

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

October 17, 2023

Date of Report (Date of earliest event reported)

BODY AND MIND INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

000-55940

(Commission File Number)

98-1319227

(IRS Employer
Identification No.)

750 – 1095 West Pender Street

Vancouver, British Columbia, Canada

(Address of principal executive offices)

V6E 2M6

(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:

<input type="checkbox"/>	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
<input type="checkbox"/>	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
<input type="checkbox"/>	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.

SECTION 2 – FINANCIAL INFORMATION

Item 2.01 Completion of Acquisition or Disposition of Assets

On October 17, 2023, pursuant to the previously announced equity purchase agreement (the “**EPA**”), dated July 21, 2023, between Body and Mind Inc.’s (the “**Company**” or “**BaM**”) wholly owned subsidiary, DEP Nevada, Inc. (“**DEP**”), NMG OH 1, LLC (“**NMG OH**”) and FarmaceuticalRX, LLC (the “**Purchaser**”), DEP sold all of the issued and outstanding interests and other ownership, equity or profits interests in NMG OH to the Purchaser (the “**Disposition**”).

Pursuant to the closing of the Disposition, on October 17, 2023 (the “**Closing Date**”), the Purchaser paid an initial total consideration of US\$8.225 million (US\$7,975,000 on closing plus US\$250,000 deposit upon signing of the EPA) (the “**Initial Purchase Price**”) in cash to DEP, which Initial Purchase Price is subject to a working capital adjustment and other customary adjustments pursuant to Section 2.3 of the EPA to be calculated within 365 days of the Closing Date (the “**Final Purchase Price**”). Based on the Accepted Adjustment Statement (as defined in the EPA), the parties shall determine if the Final Purchase Price shall be adjusted upwards or downwards. An amount equal to the Escrow Amount (as defined in the EPA) of US\$100,000 from the Final Purchase Price is being held in escrow and will be released to DEP on the fifth day of the twelfth month after the Closing Date unless there are any indemnification claims pending until such time as the claim is resolved.

In addition, DEP shall receive a payment of US\$2,500,000 (each, a “**Bonus Payment**”) for each additional dispensary license granted to NMG OH by the State of Ohio Board of Pharmacy or other regulatory body, in accordance with the terms of the EPA. Additional dispensary licenses that will receive the Bonus Payment shall specifically exclude an adult use license issued for the License (as defined in the EPA) and current lease location.

Simultaneously with the closing of the EPA, the Company used US\$7.33 million of the Initial Purchase Price funds to fully repay the debt owing to its senior secured lender, and the remaining balance of the Initial Purchase Price will be used to support the development of the Company’s retail assets in Illinois and New Jersey. The foregoing descriptions of the EPA does not purport to be complete and is qualified in its entirety by the EPA, which is filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the SEC on July 26, 2023.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(b) Pro Forma Financial Information

The unaudited pro forma consolidated financial information as of and for the nine months ended April 30, 2023 and for the year ended July 31, 2022, with the accompanying notes, are attached hereto as Exhibit 99.1.

(d) Exhibits

Exhibit	Description
99.1	Unaudited pro forma consolidated financial information as of and for the nine months ended April 30, 2023 and for the year ended July 31, 2022
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document)

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: October 23, 2023

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

BODY AND MIND INC.

Pro Forma Consolidated Financial Statements

As of April 30, 2023,

for the nine months ended April 30, 2023 and the year ended July 31, 2022

Expressed in U.S. dollars

(Unaudited)

Body and Mind Inc.**Pro Forma Consolidated Statement of Financial Position**

(Expressed in U.S. dollars, unless otherwise stated)

(Unaudited)

	As of	Body and Mind Inc. April 30, 2023	Pro Forma Adjustments	Notes	Pro Forma as at April 30, 2023
Assets					
Current assets					
Cash	\$	2,665,516	8,225,000	2A	10,762,357
			(128,159)	2A	
Accounts receivable		782,238	-		782,238
Interest receivable on convertible loan		276,000	-		276,000
Prepays		751,148	(80,540)	2A	670,608
Inventory		2,711,626	(234,792)	2A	2,476,834
Loan receivable		20,804	-		20,804
Total current assets		7,207,332	7,781,509		14,988,841
Deposit		50,519	-		50,519
Convertible loan receivable		1,609,088	-		1,609,088
Property and equipment, net		5,347,159	(494,660)	2A	4,852,499
Operating lease right-of-use assets		7,509,730	(166,121)	2A	7,343,609
Brand and licenses, net		10,888,159	(1,967,831)	2A	8,920,328
Total Assets	\$	32,611,987	5,152,897		37,764,884
Liabilities and stockholders' equity					
Current liabilities					
Accounts payable	\$	3,839,554	(297,234)	2A	3,542,320
Accrued liabilities		318,568	-		318,568
Income taxes payable		5,277,165	-		5,277,165
Due to related parties		148,339	-		148,339
Loans payable		28,656	-		28,656
Current portion of operating lease liabilities		1,138,855	(31,690)	2A	1,107,165
Total current liabilities		10,751,137	(328,924)		10,422,213
Long-term operating lease liabilities		8,756,001	(138,434)	2A	8,617,567
Loans payable		7,766,060	-		7,766,060
Convertible debentures – related parties, net		2,450,671	-		2,450,671
Income taxes payable		966,992	-		966,992
Deferred tax liability		342,137	-		342,137
Total Liabilities		31,032,998	(467,358)		30,565,640
Stockholders' equity					
Capital stock		14,663	-		14,663
Additional paid-in capital		55,018,951	-		55,018,951
Accumulated other comprehensive income		1,176,006	-		1,176,006
Accumulated deficit		(55,462,822)	5,620,255	2A	(49,842,567)
Total stockholders' equity attributable to shareholders		746,798	5,620,255		6,367,053
Non-controlling interest		832,191	-		832,191
Total stockholders' equity		1,578,989	5,620,255		7,199,244
Total Liabilities and stockholders' equity	\$	32,611,987	5,152,897		37,764,884

The accompanying notes are an integral part of the pro forma consolidated financial statements

Body and Mind Inc.**Pro Forma Consolidated Statement of Loss and Comprehensive Loss**

(Expressed in U.S. dollars, unless otherwise stated)

(Unaudited)

	For the nine months ended	Body and Mind Inc. April 30, 2023	Pro Forma Adjustments	Notes	Pro Forma as at April 30, 2023
Sales		\$ 22,886,446	(5,162,288)	2A	17,724,158
Cost of sales		(16,903,718)	3,033,823	2A	(13,869,895)
Gross profit		5,982,728	(2,128,465)		3,854,263
Operating expenses					
Accounting and legal		884,052	1,145	2A	885,197
Business development		754,364	-		754,364
Consulting fees		502,920	-		502,920
Depreciation		1,075,985	(239,765)	2A	836,220
Lease expense		1,006,189	(38,439)	2A	967,750
Licenses, utilities and office administration		3,523,126	(391,666)	2A	3,131,460
Management fees		304,152	-		304,152
Salaries and wages		3,300,611	(437,247)	2A	2,863,364
Total operating expenses		(11,351,399)	1,105,972		(10,245,427)
Net operating loss		(5,368,671)	(1,022,493)		(6,391,164)
Other income (expenses)					
Foreign exchange, net		1,013	-		1,013
Gain on fair value adjustment of convertible loan		359,088	-		359,088
Interest expense		(1,291,069)	1,248	2A	(1,289,821)
Interest income		54,000	-		54,000
Loss on impairment		(944,015)	-		(944,015)
Other income		72,203	(1,715)	2A	70,488
Gain on disposition		-	6,631,273	2A	6,631,273
Total other expenses		(1,748,780)	6,630,806		4,882,026
Net loss before income tax		(7,117,451)	5,608,313		(1,509,138)
Income tax expense		(2,185,164)	11,942	2A	(2,173,222)
Net loss		\$ (9,302,615)	\$ 5,620,255		\$ (3,682,360)
Other comprehensive income					
Foreign currency translation adjustment		(48,087)	-		(48,087)
Comprehensive loss		\$ (9,350,702)	\$ 5,620,255		\$ (3,730,447)
Net income (loss) attributable to:					
Body and Mind Inc.		(9,659,796)	5,620,255		(4,039,541)
Non-controlling interest		357,181	-		357,181
Comprehensive loss attributable to:					
Body and Mind Inc.		(9,707,883)	5,620,255		(4,087,628)
Non-controlling interest		357,181	-		357,181
Loss per share – basic and diluted		\$ (0.07)	\$ 0.04		\$ (0.03)
Weighted average number of shares outstanding – basic and diluted		130,203,817	130,203,817		130,203,817

The accompanying notes are an integral part of the pro forma consolidated financial statements

Body and Mind Inc.**Pro Forma Consolidated Statement of Loss and Comprehensive Loss**

(Expressed in U.S. dollars, unless otherwise stated)

(Unaudited)

	For the year ended	Body and Mind Inc. July 31, 2022	Pro Forma Adjustments	Notes	Pro Forma as at July 31, 2022
Sales		\$ 31,638,163	(8,025,889)	2A	23,612,274
Cost of sales		(20,694,217)	4,639,143	2A	(16,055,074)
Gross profit		10,943,946	(3,386,746)		7,557,200
Operating expenses					
Accounting and legal		948,719	(57,184)	2A	891,535
Business development		669,471	-		669,471
Consulting fees		967,860	-		967,860
Depreciation and amortization		1,490,516	(320,190)	2A	1,170,326
Lease expense		856,697	(51,254)	2A	805,443
Licenses, utilities and office administration		4,627,009	(628,648)	2A	3,998,361
Management fees		559,937	-		559,937
Salaries and wages		4,343,237	(512,457)	2A	3,830,780
Total operating expenses		(14,463,446)	1,569,733		(12,893,713)
Net operating loss		(3,519,500)	(1,817,013)		(5,336,513)
Other income (expenses)					
Foreign exchange, net		323	-		323
Interest expense		(1,372,208)	229	2A	(1,371,979)
Interest income		72,000	-		72,000
Loss on impairment		(20,517,192)	-		(20,517,192)
Loss on settlement		(460,001)	-		(460,001)
Other income		161,639	(14,182)	2A	147,457
Gain on disposition		-	6,859,025	2A	6,859,025
Total other expenses		(22,115,439)	6,845,072		(15,270,367)
Net loss before income tax		(25,634,939)	5,028,059		(20,606,880)
Income tax expense		(2,593,165)	74,233	2A	(2,518,932)
Net loss		(28,228,104)	5,102,292		(23,125,812)
Other comprehensive income					
Foreign currency translation adjustment		96,380	-		96,380
Comprehensive loss		(28,131,724)	5,102,292		(23,029,432)
Net income (loss) attributable to:					
Body and Mind Inc.		(28,676,516)	5,102,292		(23,574,224)
Non-controlling interest		448,412	-		448,412
Comprehensive loss attributable to:					
Body and Mind Inc.		(28,580,136)	5,102,292		(23,477,844)
Non-controlling interest		448,412	-		448,412
Loss per share – basic and diluted		(0.25)	(0.04)		(0.21)
Weighted average number of shares outstanding – basic and diluted		112,209,254	112,209,254		112,209,254

The accompanying notes are an integral part of the pro forma consolidated financial statements

Body and Mind Inc.

Notes to the Pro Forma Consolidated Financial Statements

(Expressed in U.S. dollars, unless otherwise stated)

(Unaudited)

1. BASIS OF PRESENTATION

The unaudited pro forma consolidated statement of financial position of Body and Mind Inc. (“**BAM**” or the “**Company**”) has been prepared by management in accordance with accounting principles generally accepted in the United States of America for inclusion in Form 8-K, Item 2.01.

These pro forma consolidated financial statements include:

- A. A pro forma consolidated statement of financial position as of April 30, 2023 prepared from the unaudited consolidated statement of financial position of the Company as of April 30, 2023 giving effect as if the disposition of NMG OH 1, LLC (“**NMG OH**”), as described in Note 2, occurred on April 30, 2023.
- B. A pro forma consolidated statement of loss and comprehensive loss for the nine months ended April 30, 2023 prepared from the unaudited consolidated statement of loss and comprehensive loss of the Company, as if the disposition of NMG OH occurred on August 1, 2022.
- C. A pro forma consolidated statement of loss and comprehensive loss for the year ended July 31, 2022 prepared from the audited consolidated statement of loss and comprehensive loss of the Company, as if the disposition of NMG OH occurred on August 1, 2021.

The unaudited pro forma interim consolidated financial statements are not necessarily indicative of the financial position and the financial results that may be attained in the future. The actual pro forma adjustments will depend on a number of factors which could result in a change to the unaudited pro forma interim consolidated financial statements and should be read in conjunction with the financial information referred to above.

The unaudited pro forma interim consolidated 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, 2022. It is management’s opinion that the unaudited pro forma interim consolidated financial statements include all adjustments necessary for the fair presentation, in all material respects, of the disposition of NMG OH 1, LLC by the Company on a basis consistent with the Company accounting policies.

Amounts in these pro forma interim consolidated financial statements are denominated in U.S. dollars.

No adjustments have been made to reflect potential cost savings that may occur subsequent to completion of the disposition. The pro forma consolidated financial statements does not reflect non-recurring charges or credits directly attributable to the transaction.

2. PRO FORMA ASSUMPTIONS

The unaudited pro forma consolidated interim financial statements gives effect to the following transactions and assumptions, which are presented in the adjusting entries column:

A. Disposition of NMG OH 1, LLC

Pursuant to the equity purchase agreement with FarmaceuticalRX, LLC (the “**Purchaser**”), DEP agreed to sell all of the issued and outstanding interests, equity, or profit interests (the “**Interests**”) in NMG OH 1, LLC (“**NMG OH**”), which owns and operates the Body and Mind Ohio dispensary, to the Purchaser. The Body and Mind Ohio dispensary opened in 2019 and has now been sold to the Purchaser for an initial purchase price for the Interests of US\$8.225 million, subject to a working capital adjustment and other customary adjustments. The transaction also includes a contingent of a US\$2.5 million bonus payment to DEP for each additional dispensary license granted to NMG OH by the State of Ohio Board of Pharmacy in the future (excluding any adult use license for the existing dispensary).

Gain on disposition is calculated as the difference between the proceeds of \$8,225,000 and the net assets of NMG OH as of April 30, 2023 or July 31, 2022, as applicable.

Contingent bonus payments are not considered in these pro forma interim consolidated financial statements due to the uncertainties.

Income tax provisions for the period ended April 30, 2023 or the year ended July 31, 2022 have not been recalculated to determine the portion allocable to NMG OH for the purposes of these unaudited pro forma adjustments.

3. LOSS PER SHARE – BASIC AND DILUTED

The calculation of the pro forma consolidated basic and diluted loss per share in the pro forma consolidated statement of loss and comprehensive loss for the nine months ended April 30, 2023 and for the year ended July 31, 2022 are based upon the same calculation as described in the respective consolidated financial statements of the Company. There were no shares issued as part of the transaction.

4. PRO FORMA STATUTORY INCOME TAX RATE

No provision for loss carry-forward and the resulting income tax benefit has been made for the combined entity in the unaudited pro forma consolidated interim financial statements. The tax rate is expected to be 21%.

5. PRO FORMA EQUITY STRUCTURE

The equity structure remains the same and there are no effect to the capital stock and or any other equity accounts arising from the disposition of the NMG OH.