Supplemental Disclosures with Respect to Cash Flows *(Note 9)*

The accompanying notes are an integral part of these financial statements.

1. Nature and Continuance of Operations

Canopy Monterey Bay LLC (the "Company") is a California limited liability company organized on 25 July 2017. The Company owns one retail cannabis dispensary in the limited license jurisdiction of Seaside, California.

2. Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes. ASU 2019-12 removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. ASU 2019-12 is effective for annual and interim periods beginning after 15 December 2020. Adopting this ASU did not have a significant impact on the Company's consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the financial position, statements of operations and cash flows.

3. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Basis of presentation

These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in U.S. dollars. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The Company's fiscal year end is December 31.

Cash

At September 30, 2021, the Company had $358,758 in its bank accounts and $21,697 cash on hand at is dispensary location. Cash and cash equivalents include all highly liquid investments with original maturities, when purchased, of three months or less.

Revenue recognition

The Company recognizes revenue from product sales when our customers obtain control of our products. As a retail operation, this occurs when the customers pay for the products. Upon transfer of control, the Company has no further performance obligations.

Due to the nature of the Company's revenue from contracts with customers, the Company does not have material contract assets or liabilities that fall under the scope of ASC 606.

The Company's revenues accounted for under ASC 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue streams. The sales prices are generally fixed and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

Inventory

Inventory consists of finished goods available for sale at the retail store. The Company values its finished goods at the lower of the actual costs or its current estimated market value less costs to sell. The Company periodically reviews its inventory for obsolete and potentially impaired items. As of September 30, 2021, the Company has no allowance for inventory obsolescence.

Property and equipment

Property and equipment are stated at cost and are amortized over their estimated useful lives on a straight-line basis as follows:

Computer equipment	3 years
Equipment	7 years
Leasehold improvements	shorter of 15 years or the term of the lease

Income taxes

The Company operates as a limited liability company but has elected to be taxed as a C-Corp. Deferred income taxes are reported for timing differences between items of income or expense reported in the consolidated financial statements and those reported for income tax purposes in accordance with ASC 740, "Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

The Company evaluates its uncertain tax positions and would recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position of for all uncertain tax positions in the aggregate could differ from the amount recognized. Management does not believe that the Company has any uncertain tax provisions.

Advertising

Advertising expenses to promote the Company's services are expensed as incurred. Advertising expenses included in business development expense was $95,267 for the period ended September 30, 2021.

Fair value measurements

The Company accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. We categorize each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. Our Level 3 assets and liabilities include investments in other private entities, and goodwill and intangible assets, when they are recorded at fair value due to an impairment charge. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

Financial assets and financial liabilities have fair values that approximate their carrying values.

Use of estimates and assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Lease accounting

Under ASC 842, leases are separated into two classifications: operating leases and financial leases. For a lease to be classified as a finance lease, it must meet one of the five finance lease criteria: (1) transference of title/ownership to the lessee, (2) bargain purchase option, (3) lease term for major part of the remaining economic life of the asset, (4) present value represents substantially all of the fair value of the asset, and (5) asset specialization. Any lease that does not meet these criteria is classified as an operating lease. ASC 842 requires all leases to be recognized on the Company's balance sheet. Specifically, for operating leases, the Company recognizes a right-of-use asset and a corresponding lease liability upon lease commitment.

4. Financial Instruments

The following table represents the Company's financial instruments as of September 30, 2021:

		As of 30 September 2021
Financial assets at fair value		
Cash	$	380,455
Financial liabilities at amortized cost		
Accounts payable and accrued expenses	$	613,014

Management of financial risks

The financial risk arising from the Company's operations include credit risk, liquidity risk and interest rate risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk related to cash and cash equivalents as it does not hold cash in excess of federally insured limits, with major financial institutions. The Company mitigates this risk by managing and monitoring the underlying business relationship.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company had a working capital of $121,940 at September 30, 2021 and positive cash flows from operations for the period then ended. The Company mitigates this risk by management and monitoring operating cash flows.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not hold financial instruments that will fluctuate in value due to changes in interest rates.

5. Property and Equipment

	Leasehold Improvement	Vehicles	Furniture and Equipment	Total
Cost:				
Balance, 1 January, 2021	$ 16,140	$ 20,200	$ 9,192	$ 45,532
Additions	2,683	-	793	3,476
Balance, 30 September 2021	$ 18,823	$ 20,200	$ 9,985	$ 49,008
Accumulated Depreciation:				
Balance, 1 January, 2021	$ 2,483	$ 4,292	$ 2,274	$ 9,049
Depreciation	2,016	2,569	1,070	5,655
Balance, 30 September 2021	$ 4,499	$ 6,681	$ 3,344	$ 14,704
Net Book Value:				
At 30 September 2021	**$ 14,324**	**$ 13,339**	**$ 6,641**	**$ 34,304**

The Company recorded depreciation expense of $5,655 for the nine-month period ended September 30, 2021.

6. Related Party Transactions

Notes Payable

The notes payable at September 30, 2021 in the amount of $106,299 were provided by two member-owners of the Company in June 2018 and were unsecured, accrued interest at 10%, and were due on January 1, 2025. The Notes were used to help secure working capital needs of the Company. The Company incurred interest expense of $21,057 for the nine months ended September 30, 2021. As of September 30, 2021, the Company had accrued interest of $111,184 classified within accrued expenses.

Notes Receivable

In October 2020, the Company entered into a promissory note with a Company that is majority owned by the owners of the Company for working capital needs and to purchase product. The Company entered into a $61,000 promissory note but only lent $20,000 to the related party borrower during the year ended December 31, 2020. During the period ended September 30, 2021, the Company lent another $16,128 to the related party borrower. The promissory note has a 10% interest rate and is due by April 31, 2022. The loan is collateralized by the product purchased with the loan.

7. Members' Capital

The Company has authorized one class of unit for its members.

8. Segmented Information and Major Customers

All of the Company's revenue generating activities and capital assets relate to this segment and are located in California, USA. During the period ended September 30, 2021, the Company had no major customer over 10% of its revenues.

9. Supplemental Disclosures with Respect to Cash Flows

The Company paid $701,406 in federal and state taxes and $25,000 in interest during the period ended September 30, 2022.

10. Operating Leases

On July 1, 2018 Company entered into a three-year lease agreement for the property located at 1900 Fremont Blvd, Seaside, CA, containing approximately 5,000 square feet. Current monthly rent is $7,416. On 1 July 2021, the Company entered into an amendment and entered into a three-and-a-half-year lease that includes three options to extend the lease agreement for five years each with 3% annual base rent increases. The Company also pays variable rent based on exceeding $4.0 million on annual sales which results in an additional $20,000 in rent. If annual sales exceed $5.0 million, then an additional $20,000 is owed by the Company. On 1 December 2021, the Company entered into a second amendment amending the variable rent to be an extra $15,000 in rent if monthly sales exceeded $1 million.

The present value of future lease payments using a discount rate of 12% per annum.

During the period ended September 30, 2021, the Company recorded lease expense of $123,095 of which $5,212 related to the accretion of lease liabilities and the decrease of right-of-use assets. The Company made payments of $107,411 for lease payments to its landlord for the year.

Supplemental cash flow information related to leases was as follows:

Right-of-use assets obtaining in exchange for lease obligations:		
Operating leases	$	-
Weighted-average remaining lease term – operating leases		1.75 years
Weighted-average discount rate – operating leases		12%

The discount rate of 12% was determined by the Company as the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Maturities of lease liabilities were as follows:

Period ending 30 September		**Operating Leases**
2021	$	16,659
2022		108,000
2023		54,000
Total lease payments	$	178,659
Less imputed interest		(17,575)
Total	$	161,084
Less current portion		(92,218)
Long term portion	$	68,866

11. Commitments and Contingencies

The Company is not currently subject to any material legal proceedings.

12. Subsequent Events

On November 30, 2021, Body and Mind, Inc, ('the Company") through its 100% owned subsidiary DEP Nevada Inc. ("DEP") entered into two definitive agreements with Canopy Monterey Bay, LLC ("Canopy") and the membership interest owners (the "Sellers") of Canopy to acquire an aggregate of 100% of Canopy, which owns a retail dispensary in the limited license jurisdiction of Seaside, California.

The first purchase agreement ("PA #1") between DEP and Canopy and all of the Sellers provides for the assignment of 80% of the membership interests of Canopy to DEP in exchange for a purchase price of $4,800,000 comprised of $2,500,000 in cash (the "Cash Purchase Price") and a secured promissory note in the amount of $2,300,000 bearing interest at a rate of 10% per annum compounded annually and having a maturity date of five years from the effective date of PA #1. Interest is payable for the first 6 months with the principal and accrued interest due at maturity. There are no prepayment penalties. The Cash Purchase Price is to be paid into escrow pursuant to an escrow agreement between the parties to PA #1 and Secured Trust Escrow, which Cash Purchase Price is to be released to the Sellers upon the receipt of city and state approval and completion of the audited annual financial statements and unaudited interim reviewed financial statements (collectively, the "Financial Statements") of Canopy, or returned to DEP in the event of the denial of city or state approval or failure to complete the Financial Statements and the agreement is terminated, in which case the 80% membership interests will be transferred back to the Sellers and the promissory note will automatically be terminated. As of the date hereof, the city and state approvals have been received and the formal closing of the purchase of the 80% of the membership interests in Canopy closed in June 2022.

The second purchase agreement ("PA #2") between DEP and the one continuing Seller provides for the assignment of the remaining 20% of the membership interests of Canopy to DEP following the receipt of the city and state approval and completion of the Financial Statements under PA #1 in exchange for $1,000,000 to be paid in either shares of common stock of the Company (the "Consideration Shares") or in cash at DEP's sole option if such payment takes place within six (6) months following the execution of PA #1. If DEP elects to pay the purchase price in Consideration Shares, the amount of Consideration Shares shall be determined based on the 10-day volume weighted average price ("VWAP") ending on 30 November 2021, which is US$0.3665 per share for a total of 2,728,156 shares (issued). In the event that six (6) months following the execution of PA #1, the value of the Consideration Shares have decreased such that total value of the Consideration Shares is less than ninety percent (90%) of its value, DEP agrees to cause the Company to issue an additional $100,000 worth of shares of common stock of the Company (the "Additional Shares") to be issued to the one continuing Seller based on the ten day VWAP calculated as of six (6) months following the closing of PA #1. PA #2 contains a working capital adjustment provision, which provides that if there is a working capital deficiency as of the closing date of PA #1, then the purchase price under PA #2 shall be reduced by the amount of the deficiency, and if there is a working capital surplus as of the closing date of PA #1, then the purchase price under PA #2 shall be increased by the amount of the surplus.

On or around December 1, 2021, 80% of the membership interests of Canopy were transferred to DEP for purposes of applying for city and state approvals of the change in ownership of Canopy, however, the purchase price consideration of (i) $2.5 million in cash, and (ii) a promissory note in the amount of $2.3 million to be paid by DEP, were placed in escrow and not to be released to the sellers of the 80% membership interests in Canopy until the city and state approvals have been received and the audited annual financial statements and unaudited reviewed interim financial statements (collectively, the “Financial Statements”) of Canopy are completed. If the city or state approvals are not received, or the Financial Statements of Canopy are not completed, then the Buyer may terminate the membership interest purchase agreement requiring the membership interests in Canopy to be transferred back to the sellers and the escrow agent to deliver back to DEP the cash consideration and the promissory note shall automatically be terminated. As of the date hereof, the city and state approvals have been received and the formal closing of the purchase of the 80% membership interests in Canopy closed in June 2022.

On 17 June 2022, the Company, through its wholly owned subsidiary, DEP Nevada, Inc., entered into the first amendment to PA #1 and PA #2 (the “First Amendment”) whereby the cash purchase price under PA #1 will be reduced from US$2.5 million to US$1.25 million and the Company will issue US$1.25 million shares of common stock of the Company to the Sellers based on the 10 day volume weighted average price (“VWAP”) for the ten (10) consecutive trading days prior to the effective date of the First Amendment (the “Effective Date”) and subject to compliance with the policies of the Canadian Securities Exchange (the “CSE”) which equates to 9,328,358 shares of common stock. The Company will also issue additional shares to Cary Stiebel equal to the difference between the amount of the shares of common stock of the Company that were issued by the Company to Mr. Stiebel on December 3, 2021 (the “PA #2 Shares”) and the amount of shares that Mr. Stiebel would have received had the VWAP for the PA #2 Shares been calculated as of the Effective Date (the “Additional PA #2 Shares”), which equates to 4,734,530 shares of common stock. Additionally, on the date that is eighteen (18) months (548 days) following the Effective Date of this First Amendment (the “Additional Share Issuance Date”) the Company will issue $100,000 worth of shares to the Sellers based on the ten (10) day VWAP and subject to compliance with the policies of the CSE, calculated as of the Additional Share Issuance Date. This $100,000 was recorded as consulting fees for the year ended 31 July 2022. Furthermore, DEP shall cause the Company to issue to Mr. Stiebel $300,000 worth of shares of common stock of the Company within three (3) days following the Effective Date of this First Amendment, and subject to compliance with the policies of the CSE (the “Additional True up Shares”) which equates to 2,238,806 shares of common stock. Prior to the conclusion of the calculation of the actual working capital in accordance with PA #1 and PA #2, Sellers shall complete, execute and deliver to DEP Schedule D to the First Amendment, which shall set forth the amount of Additional True-up Shares each Seller is entitled to (as applicable) and such Additional True-up Shares shall be retitled in accordance with Schedule D to the First Amendment. In the event Schedule D to the First Amendment is not completed, executed and delivered to DEP prior to the conclusion of the calculation of the actual working capital, DEP shall have no obligation to retitle the shares and all Sellers hereby waive any claims against DEP and the Company in connection with such issuance made in accordance with Section 2(b)(v) of the First Amendment. Upon conclusion of the calculation of the actual working capital in accordance with PA #1 and PA #2, the parties agree as follows:

(a) If the actual working capital is less than the target working capital of $nil, the Purchase Price (as defined in PA #2) shall be reduced by an amount equal to the difference between the target working capital and the actual working capital and all of the Additional True-up Shares shall be forfeited and retuned to Company for cancellation;

(b) If the actual working capital is greater than the target working capital of $nil and the Additional True-up Shares are sufficient to cover the difference between the actual working capital and the target working capital (the “DEP Deficit”), the parties agree that all or a portion of the Additional True-up Shares (valued at the ten (10) day VWAP calculated as of the Effective Date of the First Amendment and subject to compliance with the policies of the CSE) shall be issued to Sellers to satisfy the DEP Deficit owed by DEP to the Sellers in accordance with Section 2.02(b) of PA #2;

(c) If the actual working capital is greater than the target working capital and the Additional True-up Shares are insufficient to cover the DEP Deficit, all of the Additional True-up Shares shall be issued to Sellers and the parties agree that any additional amounts owed to the Sellers shall be paid by DEP to the Sellers via additional shares of common stock of the Company.

In addition to the terms of the First Amendment, the parties have agreed that the release of any Additional True-up Shares hereunder shall be subject to the Sellers providing written direction to DEP for the release of the Additional True-up Shares payable under the First Amendment.

On December 7, 2022, pursuant to the previously announced (i) membership interest purchase agreement ("MIPA #1"), dated November 30, 2021, as amended on June 17, 2022, entered into between the Company's wholly-owned subsidiary, DEP Nevada, Inc. ("DEP"), Canopy Monterey Bay, LLC ("Canopy") and the membership interest owners of Canopy, Carey Stiebel (the "Continuing Owner"), Jana Stiebel, Jayme Rivard, Adrian Dermicek and Laurie Johnson (collectively, the "Sellers") to purchase eighty percent (80%) of the issued and outstanding membership interests of Canopy, and (ii) membership interest purchase agreement ("MIPA #2"), dated November 30, 2021, as amended on June 17, 2022, entered into between DEP and the Continuing Owner to purchase the remaining twenty percent (20%) of the issued and outstanding membership interests of Canopy, the Company through DEP completed the acquisition of all of the membership interests of Canopy from the Sellers and closed MIPA #1, as amended, and MIPA #2, as amended.

Pursuant to the closing of MIPA #1, as amended, and MIPA #2, as amended, the Company issued an aggregate of 16,301,694 shares of common stock to the Sellers in accordance with their instructions at a deemed price of US$0.1340 per share. 2,238,806 of the 16,301,694 shares are being held in escrow ending the results of a working capital adjustment in accordance with MIPA #1 and MIPA #2 and 4,734,530 of the 16,301,694 is a settlement resulting in a loss of $0.5 million, which is not part of the consideration.

As consideration for DEP's purchase of the Purchased Interests, DEP will pay to Sellers a total purchase price of $5,839,544 comprising of: (i) 1,2500,000 to be paid in cash (the "Cash Purchase Price"); (ii) $2,300,000 to be paid via a secured promissory note ("Note Purchase Price") and (iii) contingent consideration of $100,000.

Seller Consulting Services Engagement

As part of the acquisition agreements PA#1 and PA#2 on November 29, 2021, a Letter of Intent (LOI) was executed to engage the Sellers, Jayme Rivard and Cary Stiebel, as business consultants at a rate of $5,000 per month each, for 12 months beginning December 1, 2021.

Subsequently, this LOI was amended on June 2, 2022 to extend the agreement until December 31, 2024 and for Body and Mind to issue 100,000 stock options to purchase 100,000 shares of Body and Mind 's common stock to Consultant, Mr. Stiebel, and 100,000 stock options to purchase 100,000 shares of Body and Mind 's common stock to Consultant, Jayme Rivard (collectively, the "Stock Options"). The exercise price for the Stock Options shall not be lower than the greater of the closing market price of Body and Mind 's shares on (a) the trading day prior to the date of grant of the Stock Options, and (b) the date of grant of the Stock Options and will have an expiry date of five years from the date of grant. Any delays by any of the Sellers (as defined in MIP A # 1) in providing requested materials, escrow instructions or otherwise failing to cooperate with Buyer will extend the Closing Deadline by an amount corresponding to the length of delay caused by Sellers.

Further, this LOI was amended again on August 5, 2022 to defer all consulting payments for consulting services from after August 1, 2022 until to August 1, 2023, in lieu of potential unknown working capital liabilities.

BODY AND MIND INC.
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

On November 30, 2021, Body and Mind, Inc, (‘the Company”) through its 100% owned subsidiary DEP Nevada Inc. (“DEP”) entered into two definitive agreements with Canopy Monterey Bay, LLC (“Canopy”) and the membership interest owners (the “Sellers”) of Canopy to acquire an aggregate of 100% of Canopy, which owns a retail dispensary in the limited license jurisdiction of Seaside, California.

The first purchase agreement (“PA #1”) between DEP and Canopy and all of the Sellers provides for the assignment of 80% of the membership interests of Canopy to DEP in exchange for a purchase price of $4,800,000 comprised of $2,500,000 in cash (the “Cash Purchase Price”) and a secured promissory note in the amount of $2,300,000 bearing interest at a rate of 10% per annum compounded annually and having a maturity date of five years from the effective date of PA #1. Interest is payable for the first 6 months with the principal and accrued interest due at maturity. There are no prepayment penalties. The Cash Purchase Price is to be paid into escrow pursuant to an escrow agreement between the parties to PA #1 and Secured Trust Escrow, which Cash Purchase Price is to be released to the Sellers upon the receipt of city and state approval and completion of the audited annual financial statements and unaudited interim reviewed financial statements (collectively, the “Financial Statements”) of Canopy, or returned to DEP in the event of the denial of city or state approval or failure to complete the Financial Statements and the agreement is terminated, in which case the 80% membership interests will be transferred back to the Sellers and the promissory note will automatically be terminated. As of the date hereof, the city and state approvals have been received and the formal closing of the purchase of the 80% of the membership interests in Canopy closed in June 2022.

The second purchase agreement (“PA #2”) between DEP and the one continuing Seller provides for the assignment of the remaining 20% of the membership interests of Canopy to DEP following the receipt of the city and state approval and completion of the Financial Statements under PA #1 in exchange for $1,000,000 to be paid in either shares of common stock of the Company (the “Consideration Shares”) or in cash at DEP’s sole option if such payment takes place within six (6) months following the execution of PA #1. If DEP elects to pay the purchase price in Consideration Shares, the amount of Consideration Shares shall be determined based on the 10-day volume weighted average price (“VWAP”) ending on 30 November 2021, which is US$0.3665 per share for a total of 2,728,156 shares (issued). In the event that six (6) months following the execution of PA #1, the value of the Consideration Shares have decreased such that total value of the Consideration Shares is less than ninety percent (90%) of its value, DEP agrees to cause the Company to issue an additional $100,000 worth of shares of common stock of the Company (the “Additional Shares”) to be issued to the one continuing Seller based on the ten day VWAP calculated as of six (6) months following the closing of PA #1. PA #2 contains a working capital adjustment provision, which provides that if there is a working capital deficiency as of the closing date of PA #1, then the purchase price under PA #2 shall be reduced by the amount of the deficiency, and if there is a working capital surplus as of the closing date of PA #1, then the purchase price under PA #2 shall be increased by the amount of the surplus.

On or around December 1, 2021, 80% of the membership interests of Canopy were transferred to DEP for purposes of applying for city and state approvals of the change in ownership of Canopy, however, the purchase price consideration of (i) $2.5 million in cash, and (ii) a promissory note in the amount of $2.3 million to be paid by DEP, were placed in escrow and not to be released to the sellers of the 80% membership interests in Canopy until the city and state approvals have been received and the audited annual financial statements and unaudited reviewed interim financial statements (collectively, the “Financial Statements”) of Canopy are completed. If the city or state approvals are not received, or the Financial Statements of Canopy are not completed, then the Buyer may terminate the membership interest purchase agreement requiring the membership interests in Canopy to be transferred back to the sellers and the escrow agent to deliver back to DEP the cash consideration and the promissory note shall automatically be terminated. As of the date hereof, the city and state approvals have been received and the formal closing of the purchase of the 80% membership interests in Canopy closed in June 2022.

On 17 June 2022, the Company, through its wholly owned subsidiary, DEP Nevada, Inc., entered into the first amendment to PA #1 and PA #2 (the "First Amendment") whereby the cash purchase price under PA #1 will be reduced from US$2.5 million to US$1.25 million and the Company will issue US$1.25 million shares of common stock of the Company to the Sellers based on the 10 day volume weighted average price ("VWAP") for the ten (10) consecutive trading days prior to the effective date of the First Amendment (the "Effective Date") and subject to compliance with the policies of the Canadian Securities Exchange (the "CSE") which equates to 9,328,358 shares of common stock. The Company will also issue additional shares to Cary Stiebel equal to the difference between the amount of the shares of common stock of the Company that were issued by the Company to Mr. Stiebel on December 3, 2021 (the "PA #2 Shares") and the amount of shares that Mr. Stiebel would have received had the VWAP for the PA #2 Shares been calculated as of the Effective Date (the "Additional PA #2 Shares"), which equates to 4,734,530 shares of common stock. Additionally, on the date that is eighteen (18) months (548 days) following the Effective Date of this First Amendment (the "Additional Share Issuance Date") the Company will issue $100,000 worth of shares to the Sellers based on the ten (10) day VWAP and subject to compliance with the policies of the CSE, calculated as of the Additional Share Issuance Date. This $100,000 was recorded as consulting fees for the year ended 31 July 2022. Furthermore, DEP shall cause the Company to issue to Mr. Stiebel $300,000 worth of shares of common stock of the Company within three (3) days following the Effective Date of this First Amendment, and subject to compliance with the policies of the CSE (the "Additional True up Shares") which equates to 2,238,806 shares of common stock. Prior to the conclusion of the calculation of the actual working capital in accordance with PA #1 and PA #2, Sellers shall complete, execute and deliver to DEP Schedule D to the First Amendment, which shall set forth the amount of Additional True-up Shares each Seller is entitled to (as applicable) and such Additional True-up Shares shall be retitled in accordance with Schedule D to the First Amendment. In the event Schedule D to the First Amendment is not completed, executed and delivered to DEP prior to the conclusion of the calculation of the actual working capital, DEP shall have no obligation to retitle the shares and all Sellers hereby waive any claims against DEP and the Company in connection with such issuance made in accordance with Section 2(b)(v) of the First Amendment. Upon conclusion of the calculation of the actual working capital in accordance with PA #1 and PA #2, the parties agree as follows:

(a) If the actual working capital is less than the target working capital of $nil, the Purchase Price (as defined in PA #2) shall be reduced by an amount equal to the difference between the target working capital and the actual working capital and all of the Additional True-up Shares shall be forfeited and retuned to Company for cancellation;

(b) If the actual working capital is greater than the target working capital of $nil and the Additional True-up Shares are sufficient to cover the difference between the actual working capital and the target working capital (the "DEP Deficit"), the parties agree that all or a portion of the Additional True-up Shares (valued at the ten (10) day VWAP calculated as of the Effective Date of the First Amendment and subject to compliance with the policies of the CSE) shall be issued to Sellers to satisfy the DEP Deficit owed by DEP to the Sellers in accordance with Section 2.02(b) of PA #2;

(c) If the actual working capital is greater than the target working capital and the Additional True-up Shares are insufficient to cover the DEP Deficit, all of the Additional True-up Shares shall be issued to Sellers and the parties agree that any additional amounts owed to the Sellers shall be paid by DEP to the Sellers via additional shares of common stock of the Company.

In addition to the terms of the First Amendment, the parties have agreed that the release of any Additional True-up Shares hereunder shall be subject to the Sellers providing written direction to DEP for the release of the Additional True-up Shares payable under the First Amendment.

On December 7, 2022, pursuant to the previously announced (i) membership interest purchase agreement ("MIPA #1"), dated November 30, 2021, as amended on June 17, 2022, entered into between the Company's wholly-owned subsidiary, DEP Nevada, Inc. ("DEP"), Canopy Monterey Bay, LLC ("Canopy") and the membership interest owners of Canopy, Carey Stiebel (the "Continuing Owner"), Jana Stiebel, Jayme Rivard, Adrian Dermicek and Laurie Johnson (collectively, the "Sellers") to purchase eighty percent (80%) of the issued and outstanding membership interests of Canopy, and (ii) membership interest purchase agreement ("MIPA #2"), dated November 30, 2021, as amended on June 17, 2022, entered into between DEP and the Continuing Owner to purchase the remaining twenty percent (20%) of the issued and outstanding membership interests of Canopy, the Company through DEP completed the acquisition of all of the membership interests of Canopy from the Sellers and closed MIPA #1, as amended, and MIPA #2, as amended.

Pursuant to the closing of MIPA #1, as amended, and MIPA #2, as amended, the Company issued an aggregate of 16,301,694 shares of common stock to the Sellers in accordance with their instructions at a deemed price of US$0.1340 per share. 2,238,806 of the 16,301,694 shares are being held in escrow ending the results of a working capital adjustment in accordance with MIPA #1 and MIPA #2 and 4,734,530 of the 16,301,694 is a settlement resulting in a loss of $0.5 million, which is not part of the consideration.

As consideration for DEP's purchase of the Purchased Interests, DEP will pay to Sellers a total purchase price of $5,839,544 comprising of: (i) 1,2500,000 to be paid in cash (the "Cash Purchase Price"); (ii) $2,300,000 to be paid via a secured promissory note ("Note Purchase Price") (iii) contingent consideration of $100,000 and (iv) $2,189,544 of value in 14,295,320 shares of common stock of which 2,728,156 shares of common stock have been issued to date. The Company also recorded a loss on settlement of contingent consideration of $503,179 resulting from the fair value adjustment of the Company's issuance of 4,734,530 shares of common stock and also recorded a consulting fee of $100,000 to be paid to the sellers in shares that was not included in the purchase consideration.

The following unaudited pro forma combined financial statements of the combined company (the "pro forma financial statements") include the unaudited pro forma combined balance sheet as of October 31, 2021 (the "pro forma balance sheet"), the unaudited pro forma combined statement of operations for the twelve months ended July 31, 2021 (the "twelve month pro forma statement of operations"), and the unaudited pro forma combined statement of operations for the three months ended October 31, 2021 (the "three month pro forma statement of operations"), as adjusted to give effect to the Company's acquisition of Canopy.

The pro forma balance sheet combines the historical consolidated balance sheet of the Company as of October 31, 2021, and the historical balance sheet of Canopy as of September 30, 2021, giving effect to the acquisition as if it had been consummated on August 1, 2020. The twelve-month pro forma statement of operations combines the historical statement of operations of the Company for the year ended July 31, 2021, and the historical statement of operations of Canopy for the twelve months ended June 30, 2021, each giving effect to the acquisition as if it had been consummated on August 1, 2020, the first day of the Company's fiscal year ended July 31, 2021.

The three-month pro forma statement of operations combines the historical consolidated statement of operations of the Company for the three months ended October 31, 2021, and the historical statement of operations of Canopy for the three months ended September 30, 2021, each giving effect to the acquisition as if it had been consummated on August 1, 2020, the first day of Company's fiscal year ended July 31, 2021.

The pro forma financial statements are for informational purposes only and are not intended to represent or to be indicative of the actual results of operations or financial position that the combined company would have reported had the acquisition been completed as of the dates set forth in the pro forma financial statements and should not be taken as being indicative of the combined company's future consolidated results of operations or financial position.

The assumptions and estimates underlying the unaudited adjustments to the pro forma financial statements are described in the accompanying notes, which should be read together with the pro forma financial statements.

The pro forma financial statements should be read together with the Company's historical financial statements, which are included in the Company's latest annual report on Form 10-K and quarterly report on Form 10-Q, and Canopy's historical information included herein.

BODY AND MIND, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of October 31, 2021

Assets	Body and Mind October 31, 2021	Canopy September 30, 2021	Adjustment	Total
Current assets:				
Cash and cash equivalents	$ 7,433,086	$ 380,455	$ (871,497)A	$ 6,942,044
Amounts receivable	1,445,876	—	—	1,445,876
Interest receivable on convertible loan	168,000	—	—	168,000
Prepaids	545,044	42,750	—	587,794
Inventory	3,374,911	474,138	—	3,849,049
Convertible loan receivable	1,810,827	—	—	1,810,827
Loan receivable - related party	—	16,128	—	16,128
Loan receivable	239,834	—	—	239,834
Total current assets	15,017,578	913,471	(871,497)	15,059,552
Deposit	470,546	-	—	470,546
Loan receivable - related party	—	20,000	—	20,000
Property and equipment, net	5,594,541	34,304	—	5,628,845
Operating lease right-of use asset	3,179,713	144,396	—	3,324,109
Brand and licenses, net	19,552,813	—	1,112,500D	20,665,313
Goodwill	5,168,902	—	4,845,073D	10,013,975
Total assets	$ 48,984,093	$ 1,112,171	$ 5,086,076	$ 55,182,340
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	$ 1,546,481	$ 506,825	$ —	$ 2,053,306
Accrued liabilities	130,000	—	—	130,000
Income taxes payable	4,501,689	—	—	4,501,689
Due to related parties	54,166	106,299	—	160,465
Loan Payable	15,050	—	—	15,050
Current portion of operating lease liabilities	407,446	92,218	—	499,664
Total current liabilities	6,654,832	705,342	—	7,360,174
Long term operating lease liabilities	2,781,617	68,866	—	2,850,483
Contingent consideration	—	—	100,000E	100,000
Loan payable	4,916,615	—	2,300,000C	7,216,615
Deferred tax liability	229,080	—	—	229,080
Total liabilities	14,582,144	774,208	2,400,000	17,756,352
Stockholders' equity:				
Common Stock	11,061	—	1,903B	12,964
Additional paid-in capital	51,004,060	22,000	2,790,820B	53,794,880
			(22,000)F	
Accumulated other comprehensive loss	1,163,994	—	—	1,163,994
Accumulated deficit	(17,915,599)	315,963	231,316D	(17,684,283)
			(315,963)F	
Total stockholders' equity attributable to BAM	34,263,516	337,963	2,686,076	37,287,555
Non-Controlling Interest	$ 138,433	$ —	$ —	$ 138,433
Total stockholders' equity	$ 34,401,949	$ 337,963	$ 2,686,076	$ 37,425,988
Total liabilities and stockholders' equity	$ 48,984,093	$ 1,112,171	$ 5,086,076	$ 55,182,340

See notes to unaudited pro forma financial statements

BODY AND MIND, INC.
PRO FORMA COMBINED STATEMENT OF OPERATIONS
For the Twelve Months Ended

	Body and Mind July 31, 2021	Canopy June 30, 2021	Adjustment	Total
Revenue				
Sales	$ 26,900,869	$ 9,746,466	$ -	$ 36,647,335
Sales tax	(1,200,845)	-	-	(1,200,845)
Cost of sales	(13,709,815)	(5,992,965)	-	(19,702,780)
Gross profit	11,990,209	3,753,501	-	15,743,710
Operating expenses:				
Accounting and legal	$ 973,594	$ 110,064	$ -	$ 1,083,658
Business development	282,865	155,812	-	438,677
Consulting fees	537,760	-	100,000A	637,760
Depreciation and amortization	1,457,550	6,623	102,000B	1,566,173
Insurance	170,520	54,666	-	225,186
Lease expense	431,427	141,678	-	573,105
Licenses, utilities and office administration	2,462,815	256,810	-	2,719,625
Management fees	405,134	-	-	405,134
Regulatory, filing and transfer agent fees	61,415	-	-	61,415
Rent	186,822	-	-	186,822
Salaries and wages	3,400,472	973,221	-	4,373,693
Stock-based compensation	975,555	-	-	975,555
Travel	56,953	-	-	56,953
Total operating expenses	11,402,882	1,698,874	202,000	13,303,756
Net operating income (loss)	587,327	2,054,627	(202,000)	2,439,954
Other (expense) income, net:				
Foreign exchange, net	235	-	-	235
Interest expense	(53,394)	(42,426)	(230,000)C	(325,820)
Interest income	163,558	270	-	163,828
Loss in impairment	(592,547)	-	-	(592,547)
Loss on settlement	-	-	(503,179)D	(503,179)
Other income (expenses)	(95,416)	-	-	(95,416)
Gain on bargain purchase	167,266	-	-	167,266
Equity-method investment change from earnings	13,219	-	-	13,219
Total other (expense) income, net	(397,079)	(42,156)	(733,179)	(1,172,414)
Net Income (loss) before income taxes	$ 190,248	$ 2,012,471	$ (935,179)	$ 1,267,540
Income tax expense	(2,166,709)	(894,284)		(3,060,993)
Net income (loss)	(1,976,461)	1,118,187	(935,179)	(1,793,453)
Other comprehensive loss, net:				
Foreign currency translation loss	395,945	-	-	395,945
Comprehensive loss	$ (1,580,516)	$ 1,118,187	$ (935,179)	$ (1,397,508)
Net income (loss) attributable to:				
Body and Mind Inc.	(2,260,902)	1,055,488	(882,741)	(2,088,155)
Non-controlling interest	284,441	-	-	284,441
Comprehensive income (loss)attributable to:				
Body and Mind Inc.	(1,864,957)	1,055,488	(882,741)	(1,692,210)
Non-controlling interest	284,441	-	-	284,441
Net loss per share, basic and diluted	$ (0.02)			$ (0.01)
Weighted-average number of common shares outstanding, basic and diluted	108,463,019		19,029,850D	127,492,869

See notes to unaudited pro forma financial statements

BODY AND MIND, INC.
PRO FORMA COMBINED STATEMENT OF OPERATIONS
For the Three Months Ended

	Body and Mind October 31, 2021	Canopy September 30, 2021	Adjustment	Total
Revenue				
Sales	$ 7,570,816	$ 2,653,616	$ -	$ 10,224,432
Cost of sales	(4,080,600)	(2,164,807)	-	(6,245,407)
Gross profit	3,490,216	488,809	-	3,979,025
Operating expenses:				
Accounting and legal	259,144	22,216	-	281,360
Business development	94,759	37,563	-	132,322
Consulting fees	143,235	-		143,235
Depreciation and amortization	331,544	5,656	25,500B	362,700
Insurance	70,761	10,750	-	81,511
Lease expense	126,339	70,991	-	197,330
Licenses, utilities and office administration	781,614	26,914	-	808,528
Management fees	168,379	-	-	168,379
Rent	32,082	-	-	32,082
Salaries and wages	991,717	285,961	-	1,277,678
Stock-based compensation	145,175	-	-	145,175
Travel	30,158	-	-	30,158
Total operating expenses	3,174,907	460,051	25,500	3,660,458
Net operating income (loss)	315,309	28,758	(25,500)	318,567
Other (expense) income, net:				
Foreign exchange, net	(13)	-	-	(13)
Interest expense	(338,764)	(21,057)	(57,500)C	(417,321)
Interest income	18,000	(270)	-	17,730
Other income (expenses)	30,386	-	-	30,386
Net income (loss) before income taxes	24,918	7,431	(83,000)	(50,651)
Income tax expense	(702,172)	(155,207)		(857,379)
Net loss	(677,254)	(147,776)	(83,000)	(908,030)
Other comprehensive income, net:				
Foreign currency translation loss	36,281	-	-	36,281
Comprehensive loss	$ (640,973)	$ (147,776)	$ (83,000)	$ (871,749)
Net income (loss) attributable to:				
Body and Mind Inc.	(789,089)	(139,490)	(83,000)	(1,011,579)
Non-controlling interest	11,835	-	-	11,835
Comprehensive income (loss)attributable to:				
Body and Mind Inc.	(752,808)	(139,490)	(83,000)	(975,298)
Non-controlling interest	111,835	-	-	111,835
Net loss per share, basic and diluted	$ (0.01)			$ (0.01)
Weighted-average number of common shares outstanding, basic and diluted	109,748,878		19,029,850D	128,778,728

See notes to unaudited pro forma financial statements

BODY AND MIND INC.

NOTES TO PRO FORMA COMBINED FINANCIAL STATEMENTS
As of and for the three months ended October 31, 2021 and
For the twelve months ended July 31, 2021
(UNAUDITED)

1. Basis of Presentation

Pursuant to the Purchase Agreement with Canopy Monterey Bay, LLC, ("Canopy"), Canopy agreed to sell, and Body and Mind, Inc. ("the Company") agreed to purchase 100% of the membership interests of Canopy.

These unaudited pro forma combined financial statements ("pro forma financial statements") have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and are expressed in US dollars. These pro forma statements do not contain all of the information required for annual financial statements. Accordingly, they should be read in conjunction with the most recent financial statements of the Company and Canopy.

The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are (1) directly attributable to the business combination, (2) factually supportable and (3) with respect to the pro forma combined statement of operations, expected to have a continuing impact on the combined results following the business combination.

The business combination was accounted for under the acquisition method of accounting in accordance with ASC Topic 805, "Business Combinations". As the acquirer for accounting purposes, the Company has estimated the fair value of Canopy's assets acquired and liabilities assumed.

These pro forma financial statements have been compiled from and include:

(a) An unaudited pro forma balance sheet combining the unaudited interim balance sheet of the Company as of October 31, 2021, with the unaudited balance sheet of Canopy as of September 30, 2021, giving effect to the transaction as if it occurred on August 1, 2020.

(b) An unaudited pro forma statement of operations combining the audited annual statement of operations of the Company for the year ended July 31, 2021, with the unaudited statement of operations of Canopy for the twelve months ended June 30, 2021, giving effect to the transaction as if it occurred on August 1, 2020.

(c) An unaudited pro forma statement of operations combining the unaudited interim statement of operations of the Company for the three months ended October 31, 2021, with the unaudited interim statement of operations of Canopy for the three months ended September 30, 2021, giving effect to the transaction as if it occurred August 1, 2020.

The unaudited pro forma financial statements have been compiled using the significant accounting policies as set out in the audited consolidated financial statements of the Company for the year ended July 31, 2021. Based on the review of the accounting policies of Canopy, it is the Company's management's opinion that there are no material accounting differences between the accounting policies of the Company and Canopy. The unaudited pro forma financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company.

It is management's opinion that these pro forma financial statements include all adjustments necessary for the fair presentation, in all material respects, of the proposed transaction described above in accordance with US GAAP applied on a basis consistent with the Company's accounting policies.

The unaudited pro forma financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the proposed transaction been effected on the dates indicated. Further, the unaudited pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. The actual pro forma adjustments will depend on a number of factors and could result in a change to the unaudited pro forma financial statements.

2. Proposed Transaction

As a result of the acquisition agreement and amendment to acquire 100% of the Membership interest of Canopy, the Company issued 19,029,850 shares of common stock. Of the 19,029,850 shares issued 14,295,230 shares were attributed to the consideration paid and were valued at $2,189,544. 2,728,156 shares of common stock were issued in December 2021 and an additional 16,301,694 shares of common stock were issued in December 2022. In addition, $100,000 of contingent consideration and the issuance of a promissory note in the amount of $2,300,000 and a cash payment of $1,250,000 was awarded to the sellers for total consideration of $5,839,544.

3. Purchase Price Allocation

The Company has performed an analysis of the market value of Canopy's Net assets acquired. The following table summarizes the allocation of purchase price as of the acquisition date:

Purchase consideration		
Cash	$	1,250,000
Promissory note		2,300,000
Contingent consideration		100,000
Shares of common stock		2,189,544
Total consideration		5,839,544
Assets acquired:		
Cash		378,503
Prepaid expenses		241,449
Inventory		630,039
Liabilities assumed:		
Trade payable and accrued liabilities		(266,307)
Income taxes payable		(1,229,213)
Net liabilities acquired		(245,529)
Brand and licenses		1,240,000
Goodwill		4,845,073
TOTAL	$	5,839,544

The purchase price allocation has been used to prepare pro form adjustments in the pro forma balance sheet and pro forma statement of operations.

4. Pro forma Adjustments

Balance Sheet as of October 31,2021

(a) Represents the payment of $1,250,000 in cash less cash acquired of $378,503

(b) Represents the issuance of 19,029,850 shares of Body and Mind, Inc common stock to Canopy. 14,295,320 shares of common stock were attributed to the consideration paid and 4,734,530 attributed to a settlement.

(c) Represents the issuance of a promissory in the amount of $2,300,000 to Canopy.

(d) Reflects the allocation of goodwill and intangibles based on the purchase price.

(e) Represents a liability of $100,000 in contingent consideration.

(f) Represents the elimination of the historical equity of Canopy and the net deficit on the opening balance sheet.

Statement of Operations for the Year Ended July 31, 2021 and Three Months ended October 31, 2021

(a) Represents the payment of $100,000 for consulting expenses.

(b) Represents amortization attributable to the intangible assets acquired from Canopy,

(c) Represents the interest expense attributed to the $2,300,000 promissory note at a rate of 10%.

(d) Represents the issuance of 14,295,320 shares to Canopy as part of the purchase consideration and the loss on settlement from contingent consideration of $503,179 from the issuance of 4,374,530 shares of common stock.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Body and Mind Inc.
Vancouver, British Columbia, Canada

As independent registered public accountants, we hereby consent to the incorporation by reference in the Registration Statement of Body and Mind Inc. on Form S-8 (No. 333-237700) of our report dated August 19, 2022, with respect to our audit of the financial statements of Canopy Monterey Bay, LLC, as of and for the year ending December 31, 2020, which is included in the Current Report on Form 8-K/A of Body and Mind Inc. dated March 6, 2023.

/s/ Sadler, Gibb & Associates, LLC

Draper, Utah
March 6, 2023