UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **July 24, 2023**

SALONA GLOBAL MEDICAL DEVICE CORP.

(Exact name of registrant as specified in its charter)

British Columbia	**333-255642**	**Not Applicable**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

49 Natcon Dr
Shirley, New York, United States 11967
(Address of principal executive offices) (ZIP Code)

Registrant's telephone number, including area code: **(800) 760-6826**

3330 Caminito Daniella
Del Mar, California, 92014 United States
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing 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: None

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

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 24, 2023, Salona Global Medical Device Corporation (the "Company") appointed Michael Seckler, 58, to the position of Chief Executive Officer. From June 13, 2023 through July 24, 2023, Mr. Seckler served as Interim Chief Executive Officer of the Company. From October 2022 through May 2023, Mr. Seckler served as Chief Operating Officer and from January 2020 through September 2022, Mr. Seckler served as Senior Vice President of FerGene, a gene therapy company affiliated with Ferring International Center, SA, a Swiss multinational biopharmaceutical company ("Ferring"). From January 2017 through December 2019, Mr. Seckler was Vice President of Global Marketing and Corporate Communications at Ferring.

In connection with Mr. Seckler's appointment as Chief Executive Officer, he will be paid an annual salary of US$100,000 and variable compensation based on incentives of up to US$200,000 annually. Additionally, he has been granted options under the Company's 2021 Amended and Restated Stock Option Plan to purchase up to 750,000 common shares of the Company vesting equally over a three-year period, with a term of five years and an exercise price per share of CAD$0.29. In connection with Mr. Seckler's prior appointment as Interim Chief Executive Officer he was granted options under the Company's 2021 Amended and Restated Stock Option Plan to acquire an aggregate of 250,000 common shares of the Company, vesting equally over a three-year period, with a term of five years and an exercise price per share of CAD$0.25. The options and underlying shares for both grants are subject to a four month and one day hold period commencing on the date of grant pursuant to the policies of the TSX Venture Exchange. In addition, Mr. Seckler continues to be eligible to participate in the benefit programs generally available to executive officers of the Company.

There are no arrangements or understandings between Mr. Seckler and any other persons pursuant to which he was selected as Chief Executive Officer. There are also no family relationships between Mr. Seckler and any director or executive officer of the Company and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Item 8.01. Other Events.

On July 25, 2023, the Company issued a press release providing an update on cost cuts, on-going debt restructuring and the appointment of Mr. Seckler as Chief Executive Officer. The press release is furnished as Exhibit 99.1to this Current Report on Form 8-K.

On July 25, 2023, the Company moved its principal executive office to 49 Natcon Dr, Shirley NY 11967. The Company's telephone number remains the same: 1-800-760-6826.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Salona Global Medical Device Corporation dated July 25, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

SALONA GLOBAL MEDICAL DEVICE CORPORATION

Date: July 27, 2023

By: /s/ Dennis Nelson
Name: Dennis Nelson
Title: Chief Financial Officer

EX-99.1 2 exhibit99-1.htm EXHIBIT 99.1

Salona Global Announces Debt Reduction, Provides Update on Cost Cuts and Debt Restructuring; Appoints Mike Seckler as permanent Chief Executive Officer

New York, New York - (July 25, 2023) Salona Global Medical Device Corporation ("**SGMD**", "**Salona Global**" or the "**Company**") (TSXV:SGMD) today announced a 15% debt reduction as part of a restructuring effort with the seller of Biodex Medical Systems, Inc. ("**Biodex**") and provided an update on costs cuts and other debt restructuring plans. Additionally, the Company announced Mr. Mike Seckler has moved from interim CEO to permanent CEO.

Update on Cost Cuts and Turn Around Plan

Effective July 2023, management has taken action to cut over US$2 million of annualized salary and other costs, including senior management and mid-level staff as well as other operational expenses. While Q2 (April-June) is expected to see significant sales increases as a result of the acquisition of Biodex in April 2023 (details in the March 16, 2023 and April 3, 2023 press releases), losses continued to mount during that quarter. Unfortunately, Biodex operated at a loss when first acquired. The new management team started implementing cuts during June 2023. Given the current revenue run rate, the new expense budget is designed to generate a profit for the quarter ending September 30, 2023.

Debt Restructuring

On April 3, 2023, the Company acquired Biodex. As a result of the acquisition, SGMD assumed three payment obligations to the seller of Biodex totaling approximately US$10 million: approximately US$1.5 million in debt associated with nuclear medicine medical device inventory (the "**Inventory Debt**"), of which SGMD is a supplier of a key component of these medical devices produced by the seller of Biodex; approximately US$1.5 million in a working capital loan; and US$7 million in deferred cash payments for the acquisition.

SGMD and the seller of Biodex have agreed to an offset for the Inventory Debt (approximately US$1.5 million) in exchange for product already delivered, reducing the aggregate debt from approximately US$10 million to approximately US$8.5 million. The Company is in late-stage discussion with the seller of Biodex to restructure all remaining payment obligations as a result of the acquisition. SGMD has discussed an outline of a payment plan with the Biodex sellers that it finds acceptable, however the plan must still be documented in a binding agreement. There can be no guarantee that a final written amendment will be executed.

"I have worked hard to implement major and rapid change with the goal of achieving profitability this quarter," said Mike Seckler, CEO. "After restructuring debt and cutting costs, I plan to conduct a strategic review with an aim to put us back on a path to revenue growth and achieve a market multiple consistent with our peers thereby increasing our share price. We have a sizable revenue base, solid product offerings and reasonable gross margins in this vast and growing healthcare market, all attributes that can serve to build a stronger and more focused business."

In connection with his appointment as permanent CEO, Mr. Seckler has been granted options under the Company's 2021 Amended and Restated Stock Option Plan to purchase up to 750,000 common shares, vesting equally over a three year period, with a term of five years and an exercise price of $0.29. The options and underlying common shares are subject to a four month and one day hold period pursuant to the TSX Venture Exchange.

For more information please contact:

Mike Seckler
Chief Executive Officer
Tel: 1 (800) 760-6826
Email: Info@Salonaglobal.com

Additional Information

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for *the adequacy or accuracy of this release.*

There can be no assurance that definitive agreements with the sellers of Biodex and Simbex will be completed or the timing of any agreements and the Company will continue to be indebted to such sellers for certain payments until such time. Completion of any transaction will be subject to, amongst other things, negotiation and execution of definitive agreements, applicable director, shareholder and regulatory approvals.

Certain statements contained in this press release constitute "forward-looking information" within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. These statements can be identified by the use of forward-looking terminology such as "expects" "believes", "estimates", "may", "would", "could", "should", "potential", "will", "seek", "intend", "plan", and "anticipate", and similar expressions as they relate to the Company, including: the Company believing it can operate profitably for the quarter ending September 30, 2023; and the Company increasing its share price.

All statements other than statements of historical fact may be forward-looking information. Such statements reflect the Company's current views and intentions with respect to future events, and current information available to the Company, and are subject to certain risks, uncertainties and assumptions. Salona cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include but are not limited to the general business and economic conditions in the regions in which Salona operates; the ability of Salona to execute on key priorities, including the successful completion of acquisitions, business retention, and strategic plans and to attract, develop and retain key executives; difficulty integrating newly acquired businesses; ongoing or new disruptions in the supply chain, the extent and scope of such supply chain disruptions, and the timing or extent of the resolution or improvement of such disruptions; the ability to implement business strategies and pursue business opportunities; disruptions in or attacks (including cyber-attacks) on Salona ' s information technology, internet, network access or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behavior to which Salona is exposed; the failure of third parties to comply with their obligations to Salona or its affiliates; the impact of new and changes to, or application of, current laws and regulations; granting of permits and licenses in a highly regulated business; the overall difficult litigation environment, including in the United States; increased competition; changes in foreign currency rates; increased funding costs and market volatility due to market illiquidity and competition for funding; the availability of funds and resources to pursue operations; critical accounting estimates and changes to accounting standards, policies, and methods used by Salona; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; www.sec.gov, and with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. Should any factor affect Salona in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, Salona does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this press release is made as of the date of this press release and the Company undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.