

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2017**

Commission File Number: 000-54208

BioCorRx Inc.

(Exact name of registrant as specified in its
charter)

Nevada

(State or other jurisdiction of incorporation
or organization)

90-0967447

(IRS Employer Identification No.)

**2390 East Orangewood Avenue,
Suite 575 Anaheim, CA**

92806

(714) 462-4880

(Address of principal executive office) (Zip Code) (Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, no par value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes
No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

(Check one):

| | | | |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> | | |

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 7(a)(2)(B) of the Securities Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

The aggregate market value of the voting Common Stock held by non-affiliates based upon the closing sale price of \$0.108 per share on the Over the Counter Bulletin Board of the registrant as of June 30, 2017: \$24,039,444.

As of April 2, 2018, there were 246,611,285 shares of registrant's common stock outstanding.

Documents Incorporated by Reference: None.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (including the section regarding Management's Discussion and Analysis of Financial Condition and Results of Operations) contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this Annual Report on Form 10-K. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our Management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We file reports with the Securities and Exchange Commission ("SEC"). You can read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report on Form 10-K. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this annual Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

In this Annual Report on Form 10-K, the terms "we", "our", and "us" refer to BioCorRxÒ Inc. ("BioCorRxÒ") and our wholly owned subsidiary, Fresh Start Private, Inc. (FSP).

Item 1 – Business

Corporate Structure

We were incorporated as Cetrone Energy Company on January 28, 2008 in the State of Nevada. From inception until we completed our reverse acquisition of FSP, the principal business of the Company originally was to develop “green” renewable fuel sources for agricultural operations, specifically biodiesel. On July 26, 2010, we filed an amendment to our Articles of Incorporation changing our name to Fresh Start Private Management, Inc. During that time, we had no revenue and our operations were limited to capital formation, organization, and development of our business plan and target customer market. As a result of the reverse acquisition of FSP, on October 31, 2011, we ceased our prior operations and we are now a holding company and our wholly owned subsidiary engages in alcoholism and opioid addiction treatment through our BioCorRx[®] Recovery Program and related products.

On October 31, 2011, we completed a reverse acquisition transaction through a share exchange with FSP whereby we acquired all of the issued and outstanding shares of FSP in exchange for 37,000,000 shares of our common stock, which represented approximately 31.3% of our total shares outstanding immediately following the closing of the Share Exchange. As a result of the Share Exchange, FSP became our wholly-owned subsidiary.

The share exchange transaction with FSP was treated as a reverse acquisition, with FSP as the acquirer and the Company as the acquired party. Unless the context suggests otherwise, when we refer in this Report to business and financial information for periods prior to the consummation of the reverse acquisition, we are referring to the business and financial information of FSP.

On January 7, 2014, we filed an amendment to our articles of incorporation changing our name to BioCorRx[®] Inc.

Effective July 5, 2016, the Company amended its articles of incorporation to increase the authorized shares of capital stock of the Company from two hundred million (200,000,000) shares of common stock, and eighty thousand (80,000) shares of preferred stock, both \$.001 par value respectively, to five hundred twenty five million (525,000,000) shares common stock (\$.001 par value), and six hundred thousand (600,000) shares of preferred stock (no par value), respectively.

On July 28, 2016, we formed BioCorRx Pharmaceuticals, Inc., a Nevada Corporation, for the purpose of developing certain business lines. In connection with the formation, the, the newly formed sub issued 24.2% ownership to officers of the Company with the Company retaining 75.8%.

On November 23, 2016, the Company” filed a certificate of designations, rights and preferences with the Secretary of State of the State of Nevada pursuant to which the Company set forth the designation, powers, rights, privileges, preferences and restrictions of the Series B Preferred Stock.

On January 16, 2018, majority stockholders holding 59% of the voting equity voted to amend its articles of incorporation to increase the authorized shares of capital stock (the “Share Increase”) of the Company from five hundred twenty five million (525,000,000) shares of common stock, \$.001 par value per share, and six hundred thousand (600,000) shares of preferred stock, \$.001 par value per share, to seven hundred fifty million (750,000,000) shares of common stock (\$.001 par value per share) and six hundred thousand (600,000) shares of preferred stock (\$.001 par value per share). The Share Increase has not yet taken effect, but is expected to take effect in the near future.

Also, on January 16, 2018, majority stockholders holding 59% of the voting equity voted to grant discretionary authority to the Board of Directors of the Company (the “Board”), at any time or times for a period of 12 months after the date of the Written Consent, to Adopt an amendment to our Articles to effect a Reverse Split of our issued and outstanding common stock in a range of not less than 1-for-5 and not more than 1-for-500 (the “Reverse Split”). The Reverse Split has not yet taken effect, the Board has not yet determined the ratio of the Reverse Split, nor is the Board obligated to effect the Reverse Split.

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Business Overview

We have developed and own the rights to an innovative alcoholism and opioid addiction treatment program, called BioCorRxÒ Recovery Program that empowers patients to succeed in their overall recovery. We offer a comprehensive medication-assisted treatment (MAT) program that combines non-addictive medication coupled with cognitive behavioral therapy (CBT) modules and peer recovery support and tracking. We have been operating for over 6 years and over 1,000 patients have been treated with our program since we began operating. The addiction treatment services reported cost from provider to patient is an average of \$12,500 per patient and a portion is sometimes covered by insurance according to treatment providers. This amount varies due to many factors, the major ones being, type of insurance policy and patients out of network deductibles. In addition, there are the service provider expenses, and surgery center costs (if not done in the medical provider's office). Services may also be provided to cash patients, by licensed providers, at discounted rates due to financial difficulties.

The BioCorRxÒ Recovery Program is a comprehensive addiction program which includes peer support coaching and counseling modules (typically completed in 16 sessions on average but not limited to), coupled with a naltrexone implant. The implant is specifically compounded with a prescription from a medical doctor for each individual and is designed to release naltrexone into the body over multiple months. The naltrexone implant means a single administration, long acting naltrexone pellet(s) that consists of a naltrexone formulation in a biodegradable form that is suitable for subcutaneous implantation in a particular patient.

Treatment Philosophy

Our alcoholism and opioid addiction treatment program empowers patients to succeed. A detailed description of our treatment philosophy is as follows:

Medical Intervention: It is essential to significantly reduce a patient's cravings for alcohol and opioids in order to fully break the cycle of addiction. We have built our BioCorRxÒ Recovery Program around a state-of-the-art, minimally invasive, biodegradable implant of naltrexone. Naltrexone is an FDA-approved pharmaceutical used for the treatment of alcoholism and opioid addiction. A licensed physician surgically inserts a marble-sized pellet(s) under the skin in the lower abdomen. The pellet is absorbed into the body and typically dissolves within months following the procedure in most patients depending on their metabolism and other factors.

Focus on Treatment: Unlike many other addiction treatment programs, we focus primarily on the treatment of alcohol and opioid addiction.

Comprehensive Approach: Alcoholism and opioid addiction are complex diseases that needs a program specifically designed to treat the body, the mind, and the spirit of one suffering from addiction. We have created a comprehensive recovery program that includes state-of-the-art medical intervention, individually tailored peer support and cognitive behavioral therapy (CBT) counseling modules used by trained addiction specialists. Our program typically lasts for up to 13 months from the initial surgical procedure of inserting the naltrexone pellet(s) to the last peer support coaching session. We believe that through our comprehensive treatment method, clients will have the highest possible chances of full recovery from alcohol and opioid dependency.

Program Description

We offer a comprehensive and highly effective alcohol and opioid addiction treatment program. Our proprietary program is designed to offer treatment and healing to both the body and the mind of those suffering from addiction. Our alcoholism and opioid addiction treatment program is a two-part program that includes: (i) the insertion of a naltrexone implant that is believed to reduce physical cravings of alcohol and opioids by a trained physician; and (ii) peer support and CBT that focuses on the psycho-social aspect of addiction. The following is a detailed description of our treatment program.

Naltrexone Implant: Our unique program has reduced physical cravings for numerous patients suffering from alcoholism and opioid addiction. Our implant is believed to reduce cravings over the period of multiple months in most patients depending on their metabolism and other factors. During this time, the program focuses on addressing the mental dependence on alcohol and/or opioids. The implant is a naltrexone pellet(s) that is the size of a marble and inserted via an outpatient surgical procedure into the lower abdomen of the patient. The naltrexone pellets will be absorbed by the body over time and will automatically dissolve and not need to be removed unless otherwise required.

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All procedures to place the naltrexone pellets into patients are performed at several independently owned and licensed provider locations. There are over 30 licensed providers throughout the United States that offer the BioCorRx[®] Recovery Program. Addresses of most independently owned provider locations offering our program are available on our website www.beataddiction.com. The procedures are performed by a licensed medical physician.

The naltrexone implant is produced by select compounding pharmacies contracted by Trinity Compound Solutions, Inc. We entered into an exclusive license dated September 7, 2010 (the "License Agreement") with Trinity Compound Solutions, Inc. (formerly known as Trinity Rx Solutions, LLC) ("Trinity"). In accordance with the terms and provisions of the License Agreement, Trinity shall provide to our partners access to the naltrexone implant that has been designed for addiction treatment. As consideration for the License Agreement, the Company has issued 5,672,250 shares of our common stock (which was equal to 7.5% of the total shares outstanding at the time of the execution of the agreement).

A copy of the License Agreement with Trinity is incorporated herein by reference and was filed as Exhibit 10.3 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 4, 2011. The description of the transaction contemplated by such License Agreement set forth herein does not purport to be complete and is qualified in its entirety by reference to the full text of the exhibit filed therewith and incorporated herein by reference.

The naltrexone implant is one or two small pellets that are inserted beneath the skin in the subcutaneous fat located in the lower abdomen. The implant procedure is an outpatient procedure that takes approximately 20-30 minutes. A local anesthetic is administered before the pellets are implanted and the patient is free to leave the clinic and return to normal activities within a few hours of the procedure in most cases. The pellets are biodegradable and will gradually dissolve in the human body. The pellets contain a medicine called naltrexone, which has been shown to block receptors in the brain that crave alcohol and opioids. naltrexone is an FDA approved medication and all patients are required to obtain a prescription for the medication from a medical doctor. The doctors employed by the licensed providers are responsible for evaluating the patients, determining if the patient is a candidate and, if so, writing the prescription. The prescription is then presented to compounding pharmacies contracted by Trinity that produce the pellets using naltrexone as the core ingredient. BioCorRx does not compound, manufacture or handle the naltrexone implants.

Once the pellet is implanted in the patient, they are usually free to return to work on the next business day and will be contacted by a peer support specialist and/or counselor within a few days if not prior to the procedure to begin the behavioral portion of the program.

BioCorRx[®] Recovery Program CBT: We developed a CBT program to assist patients in addressing their dependence on alcohol and/or opioids. Prior to, or upon receiving the naltrexone implant, each patient will typically speak with a counselor/therapist. This counselor/therapist will treat the patient for the next several weeks following the implant using the program modules in combination with their own skill sets to help them cope with and address their dependence on alcohol and/or opioids. It usually takes approximately 16 sessions to complete the program modules.

As part of the peer support and CBT program, peer support specialists/counselors focus on bringing family and friends into the recovery process. This provides emotional support for patients and allows them to understand that they have people that care for them and want them to remain sober. The peer support portion of the program typically lasts for 12 months.

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Marketing Strategy

We have and will continue to use a variety of advertising and marketing channels to increase our exposure and awareness to prospective patients about our BioCorRxÒ Recovery Program. In addition to word of mouth from patients, we are focusing advertising and public relations on the radio, television and digital.

Competition

We offer a unique, proprietary treatment plan for alcoholism and opioid addiction. However, there are many services and clinics that already provide support for addiction. There are rehabilitation and treatment centers within close proximity to our licensed providers that provide alcohol and opioid addiction treatment and detoxification services, some using other naltrexone implants. We hope to distinguish ourselves from our competition by proving that our program is successful and our success rate is much higher than our competitors. We intend to continue our expansion of the number of licensed providers throughout the United States using our program on their patients.

Growth Strategy

We have developed a program that we believe helps patients battle their mental and physical addiction to alcohol and opioids more effectively than traditional methods. We are currently operating in Anaheim, California and market nationally. We are constantly seeking and contracting with additional independent treatment providers in the United States and ramping up efforts to establish pilot programs with local and state government entities.

Government Regulation and Approvals

All Surgical procedures need to be performed by a licensed physician.

The naltrexone implant does not require regulatory approval because naltrexone is already an FDA approved medication. Once the physician writes a prescription for naltrexone implant, a pharmacist can put it into a compounded form under U.S. Compounding laws and then distribute the compounded medication directly to the ordering physician treating the intended patient. The pharmacy is required to be properly licensed in each state to which the implant is being distributed.

Intellectual Property/Licensing Rights

On June 30, 2015, we acquired the complete rights, title and interest in the Naltrexone Implant Formulation used specifically in the BioCorRx Recovery Program for an aggregate purchase price of \$1,132,000 comprised of an obligation to pay \$1,000,000 over 14 months starting October 1, 2015 and 3,000,000 of the Company's common stock at the market value of \$0.044 per share as of the date of the agreement.

The BioCorRx CBT program/modules used in the BioCorRx Recovery Program are protected by copyright.

On January 26, 2016, the Company entered into an asset purchase agreement to acquire intellectual and contractual rights for all of North America with the option for Central and South America for Naltrexone Implants formulas created by the Seller for 24 months upon receipt of the intellectual property for a fee of \$55,648. The Company, within the first 12 months has the right to purchase perpetual rights for above territories for a one-time fee, financed over 5 years.

On July 28, 2016, the Company and Therakine, Ltd., an Irish private company limited by shares ("Therakine"), entered into a Development, Commercialization and License Agreement (the "Agreement"). Therakine has know-how and patents related to sustained release drug delivery technology (the "Technology"). Pursuant to the Agreement, Therakine granted the Company an exclusive license to utilize the Technology in developing injectable naltrexone products to treat patients suffering addiction to opioids, methamphetamines, cocaine, or alcohol. The Company is permitted to sell on a worldwide basis the products that utilize the Technology. The Agreement expires when the Company's last valid claim to Therakine's patents expires. Upon expiration of the Agreement, the licenses granted will become irrevocable and fully paid up.

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The Company agreed to pay, in return for the license to the Technology, up to \$2,750,000 in milestone payments and royalties ranging from 5% to 12% of net sales of products that use the Technology with aggregate payments per year of not less than \$250,000. The Company is also required to pay a percentage of any sublicense income it receives related to products that use the Technology. In the event Therakine enters into a license agreement with a third party for products unrelated to injectable naltrexone that use the Technology, Therakine will pay the Company a percentage of its income from these products. As of December 31, 2017, the Company has paid an aggregate of \$250,000 of which \$75,000 is held in escrow until certain drug levels are met.

In 2016, the Company assigned and Therakine agreed to assign the rights under the Therakine Agreement, to BioCorRx Pharmaceuticals, Inc., the Company's majority owned subsidiary.

MATERIAL AGREEMENTS

On October 2, 2013 we entered into a five year license and access agreement with Start Fresh Alcohol Recovery Clinic, Inc. (the "Medical Group") and Dr. George Fallieras. In accordance with the terms and conditions of the agreement the Company granted the exclusive, non-sublicensable and non-transferable right and license to access the Naltrexone implant products. The Medical Group shall pay to the Company a license fee at a negotiated royalty rate per program.

On April 5, 2013, the Company granted licensing rights for ten years in the State of Arizona to Kryptonite Investments LLC. In accordance with the terms and provisions of the license agreement: (i) the license shall be granted by the Company to Kryptonite Investments upon payment of \$300,000 to the Company as evidenced by that certain convertible debenture agreement (the "Debenture"); and (ii) the Company shall grant to Kryptonite Investments the exclusive rights to the License to use, sell and offer for sale in the state of Arizona. Kryptonite Investments shall pay the Company a license fee, which shall be payable as either: (i) an upfront License Fee less 10% discount for total of \$270,000 if paid within 30 days of date that all principal and interest is repaid by the Company for the Debenture; or (ii) payable as the licensee performs procedures to begin within 30 days of principal and interest being paid in full for the Debenture by the Company.

On July 7, 2014, the Company and Kryptonite Investments LLC entered into a Restatement of Sublicense Agreement, which fully restates material terms of agreement. The execution date of the original License Agreement shall remain the effective date of the Restatement and all obligations.

On November 30, 2015, the Company and Kryptonite Investments LLC entered into an amendment of Restatement of Sublicense Agreement, which amends certain terms of agreement. The execution date of the original License Agreement shall remain the effective date of the Restatement and all obligations.

On July 31, 2013, the Company granted licensing rights perpetually in the state of Nebraska to Fresh Start Private Midwest LLC. During the term of the license agreement, the licensee shall pay to the Company on a monthly basis, the greater of \$5,000 for each month of the term of the License Agreement or 20% of the revenues generated.

On September 23, 2014, the Company and Fresh Start Private Midwest LLC entered into a Restatement of Sublicense Agreement, which fully restates the material terms of the License Agreement. The execution date of the original License Agreement shall remain the effective date of the Restatement and all obligations.

On August 2, 2013, the Company granted licensing rights perpetually for the 48 most northern counties in the state of California to Fresh Start NoCal LLC and was amended in May of 2014 for an aggregate of \$633,000 but no more than \$1,000,000 for the up-front license fee as well as an agreed upon royalty rate of the revenues generated.

On December 13, 2013, the Company granted licensing rights for ten years in the state of Connecticut for \$350,000 for the up-front license fee to JPL, LLC. During the term of the license agreement, a royalty fee equal to 10% of the revenues generated as well as an agreed upon program fee upon the order of the Counseling Programs.

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On May 1, 2014, the Company entered into an amendment of the License and Access Agreement with Start Fresh Alcohol Recovery Clinic Inc. dated October 2, 2013. The agreement was amended to restate the program access fee and include procedures originating out of the city limits of Atlanta, GA.

On May 13, 2014, the Company granted licensing rights perpetually in the territory of Washington D.C. area (inclusive of Maryland, West Virginia and Virginia) and North Carolina for an up-front license fee. In order to maintain sublicense the licensee agrees to pay a program fee for a minimum of 75 programs in the Washington D.C. area and 50 programs in North Carolina by 12/31/15. Each subsequent year thereafter the minimum number of programs will increase to a minimum of 150 programs and 100 programs respectively for the remainder of the agreement.

On June 25, 2014, the Company granted licensing rights perpetually in the state of Oklahoma to Start Fresh Oklahoma, LLC for an up-front license fee. In order to maintain exclusivity the licensee agrees to pay a program fee for a minimum of 12 programs by 12/31/15. Each subsequent year thereafter the minimum number of programs will increase to a minimum of 30 programs.

On June 23, 2014, the Company granted licensing rights perpetually in the state of Minnesota to Start Fresh Minnesota, LLC for an up-front license fee. In order to maintain exclusivity the licensee agrees to pay a program fee for a minimum of 15 programs by 12/31/15. Each subsequent year thereafter the minimum number of programs will increase to a minimum of 35 programs.

On June 23, 2014, the Company granted licensing rights perpetually in the state of Missouri to Start Fresh Missouri, LLC for an up-front license fee. In order to maintain exclusivity the licensee agrees to pay a program fee for a minimum of 20 programs by 12/31/15. Each subsequent year thereafter the minimum number of programs will increase to a minimum of 45 programs.

On June 25, 2014, the Company granted licensing rights perpetually in the state of Ohio to Sobriety and Addiction Services, LLC for an up-front license fee. In order to maintain sublicense the licensee agrees to pay a program fee for a minimum of 58 programs in the territory by 12/31/15. Each subsequent year thereafter the minimum number of programs will increase to a minimum of 115 programs annually for the remainder of the agreement.

On July 16, 2014, the Company granted licensing rights perpetually in the state of Nevada to Addiction Recovery Centers, Inc. for an up-front license fee. In order to maintain sublicense the licensee agrees to pay a program fee for a minimum of 30 programs by 12/31/15. Each calendar year thereafter, the minimum shall remain 30 programs for the remainder of the agreement. With the exception of years 2016, 2017, and 2018 whereby the minimums will increase by 8 for a total of 38 programs required to be ordered and paid for annually in order to maintain sublicense.

On August 13, 2014, the Company entered into a second amendment of the License and Access Agreement with Start Fresh Alcohol Recovery Clinic Inc. dated October 2, 2013. The agreement was amended to include procedures originating out of the Metropolitan Area of Chicago, IL.

On June 30, 2015, the Company entered into a sublicense release agreement with Sobriety and Addiction Solutions (SAS) [also known as Fresh Start No Cal LLC and MyLife Recovery Centers]. SAS agreed to terminate and relinquish all rights granted under sublicense agreements, dated May 13, 2014, May 15, 2014 and June 25, 2014.

On January 26, 2015, the Company granted three-year distribution rights to Start Fresh Management LLC in Plano, TX. The distributor has agreed to pay a program access fee for each program order. Either party may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On March 10, 2015, the Company granted six month distribution rights to Corona Physical Medicine in Corona, CA. The distributor has agreed to pay a program access fee for each program order. Either party may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On March 20, 2015, the Company entered into a Sales Agency Agreement with Myriad Medical Marketing (MMM). MMM agreed to become the exclusive sales agent for BioCorRx within the Wellness Center category in the United States.

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On June 30, 2015, the Company entered into an Asset Purchase Agreement with Trinity Compound Solutions Inc. The company agreed to purchase the intellectual property and contractual rights of the Naltrexone Implant Formulation for one million dollars (\$1,000,000), plus three million (3,000,000) common restricted shares of BioCorRx Inc.

On August 14, 2015, the Company granted six month distribution rights to Next Advance Medicine in Irvine, CA. The distributor has agreed to pay a program access fee for each program order. Either party may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On August 26, 2015, the Company granted six month distribution rights to Escalon Physical Medicine in Escalon, CA and Scott Medical Health Center in Pittsburgh, PA respectively. The distributors have agreed to pay a program access fee for each program order. The parties may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On September 2, 2015, the Company granted six month distribution rights to Coastside Health and Medical Clinic Inc. in Daly City, CA, COR Medical Group in Palmdale, CA and Mazolewskioc Medical PC in San Diego, CA respectively. The distributors have agreed to pay a program access fee for each program order. The parties may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On September 22, 2015, the Company granted six month distribution rights to Superior Health Care LLC in Canton, GA. The distributor has agreed to pay a program access fee for each program order. Either party may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On October 21, 2015, the Company granted five year distribution rights to Kalani Total Health Center in Oxnard, CA. The distributor has agreed to pay a program access fee for each program order. Either party may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On December 1, 2015, the Company granted five year distribution rights to Pain Mechanix, in Mesa, AZ and SL Solutions in Oconomowoc, WI respectively. The distributor has agreed to pay a program access fee for each program order. The parties may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On December 15, 2015, the Company granted five year distribution rights to Metabolic Health and Wellness LLC in Memphis, TN. The distributor has agreed to pay a program access fee for each program order. Either party may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On December 28, 2015, the Company granted five year distribution rights to Global Medical Center LLC in Slidell, LA. The distributor has agreed to pay a program access fee for each program order. Either party may elect to non-renew the distribution agreement by providing written notice to other party with a sixty day notice.

On December 10, 2015. The Company entered into a royalty agreement with Alpine Creek Capital Partners LLC (“Alpine Creek”). The Company is in the business of selling a distinct implementation of the BioCorRx Recovery Program, a two-tiered comprehensive MAT program, which includes a counseling program, coupled with its proprietary Naltrexone Implant (the “Treatment”).

In accordance with the terms and provisions of the agreement, Alpine Creek will pay the Company an aggregate of \$405,000 , payable as follows: (a) a deposit in the amount of \$55,000, which Alpine Creek paid to the Company on November 20, 2015, (b) cancellation of that certain secured promissory note, dated October 19, 2015, issued by the Company to Alpine Creek in the aggregate principal amount of \$55,000 and (c) within two (2) business days from the effective date, Alpine Creek will pay \$295,000 to the Company.

In consideration for the payment, with the exception of treatments conducted in certain territories, the Company will pay Alpine Creek fifty percent (50%) of the Company’s gross profit for each Treatment sold in the United States that includes procurement of the Company’s implant product until the Company has paid Alpine Creek \$1,215,000. In the event that the Company has not paid Alpine Creek \$1,215,000 within 24 months of the Effective Date, then the Company shall continue to pay Alpine Creek fifty percent (50%) for each Treatment following the Effective Date until the Company has paid Alpine Creek an aggregate of \$1,620,000, with the exception of treatments conducted in certain territories. Upon the Company’s satisfaction of these obligations, the Company shall pay Alpine Creek \$100 for each treatment sold in the United States that includes procurement of the Company’s implant product, into perpetuity.

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Item 1A – Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and are not required to provide the information under this item.

Item 1B – Unresolved Staff Comments

None.

Item 2 - Properties

We do not own any real estate or other physical properties material to our operations. We operate from leased space. Our executive offices are located at 2390 East Orangewood Avenue, Suite 575, Anaheim, California 92806, and our telephone number is (714) 462-4880. We lease this property. Our lease commenced effective July 1, 2016 for a term of three years. The base rent is \$4,212 per month.

Item 3 – Legal Proceedings

On March 9, 2016, Jorge Andrade (former Company’s Chief Executive Officer) and Terranautical Global Investments, Inc. filed with the Eighth Judicial District Court in Clark County, Nevada a lawsuit claiming unpaid compensation, bonuses and previous loans in aggregate of \$316,000 plus accrued interest and damages.

On March 21, 2016, the Plaintiff and the Company entered into a settlement agreement whereby the Company agreed to settle for a cash payment of \$250,000 due December 16, 2016. Subsequently, on March 8, 2017, the settlement agreement was amended with an initial payment of \$190,000 to be delivered by March 15, 2017 and the remaining balance of \$160,000 shall be paid in twelve (12) monthly payments of \$15,000 each through April 1, 2018. At March 21, 2016, the Company reclassified \$195,845 accounts payable and \$54,155 notes payable, related party to settlement payable in the accompanying balance sheet. As of December 31, 2017, the outstanding balance due was \$15,000.

On March 7, 2016, Jeffery D. Segal, A Professional Corporation (“Segal”) filed a complaint against the Company alleging failure to pay for legal services rendered in aggregate of \$59,174 with the Superior Court of the State of California, County of Los Angeles.

In March 2017, the Company entered into a settlement agreement to pay Segal and did pay \$65,000 in full settlement in fiscal year 2017. The Company had accrued the \$65,000 for the year ended December 31, 2016.

With the exception of the foregoing, the Company is not involved in any disputes and does not have any litigation matters pending. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company, threatened against or affecting our Company or our common stock, in which an adverse decision could have a material adverse effect.

Item 4 – Mine Safety Disclosures

Not applicable.

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Item 5 – Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been approved for quotation on The OTC Bulletin Board under the symbol “BICX.” The Company stock began trading on August 30, 2010. The table below sets forth the high and low bid prices for our common stock for the period indicated as reported on the OTCBB website.

| Financial Quarter Ended | Common Stock Market Price | |
|--------------------------------|----------------------------------|-----------------|
| | High (\$) | Low (\$) |
| December 31, 2017 | 0.1750 | 0.0426 |
| September 30, 2017 | 0.1160 | 0.0600 |
| June 30, 2017 | 0.3400 | 0.1000 |
| March 31, 2017 | 0.1505 | 0.0260 |
| December 31, 2016 | 0.0450 | 0.0100 |
| September 30, 2016 | 0.0749 | 0.0200 |
| June 30, 2016 | 0.0320 | 0.0150 |
| March 31, 2016 | 0.0330 | 0.0150 |

As of April 2, 2018, 246,611,285 shares of our common stock were issued and outstanding.

Holders

As of April 2, 2018, there were approximately 238 holders of record of our common stock. This number does not include shares held by brokerage clearing houses, depositories or others in unregistered form.

Dividend Policy

We have never paid any cash dividends on our capital stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements of our business. Any future determination to pay cash dividends will be at the discretion of the Board and will be dependent upon our financial condition, results of operations, capital requirements and such other factors as the Board deems relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

We have one equity compensation plan, the BioCorRx, Inc. 2014 Stock Option Plan (the “Plan”). The table set forth below present information relating to our equity compensation plans as of the date of this Annual Report:

Equity Compensation Plan Information

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|--|--|--|--|
| Equity compensation plans approved by security holders | 20,000,000 | 0.10 | 5,000,000 |
| Equity compensation plans not approved by security holders | 27,885,000 | 0.04 | - |
| Total | 47,885,000 | 0.04 | 5,000,000 |

2014 Stock Option Plan

On November 13, 2014, our Board of Directors authorized and approved the adoption of the Plan effective November 13, 2014 under which an aggregate of 20,000,000 of our shares may be issued.

During fiscal year ended December 31, 2014, we granted an aggregate 15,000,000 Stock Options to our officers and directors of which 5,000,000 were subsequently canceled.

The purpose of the Plan is to enhance our long-term stockholder value by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in order to give these persons the opportunity to participate in our growth and success, and to encourage them to remain in our service.

The Plan is to be administered by our Board of Directors or a committee appointed by and consisting of one or more members of the Board of Directors, which shall determine (i) the persons to be granted Stock Options under the Plan; (ii) the number of shares subject to each option, the exercise price of each Stock Option; and (iii) whether the Stock Option shall be exercisable at any time during the option period up to five (5) years or whether the Stock Option shall be exercisable in installments or by vesting only. The Plan provides authorization to the Board of Directors to grant Stock Options to purchase a total number of shares of Common Stock of the Company, not to exceed 20,000,000 shares as at the date of adoption by the Board of Directors of the Plan. At the time a Stock Option is granted under the Plan, the Board of Directors shall fix and determine the exercise price at which shares of our common stock may be acquired.

In the event an optionee ceases to be employed by or to provide services to us for reasons other than cause, retirement, disability or death, any Stock Option that is vested and held by such optionee generally may be exercisable within up to ninety (90) calendar days after the effective date that his position ceases, and after such 90-day period any unexercised Stock Option shall expire. In the event an optionee ceases to be employed by or to provide services to us for reasons of retirement, disability or death, any Stock Option that is vested and held by such optionee generally may be exercisable within up to one-year after the effective date that his position ceases, and after such one-year period, any unexercised Stock Option shall expire.

No Stock Options granted under the Stock Option Plan will be transferable by the optionee, and each Stock Option will be exercisable during the lifetime of the optionee subject to the option period up to five (5) years or the limitations described above. Any Stock Option held by an optionee at the time of his death may be exercised by his estate within one (1) year of his death or such longer period as the Board of Directors may determine.

The exercise price of a Stock Option granted pursuant to the Plan shall be paid in full to us by delivery of consideration equal to the product of the Stock Option in accordance with the requirements of the Nevada Revised Statutes. Any Stock Option settlement, including payment deferrals or payments deemed made by way of settlement of pre-existing indebtedness, may be subject to such conditions, restrictions and contingencies as may be determined.

Incentive Stock Options

The Plan further provides that, subject to the provisions of the Stock Option Plan and prior shareholder approval, the Board of Directors may grant to any key individuals who are our employees eligible to receive options, one or more incentive stock options to purchase the number of shares of common stock allotted by the Board of Directors (the "Incentive Stock Options"). The option price per share of common stock deliverable upon the exercise of an Incentive Stock Option shall be at least 100% of the fair market value of our common shares, and in the case of an Incentive Stock Option granted to an optionee who owns more than 10% of the total combined voting power of all classes of our stock, shall not be less than 100% of the fair market value of our common shares. The option term of each Incentive Stock Option shall be determined by the Board of Directors, which shall not commence sooner than from the date of grant and shall terminate no later than ten (10) years from the date of grant of the Incentive Stock Option, subject to possible early termination as described above.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is VStock Transfer, LLC.

Rule 10B-18 Transactions

During the fiscal year ended September 30, 2017, there were no repurchases of the Company's common stock by the Company.

Recent Sales of Unregistered Securities

During the year ended December 31, 2017, we issued securities that were not registered under the Securities Act. Except where noted, all of the securities discussed in this Item 5 were issued in reliance on the exemption under Section 4(a)(2) of the Securities Act.

In January 2017, the Company issued an aggregate of 228,118 shares of its common stock for services rendered valued at \$7,478 based on the underlying market value of the common stock at the date of issuance.

In February 2017, the Company issued 350,000 shares of its common stock for services rendered valued at \$25,830 based on the underlying market value of the common stock at the date of issuance.

In February 2017, the Company issued 43,666,666 shares of its common stock in exchange for proceeds of \$940,000.

In March 2017, the Company issued an aggregate of 13,662,000 shares of its common stock in settlement of \$220,000 convertible notes payable.

In April 2017, the Company issued an aggregate of 1,675,000 shares of its common stock for services rendered valued at \$62,850 based on the underlying market value of the common stock at the date of issuance.

In May 2017, the Company issued 750,000 shares of its common stock for services rendered valued at \$102,750 based on the underlying market value of the common stock at the date of issuance.

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In August 2017, the Company issued 500,000 shares of its common stock for services rendered valued at \$43,000 based on the underlying market value of the common stock at the date of issuance.

In September 2017, we issued an aggregate of 550,000 shares of its common stock for services rendered valued at \$47,245 based on the underlying market value of the common stock at the date of issuance.

In October 2017, we issued 50,000 shares of its common stock for services rendered valued at \$5,005 based on the underlying market value of the common stock at the date of issuance.

In November 2017, we issued 50,000 shares of its common stock for services rendered valued at \$4,450 based on the underlying market value of the common stock at the date of issuance.

In December 2017, we issued 800,000 shares of its common stock for services rendered valued at \$132,720 based on the underlying market value of the common stock at the date of issuance.

Item 6 – Selected Financial Data

Not applicable.

Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

This Management’s Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management’s current views with respect to future events and financial performance. You can identify these statements by forward-looking words such as “may” “will,” “expect,” “anticipate,” “believe,” “estimate” and “continue,” or similar words. Those statements include statements regarding the intent, belief or current expectations of us and members of its management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. Important factors currently known to us could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. We believe that its assumptions are based upon reasonable data derived from and known about our business and operations and the business and operations of the Company. No assurances are made that actual results of operations or the results of our future activities will not differ materially from its assumptions. Factors that could cause differences include, but are not limited to, expected market demand for the Company’s services, fluctuations in pricing for materials, and competition.

Business Overview

We are an addiction healthcare solutions company and developer of the BioCorRx® Recovery Program and BICX101 and BICX102 headquartered in Anaheim, California. We were established in January 2010 and currently operating in Anaheim, California. The Company's current treatment program is called the BioCorRx® Recovery Program and it is also developing a new injectable naltrexone product called BICX101 and an implantable naltrexone implant called BICX102 for the treatment of alcohol and opioid addiction under our subsidiary, BioCorRx Pharmaceuticals. On January 7, 2014 we changed our name to BioCorRx® Inc. to take advantage of unique branding of our BioCorRx® Recovery Program and to look to acquire other addiction programs and healthcare related products and services. We operate within the *Specialty Hospitals, Expert Psychiatric* industry, specifically within the industry subsets of *Alcoholism Rehabilitation Hospital*.

The BioCorRx Recovery Program is an addiction treatment protocol comprised of multiple parts: (1) an implant, administered by a licensed physician, of a proprietary compounded formulation of the medication, Naltrexone (implanted under the skin) (the "Implant") which can reduce alcohol and opioid cravings over a period of several months; and (2) proprietary cognitive behavioral therapy (CBT) program developed by BioCorRx Inc. (the "Counseling Program") coupled with overlapping peer support and patient tracking.

BioCorRx Inc. has been granted an exclusive license to the proprietary implant by its developer. The license allows BioCorRx to license to physicians and medical groups experienced in treating alcoholism and opioid addiction dependency the right to order the proprietary implant from the compounding pharmacies that have been licensed and trained to make the implant by its developer. It also allows BioCorRx to sub-license the implant access to territories in the U.S. and abroad.

BioCorRx is not a licensed health care provider and does not provide health care services to patients. BioCorRx does not operate substance abuse clinics. BioCorRx makes the BioCorRx Recovery Program available to health care providers to utilize when the health care provider determines it is medically appropriate and indicated for his or her patients. Any physician or licensed alcohol addiction treatment provider is solely responsible for treatment options prescribed or recommended to his or her patients. At all times, such providers retain complete and exclusive authority, responsibility, supervision and control over their medical practice, their patients, the treatment that their patients receive and any decision to prescribe the implant to any of the provider's patients.

BioCorRx does not condition its license to health care providers accessing the implant on their making available the CBT Program to the providers' patients although BioCorRx certainly encourages that providers do so.

BioCorRx has issued several license and distribution agreements to several unrelated third parties involving the establishment of alcoholism and opioid addiction rehabilitation and treatment centers and creating certain addiction rehabilitation programs. The Company has continued to expand its operations in 2017 through distribution opportunities of its BioCorRx Recovery Program. There are over 30 licensed providers throughout the United States that offer the BioCorRx Recovery Program. The company's current focus will continue on wider distribution across the United States, branding of the BioCorRx Recovery Program and acquisition of healthcare related products and services. The Company is committed to continuing to provide excellent rehabilitation products and services to healthcare providers nationwide as it expands the distribution of the BioCorRx Recovery Program to a network of independent licensed clinics and licensed healthcare professionals.

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Results of Operations

The following table summarizes changes in selected operating indicators of the Company, illustrating the relationship of various income and expense items to net sales for the respective periods presented (components may not add or subtract to totals due to rounding):

| | 2017 | 2016 |
|--|-----------------------|----------------------|
| Revenues | \$ 657,271 | \$ 701,772 |
| Total Operating Expenses | (3,548,185) | (2,883,793) |
| Gain on settlement | 296,592 | - |
| Net Interest Expense | (11,148,525) | (1,048,013) |
| Loss on change in derivative liability | (15,962,822) | (2,673,948) |
| Income taxes | - | - |
| Net Loss | <u>\$(29,705,669)</u> | <u>\$(5,903,982)</u> |

Year Ended December 31, 2017 Compared with Year Ended December 31, 2016

Revenues

Revenues for the year ended December 31, 2017 were \$657,271 compared with \$701,772 for the year ended December 31, 2016, reflecting a decrease of 6%. The decrease in revenue is directly related to the reduced number of patients treated at licensed clinics and BioCorRx Recovery Program distribution.

Operating Expenses

Total operating expenses for the year ended December 31, 2017 and 2016 were \$3,548,185 and \$2,883,793, reflecting an increase of 23%. Cost of implants and other direct costs for the year ended December 31, 2017 were \$323,608 compared with \$175,430 for the year ended December 31, 2016, reflecting an increase of 84%. Cost of implants and other direct costs increased as a percentage of sales (from 16% to 24%) because of the new variation of the licensing and distribution revenue model.

In comparing our selling, general and administrative expenses for the year ended December 31, 2016 to December 31, 2017, consulting fees increased from \$768,007 to \$981,723, accounting and legal fees decreased from \$363,086 to \$243,627, advertising decreased from \$223,728 to \$134,217, and rent increased from \$40,736 to \$41,533. In addition, we incurred \$830,788 as stock based compensation in 2017 compared to \$582,348 in 2016 and loss on termination of licensing agreement of \$132,804 in 2016.

Interest Expenses

Net interest expense for the year ended December 31, 2017 and 2016 were \$11,148,525 and \$1,048,013, respectively, reflecting additional costs incurred from our 2017 borrowings. In addition, non-cash debt discount amortization and other non-cash interest relating to our convertible debt was \$10,824,298 and \$749,514 for the years ended December 31, 2017 and 2016, respectively

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Loss on derivative liabilities

We have issued convertible debt and certain warrants with certain anti-dilutive provisions requiring us to record and adjust to fair value at each reporting period. As such for the years ended December 31, 2017 and 2016, we recorded a loss on change in fair value of derivatives of \$15,962,822 and \$2,673,948, respectively.

Net Loss

For the year ended December 31, 2017, the Company experienced a loss of \$29,705,669 compared with a net loss of \$5,903,982 for the year ended December 31, 2016. We experienced an increase in net loss primarily from larger non-cash interest costs, losses on derivative liabilities and stock based compensation.

Liquidity and Capital Resources

As of December 31, 2017, we had cash of approximately \$11,342. The following table provides a summary of our net cash flows from operating, investing, and financing activities.

| | <u>2017</u> | <u>2016</u> |
|---|------------------|-------------------|
| Net cash (used in) provided by operating activities | \$(2,540,395) | \$(1,949,400) |
| Net cash used in investing activities | (2,970) | (328,241) |
| Net cash provided by financing activities | <u>2,412,252</u> | <u>2,200,036</u> |
| Net (decrease) increase in cash | (131,113) | (127,065) |
| Cash, beginning of period | 142,455 | 220,060 |
| Cash, end of period | <u>\$ 11,342</u> | <u>\$ 142,455</u> |

We historically sought and continue to seek financing from private sources to move our business plan forward. In order to satisfy the financial commitments, we had relied upon private party financing that has inherent risks in terms of availability and adequacy of funding.

For the next twelve months, we anticipate that we will need to supplement our revenues with additional capital investment or debt to ensure that we will have adequate cash to provide the minimum operating cash requirements to continue as a going concern. In 2017, the company has continued to expand its operations through distribution agreements with independently owned clinics, we believe that the current distribution business model will create a steady revenue stream by which sufficient cash flows can be maintained while the Company continues its growth and expansion.

We may require additional capital investments or borrowed funds to meet cash flow projections and carry forward our business objectives. There can be no guarantee or assurance that we can raise adequate capital from outside sources. If we are unable to raise funds when required or on acceptable terms, we have to significantly scale back, or discontinue, our operations.

Net Cash Flow From Operating Activities

Net Cash used in operating activities increased by \$590,995 for the year ended December 31, 2017 compared to 2016 primarily due to the Company's ability to decrease its cash flow from earned revenue that is directly attributable to licensing and distribution agreements.

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Net Cash Flow From Investing Activities

Net cash used in investing activities decreased by \$325,271 for the year ended December 31, 2017 compared to 2016 primarily due payments for intellectual property, purchase of equipment and payment of lease deposit in 2016.

Net Cash Flow From Financing Activities

Net cash provided by financing activities increased by \$212,216 for the year ended December 31, 2017 compared to 2016 due to additional borrowings of \$1,660,000 and stock sales of \$940,000, net with repayments of notes payable of \$187,748 as compared to borrowings of \$2,664,448 and stock sales of \$100,000, net with repayments of notes payable of \$564,412 in 2016.

Going Concern

The Company's financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of December 31, 2017, the Company had cash of \$11,342, a working capital deficit of \$1,583,971 and an accumulated deficit of \$48,840,534. The Company used net cash in operating activities of \$2,540,395. The Company has not yet generated any significant revenues, and has incurred net losses since inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern. We will be dependent upon the raising of additional capital through placement of our common stock in order to implement its business plan or by using outside financing. There can be no assurance that the Company will be successful in these situations in order to continue as a going concern. The Company is funding its operations by additional borrowings and some shareholder advances.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, sales or expenses, results of operations, liquidity or capital expenditures, or capital resources that are material to an investment in our securities.

Critical Accounting Policies

Use of Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include assumptions used in the fair value of stock-based compensation, derivative and warrant liabilities, the fair value of other equity and debt instruments and allowance for doubtful accounts.

Revenue Recognition and Deferred Revenue

The Company generates revenue from services. Revenue is recognized in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition (“ASC 605-10”) which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management’s judgments regarding the fixed nature of the selling prices of the services delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related revenue are recorded. The Company defers any revenue for which the services has not been performed or is subject to refund until such time that the Company and the customer jointly determine that the services has been performed or no refund will be required.

The Company licenses technology to customers under licensing agreements that allow those customers to utilize the technology in services they provide to their customers. The timing and amount of revenue recognized from license agreements depends upon a variety of factors, including the specific terms of each agreement. Such agreements are reviewed for multiple elements. Multiple elements can include amounts related to initial non-refundable license fees for the use of the Company’s technology and additional royalties on covered services. Revenue is only recognized after all of the following criteria are met: (1) written agreements have been executed; (2) delivery of technology or intellectual property rights has occurred; (3) fees are fixed or determinable; and (4) collectability of fees is reasonably assured.

Revenue is only recognized after all of the following criteria are met: (1) written agreements have been executed; (2) delivery of technology or intellectual property rights has occurred; (3) fees are fixed or determinable; and (4) collectability of fees is reasonably assured.

Under these license agreements, the Company receives an initial non-refundable license fee and in some cases, additional running royalties. Generally, the Company defers recognition of non-refundable upfront fees if it has continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of its performance under the other elements of the arrangement. License fees collected from Licensees but not yet recognized as income are recorded as deferred revenue and amortized as income earned over the expected economic life of the related contract.

Long-Lived Assets

The Company follows FASB ASC 360-10-15-3, “Impairment or Disposal of Long-lived Assets,” which established a “primary asset” approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Income Taxes

The Company accounts for income taxes under FASB ASC 740 “*Income Taxes*.” Under the asset and liability method of FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. 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. Under FASB ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

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Stock-Based Compensation

Share-based compensation issued to employees is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period. The Company measures the fair value of the share-based compensation issued to non-employees using the stock price observed in the arms-length private placement transaction nearest the measurement date (for stock transactions) or the fair value of the award (for non-stock transactions), which were considered to be more reliably determinable measures of fair value than the value of the services being rendered. The measurement date is the earlier of (1) the date at which commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty's performance is complete.

Derivative Financial Instruments

We account for derivative instruments in accordance with ASC 815, which establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other financial instruments or contracts and requires recognition of all derivatives on the balance sheet at fair value, regardless of hedging relationship designation. Accounting for changes in fair value of the derivative instruments depends on whether the derivatives qualify as hedge relationships and the types of relationships designated are based on the exposures hedged. At December 31, 2017 and 2016, we did not have any derivative instruments that were designated as hedges.

Item 7A – Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8 – Financial Statements and Supplementary Data

Our financial statements are contained in pages F-1 through F-33, which appear at the end of this Form 10-K Annual Report.

Item 9 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None

Item 9A – Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

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Based on management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as a result of the material weaknesses described below, as of December 31, 2017, our disclosure controls and procedures are not designed at a reasonable assurance level and are ineffective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The material weaknesses, which relate to internal control over financial reporting, that were identified are:

(i) We did not have sufficient personnel in our accounting and financial reporting functions. As a result, we were not able to achieve adequate segregation of duties and were not able to provide for adequate reviewing of the financial statements. This control deficiency, which is pervasive in nature, results in a reasonable possibility that material misstatements of the financial statements will not be prevented or detected on a timely basis.

Management believes that the hiring of additional personnel who have the technical expertise and knowledge with the non-routine or technical issues we have encountered in the past will result in both proper recording of these transactions and a much more knowledgeable finance department as a whole. Due to the fact that our accounting staff consists of a Chief Financial Officer, additional personnel will also ensure the proper segregation of duties and provide more checks and balances within the department. Additional personnel will also provide the cross training needed to support us if personnel turnover issues within the department occur. We believe this will eliminate or greatly decrease any control and procedure issues we may encounter in the future.

We will continue to monitor and evaluate the effectiveness of our disclosure controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

(ii) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 under the Exchange Act that occurred during the quarter ended December 31, 2017 that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(iii) Management's report on internal control over financial reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2017 for the reasons discussed above.

This annual report does not include an attestation report by Liggett & Webb P.A., our independent registered public accounting firm regarding internal control over financial reporting. As a smaller reporting company, our management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

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Item 9B – Other Information

None.

Item 10 – Directors, Executive Officers and Corporate Governance

The names of our executive officers and directors and their age, title, and biography as of April 2, 2018 are set forth below:

| Name | Age | Positions |
|---|------------|---|
| Brady Granier, President and CEO since June 10, 2016; | 45 | President, Chief Executive Officer and Director |
| Lourdes Felix, Chief Financial Officer since October 1, 2012; | 50 | Chief Financial Officer, Chief Operating Officer and Director |
| Kent Emry, Director | 49 | Director |

Brady J. Granier, President, Chief Executive Officer, Director

During the twelve years prior to joining BioCorRx in June of 2013, Mr. Granier had been involved in sales management, media sales and business development. Mr. Granier was employed at Clear Channel Media & Entertainment (“CCME”), where he had served in several positions from Account Executive to Director of Business Development and Local Sales Manager. Mr. Granier has also served as the Healthcare Category Manager for the Los Angeles division of CCME, the largest media company in the United States. During his tenure at CCME and other media companies, Mr. Granier worked on marketing campaigns for local businesses and physicians, as well as for National brands such as Neutrogena, New Line Cinema, Paramount Pictures, Samsung, AT&T, Coke, Dr Pepper, Hansen’s, Honda, MGM, Universal Studios and more. He also managed endorsements on the radio for Ryan Seacrest. In 2006, Mr. Granier received the coveted Pinnacle Award from CCME for being the top sales executive in the Western region. While serving as Director of Business Development, Mr. Granier grew new business by 49% in his first year in that role.

Mr. Granier was born and raised in the heart of Cajun Country in Southeast Louisiana where he starting working at the age of eleven to help support his single mother and younger brother. After graduating with honors from high school, Mr. Granier attended college at Nicholls State University in Thibodaux, LA. Mr. Granier earned his Bachelor of Science Degree in Nursing in 1995 and was a member of Sigma Theta Tau Honor Society and Phi Kappa Theta. During his nursing career, Mr. Granier specialized in the critical care areas of ER/ICU/CCU and CICU. He also moonlighted as a home health nurse, critical care air transport nurse, and TV studio set medic. In 1996, Mr. Granier moved to California as a travel nurse and spent most of his remaining years in healthcare as the charge nurse in the emergency room at White Memorial Hospital in downtown Los Angeles. Mr. Granier continues to reside in the Los Angeles area with his family. Mr. Granier has also been a volunteer with Big Brothers of America.

Lourdes Felix, Chief Financial Officer, Chief Operating Officer and Director

Ms. Felix is a corporate finance executive offering over fifteen years of combined experience in public accounting and in the private sector in building, leading, and advising corporations through complex restructurings. Ms. Felix has been instrumental in assisting in capital procurement and implementing an audit committee. She is thoroughly experienced in guiding troubled companies to greater efficiency and profitability. Ms. Felix has acquired expertise in securities laws and knowledge of SOX requirements. She has worked with private and public SEC reporting companies. Ms. Felix was previously the controller for a mid-size public accounting firm for over seven years and was responsible for the operations and financial management of regional offices. Her experience includes a wide variety of industries including advertising, marketing, non-profit organizations, medical practices, mortgage banking, manufacturing and SEC reporting companies. She has assisted companies with documented contributions leading to improved financial performance, heightened productivity, and enhanced internal controls.

Ms. Felix is very active in the Hispanic community and speaks fluent Spanish. Ms. Felix holds a Bachelor of Science degree in Business Management and Accounting from University of Phoenix.

Kent Emry, Director

Mr. Kent Emry served as the Chief Executive Officer of BioCorRxÒ Inc. from September 13, 2013 to November 14, 2014. For twelve years, Mr. Emry has been involved in the healthcare industry. Mr. Emry has specialized in identifying and securing financing for the acquisition of troubled skilled nursing and rehabilitation facilities. Mr. Emry was able to re-structure these facilities both on a clinical and financial level resulting in a profitable facility. Mr. Emry has vast knowledge of operational systems and creation and development of policies and procedures has been key in the healthcare industry. Mr. Emry has extensive experience in contract negotiations with public, private, federal and state healthcare reimbursement entities including HMOs, Medicare, Medicaid, VA and Military contracting and billing. Mr. Emry's focuses on the acquisition and restructuring of troubled healthcare facilities, Mr. Emry owned and operated a marketing company which focused on the healthcare industry. He developed creative and concise marketing strategies. Mr. Emry's campaigns and tactics improved corporate revenues and profits by increasing their number of patients and controlling expenses. Mr. Emry served in a number of industries outside of healthcare as well, including food processing and brokerage, construction, development, sales, marketing and property management. He has been a Director of BioCorRxÒ Inc. since September 13, 2013.

He has been a Director of BioCorRxÒ Inc. since September 13, 2013. Mr. Emry has the ability to quickly identify operational and structural inefficiencies and replace them with systems and policies that enhance productivity and growth resulting in a more profitable business. Mr. Emry has a Bachelor's degree in Healthcare Administration from Oregon State University.

Employment Agreements

Lourdes Felix, Chief Financial Officer and Chief Operating Officer and Brady Granier, President and Chief Executive Officer of the Company, entered into Executive Service Agreements with the Company on June 17, 2016 (the "Executive Agreements").

The Executive Agreements provided, among other things, (i) the remuneration to be received in exchange for services provided to the Company; (ii) a general description of the services to be provided to the Company; and (iii) other obligations, terms, and conditions relating to the professional relationship between Felix and Granier, as applicable, and the Company.

Family Relationships

There are no family relationships between any of our directors or executive officers and any other directors or executive officers.

Section 16(a) Beneficial Owner Reporting Compliance

Since we are governed under Section 15(d) of the Exchange Act, we are not required to file reports of executive officers and directors and persons who own more than 10% of a registered class of our equity securities pursuant to Section 16(a) of the Exchange Act.

Code of Ethics

We have not adopted a Code of Ethics but expect to adopt a Code of Ethics and will require that each employee abide by the terms of such Code of Ethics.

A copy of our Code of Business Conduct and Ethics is available without charge, to any person desiring a copy of the Code of Business Conduct and Ethics, by written request to us at our principal offices at 2390 East Orangewood Avenue, Suite 575, Anaheim, CA 92806.

Board Composition, Committees, and Independence

We are not required to have any independent members of the Board of Directors. As we do not have any board committees, the board as a whole carries out the functions of nominating and compensation committees, and such "independent director" determination has been made pursuant to the committee independence standards.

Involvement in Certain Legal Proceedings

Our Directors and Executive Officers have not been involved in any of the following events during the past ten years:

1. any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time (a);
2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;
4. being found by a court of competent jurisdiction in a civil action, the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
5. being subject of, or a party to, any federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
6. being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Item 11 – Executive Compensation

Summary Compensation Table

The following table summarizes information concerning the compensation awarded to, earned by, or paid to, our Chief Executive Officer (Principal Executive Officer) and our two most highly compensated executive officers other than the Principal Executive Officer during fiscal years 2017 and 2016 (collectively, the “Named Executive Officers”)

| Name and principal position | Fiscal Year | Salary (\$) | Bonus (\$) | Stock Awards (\$)(1) | Option Awards (\$) | Non-equity incentive plan compensation (\$) | Non-qualified deferred compensation (\$) | All other compensation (\$) | Total (\$) |
|--|--------------------|--------------------|-------------------|-----------------------------|---------------------------|--|---|------------------------------------|-------------------|
| Brady Granier, President, CEO and Director since June 10, 2016 | 2017 | 251,981 | 0 | 0 | 0 | 0 | 0 | 0 | 251,981 |
| | 2016 | 175,000 | 0 | 0 | 201,812(1) | 0 | 0 | 0 | 376,812 |
| Lourdes Felix, CFO, COO and Director since October 1, 2012 | 2017 | 263,965 | 0 | 0 | 0 | 0 | 0 | 0 | 263,965 |
| | 2016 | 166,756 | 0 | 0 | 213,236(2) | 0 | 0 | 0 | 379,992 |

- (1) On June 17, 2016, the Company granted 10,600,000 options to Mr. Brady Granier exercisable at \$0.0201 per share for ten years, vesting ratably over 24 months.
- (2) On June 17, 2016, the Company granted 11,200,000 options to Ms. Lourdes Felix exercisable at \$0.0201 per share for ten years, vesting ratably over 24 months.

Option/SAR Grants in Fiscal Year Ended December 31, 2017

None

Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth information for the named executive officers regarding the number of shares subject to both exercisable and unexercisable stock options, as well as the exercise prices and expiration dates thereof, as of December 31, 2017.

| Options Outstanding | | | Options Exercisable | | |
|---------------------|--------------------|---|---------------------------------|--------------------|---------------------------------|
| Exercise Prices | Number Outstanding | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price | Number Exercisable | Weighted Average Exercise Price |
| \$ 0.10 | 31,800,000 | 7.97 | \$ 0.05 | 26,350,000 | \$ 0.05 |

Long-Term Incentive Plans and Awards

On June 17, 2016, we awarded options to purchase an aggregate of 21,800,000 shares of common stock to key officers of the Company. These options vest monthly over 24 months and have a term of 10 years. The options have an exercise price of \$0.0201 per share.

On June 17, 2016, we extended the term of previously granted options in aggregate of 10,000,000 initially expiring from November 2019 to July 2020 by five years to November 2024 to July 2025.

Employment/Consulting Contracts, Termination of Employment, Change-in-Control Arrangements

On February 15, 2013, the Company adopted an Executive Management Bonus plan, which includes corporate revenue, license revenue and royalty revenue from which the bonus shall be calculated.

On February 28, 2013, we entered into one year Executive Service Agreement with Felix Financial Enterprise, LLC controlled by our Chief Financial Officer, Lourdes Felix pursuant to which the parties agreed to (i) Felix to provide certain executive services commensurate with his position as Chief Financial Officer; (ii) the Company shall pay Felix an annual salary of \$150,000 and grant 1,000,000 stock options and (iii) Felix shall be eligible to participate in the Executive Management Bonus Plan as adopted by the Board of Directors effective February 15, 2013. Effective October 16, 2013 the annual salary for Ms. Felix was reduced to \$75,000. Effective June 10, 2016 the annual salary for Ms. Felix was increased to \$160,000.

On October 16, 2013, we entered into a one-year Executive Service Agreement with Brady Granier pursuant to which the parties agreed to i) Granier to provide certain executive services commensurate with his position as Chief Operating Officer; (ii) the Company shall pay Granier annual salary of \$75,000 and grant 3,000,000 stock options and (iii) Granier shall be eligible to participate in the Executive Management Bonus Plan as adopted by the Board of Directors effective February 15, 2013. Effective March 1, 2015 the annual salary for Mr. Granier was increased to \$175,000.

Director Compensation

We have not compensated our Directors during fiscal 2017 except as described under officers as described in above.

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Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder

The following table sets forth, as of April 2, 2018, certain information as of the date hereof with respect to the holdings of: (1) each person known to us to be the beneficial owner of more than 5% of our common stock; (2) each of our directors, nominees for director and named executive officers; and (3) all directors and executive officers as a group. To the best of our knowledge, each of the persons named in the table below as beneficially owning the shares set forth therein has sole voting power and sole investment power with respect to such shares, unless otherwise indicated. Unless otherwise specified, the address of each of the persons set forth below is in care of the Company, at the address of: 2390 East Orangewood Avenue, Suite 575, Anaheim, California 92806.

| <u>and Address of Owner</u> | <u>Common Stock Owned Beneficially</u> | <u>Percent of Class</u> | <u>Series A Preferred Stock Owned Beneficially</u> | <u>Percent of Class</u> | <u>Series B Preferred Stock Owned Beneficially</u> | <u>Percent of Class</u> | <u>Amount of Voting Securities (1)</u> | <u>Percentage of Voting Equity</u> |
|---|--|-------------------------|--|-------------------------|--|-------------------------|--|------------------------------------|
| Five Percent Stockholders: | | | | | | | | |
| Named Executive Officers and Directors | | | | | | | | |
| Brady J Granier (2) | 21,696,900 | 8.3 | 10,000 (10 million votes) | 12.5 | 40,000 (80 million votes) | 25 | 97,421,900 | 15.1 |
| Lourdes Felix (3) | 17,300,000 | 6.6 | 10,000 (10 million votes) | 12.5 | 40,000 (80 million votes) | 25 | 92,500,000 | 14.3 |
| Kent Emry (4) | 7,042,000 | 2.9 | 10,000 (10 million votes) | 12.5 | 40,000 (80 million votes) | 25 | 97,042,000 | 15.0 |
| Thomas P Welch (5) | 15,844,939 | 6.1 | 10,000 (10 million votes) | 12.5 | 40,000 (80 million votes) | 25 | 92,584,939 | 14.3 |
| Total | 61,923,839 | 21.4 | 40,000 (40 million votes) | 50 | 160,000 (320 million votes) | 100 | 379,548,839 | 58.7 |

(1) The figures in this column do not include options or warrants owned.

(2) This figure consists of: (i) 7,421,900 shares of common stock held of record; (ii) 5,000,000 Stock Options to purchase 5,000,000 fully vested shares of our common stock at an exercise price of \$0.10 per share expiring on November 17, 2024; and (iii) 10,600,000 Stock Options to purchase 9,275,000 fully vested and exercisable shares of our common stock at an exercise price of \$0.02 per share expiring on June 17, 2026.

(3) This figure consists of: (i) 2,500,000 shares of common stock held of record; and (ii) 5,000,000 Stock Options to purchase 5,000,000 fully vested shares of our common stock at an exercise price of \$0.10 per share expiring on November 17, 2024; and (iii) 11,200,000 Stock Options to purchase 9,800,000 fully vested and exercisable shares of our common stock at an exercise price of \$0.02 per share expiring on June 17, 2026.

(4) This figure consists of 7,042,000 shares of common stock held of record.

(5) This figure consists of: (i) 2,584,939 shares of common stock held of record; and (ii) 3,500,000 Stock Options to purchase 3,500,000 fully vested shares of our common stock at an exercise price of \$0.045 per share expiring on July 20, 2025; and (iii) 11,200,000 Stock Options to purchase 9,800,000 fully vested and exercisable shares of our common stock at an exercise price of \$0.02 per share expiring on June 17, 2026.

There are no arrangements, known to the Company, including any pledge by any person of securities of the Company, the operation of which may at a subsequent date result in a change in control of the Company.

We are not aware of any arrangements that may result in “changes in control” as that term is defined by the provisions of Item 403(c) of Regulation S-K.

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Item 13 – Certain Relationships and Related Transactions and Director Independence.

Since January 1, 2017, other than compensation arrangements, the following is a description of transactions to which we were a participant or will be a participant to, in which:

- the amounts involved exceeded or will exceed the lesser of 1% of our total assets or \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

As of December 31, 2016, we have received an advance from Jorge Andrade, ex-CEO, Neil Muller, ex-President and Kent Emry, past President as loans from related parties. The loans are payable on demand and without interest.

| | <u>2017</u> | <u>2016</u> |
|---------------|-------------|------------------|
| Jorge Andrade | \$ - | \$ - |
| Neil Muller | - | 10,000 |
| Kent Emry | - | 16,500 |
| | <u>\$ -</u> | <u>\$ 26,500</u> |

The Company has an arrangement with Premier Aftercare Recovery Service, (“PARS”). PARS is a Company controlled by Neil Muller, a shareholder of the Company and prior officer of the Company, that provided consulting services to the Company. There is no formal agreement between the parties and the amount of remuneration was \$14,583 per month. During the year ended December 31, 2017 and 2016, the Company incurred \$-0-, as consulting fees and expense reimbursements. As of December 31, 2017 and 2016, there was an unpaid balance of \$32,318 and \$64,638, respectively.

The Company has an arrangement with Felix Financial Enterprises (“FFE”). FFE is a Company controlled by Lourdes Felix, an officer of the Company that provides consulting services to the Company. Until June 17, 2016, there was no formal agreement between the parties and the amount of remuneration is \$14,583 per month. During the year ended December 31, 2017 and 2016, the Company incurred \$204,001 and \$166,756, respectively, as consulting fees. As of December 31, 2017 and 2016, there was an unpaid balance of \$14,900 and \$91,465, respectively.

On June 17, 2016, the Company entered into an executive service contract with Felix Financial Enterprises LLC to provide consulting services. The agreement is an at will agreement and provides for a base salary of \$160,000 per year, 11,200,000 stock options, extended previously issued options and an auto allowance.

The Company had an arrangement with Brady Granier, an officer of the Company. Until June 17, 2016 there was no formal agreement between the parties and the amount of remuneration is \$14,583 per month. For the years ended December 31, 2017 and 2016, the Company incurred \$175,000 and \$30,727, respectively, as consulting fees. As of December 31, 2017 and 2016, there was an unpaid balance of \$-0- and \$64,481, respectively. Beginning in 2017, Mr. Granier performed services under Soupface LLC (see below).

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On June 17, 2016, the Company entered into an executive service contract with Brady Granier as the Company's President and Chief Executive Officer. The agreement is an at will agreement and provides for a base salary of \$175,000 per year, 10,600,000 stock options, extended previously issued options and an auto allowance.

The Company has an arrangement with Soupface LLC ("Soupface"). Soupface is a Company controlled by Brady Granier, an officer of the Company that provides consulting services to the Company. There was no formal agreement between the parties and the amount of remuneration is \$14,583 per month. For the years ended December 31, 2017 and 2016 the Company incurred \$203,125 and \$175,000, respectively, as consulting fees. As of December 31, 2017 and 2016, there was an unpaid balance of \$14,900 and \$-0-, respectively.

On June 17, 2016, the Company entered into an executive service contract with Tom Welch as the Company's Vice President of Operations. The agreement is an at will agreement and provides for a base salary of \$140,000 per year, 11,200,000 stock options, extended previously issued options and an auto allowance.

On July 28, 2016, the Company formed BioCorRx Pharmaceuticals, Inc. for the purpose of developing certain business lines. In connection with the formation, the newly formed sub issued 24.2% ownership to Brady Granier, Lourdes Felix, Tom Welch and Kent Emry, current or former executives and officers of the Company, with the Company retaining 75.8%. As of December 31, 2017, there were no significant transactions, assets or liabilities in BioCorRx Pharmaceuticals, Inc., or operations since its formation.

The above related parties are compensated as independent contractors and are subject to the Internal Revenue Service regulations and applicable state law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation, and it could be determined that the independent contractor classification is inapplicable.

Item 14 – Principal Accounting Fees and Services

Audit Fees. The aggregate fees billed by our independent registered public accounting firm, for professional services rendered for the audit of our annual financial statements for the years ended December 31, 2017 and 2016, including review of our interim financial statements were \$57,000 and \$57,000, respectively.

Audit Related Fees. We incurred fees to our independent registered public accounting firm of \$-0- and \$-0- for audit related fees during the fiscal years ended December 31, 2017 and 2016, respectively, which related to filings with the SEC.

Tax and Other Fees. We incurred fees to our independent registered public accounting firm of \$-0- and \$-0- for tax and fees during the fiscal years ended December 31, 2017 and 2016.

The Audit Committee pre-approves all auditing services and all permitted non-auditing services (including the fees and terms thereof) to be performed by our independent registered public accounting firm.

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Item 15 – Exhibits

The following exhibits are included herein or incorporated by reference:

| Exhibit No. | Description |
|--------------------|---|
| 2.1 | Share Exchange Agreement, dated October 31, 2011, by and among the Company, the Company's former principal stockholder, FSP and the former principal shareholders of FSP. (incorporated herein by reference to the Company's Form 8K/A filed on November 4, 2011) |
| <u>3.1</u> | <u>Articles of Incorporation. (incorporated herein by reference to the Company's Registration Statement on Form S-1 filed with the Commission on September 9, 2008)</u> |
| 3.2 | Certificate of Amendment to Articles of Incorporation (incorporated herein by reference to the Company's Registration Statement on Form S-1 filed with the Commission on September 9, 2008). |
| <u>3.2</u> | <u>Certificate of Amendment to Articles of Incorporation. (incorporated herein by reference to the Company's Form 8-K filed on February 20, 2014)</u> |
| <u>3.3</u> | <u>Certificate of Amendment to Articles of Incorporation, dated July 5, 2016 (incorporated by reference to Form 8-K filed on July 6, 2016)</u> |
| <u>3.3</u> | <u>By Laws (incorporated herein by reference to the Company's Registration Statement on Form S-1 filed with the Commission on September 9, 2008)</u> |
| <u>3.4</u> | <u>Amendments to the Company's Bylaws, dated May 13, 2016 (incorporated by reference to Form 8-K filed on May 20, 2016)</u> |
| 4.1 | Certificate of Designation (incorporated herein by reference to the Company's Form 8-K filed on November 30, 2016) |
| 5.0 | Registration Statement Pursuant to 2013 Stock Option Plan (incorporated herein by reference to the Company's Form S-8 filed on January 10, 2014) |
| 5.0 | Registration Statement Pursuant to 2014 Stock Option Plan (incorporated herein by reference to the Company's Form S-8 filed on November 19, 2014) |
| <u>10.1</u> | <u>Termination Agreement, dated October 31, 2011, by and among the Company, FSP and Muller. incorporated herein by reference to the Company's Form 8K/A filed on November 4, 2011)</u> |
| <u>10.2</u> | <u>Agreement for Service, dated June 1, 2011, by and between FSP and Start Fresh Alcohol Recovery Clinic, Inc. (7)</u> |
| <u>10.3</u> | <u>License Agreement, dated September 7, 2010, by and between FSP and Trinity Rx Solutions, LLC. (2)</u> |
| 10.4 | Asher Note Payable dated December 11, 2012, incorporated herein (7) |
| 10.5 | Distribution agreement, dated January 26, 2015 (incorporated by reference to Form 8-K filed on January 29, 2015) |
| <u>10.6</u> | <u>JMJ Convertible Promissory Note, dated February 4, 2015 (incorporated by reference to Form 8-K filed on February 5, 2015)</u> |
| <u>10.7</u> | <u>Letter of Intent, dated February 24, 2015 (incorporated by reference to Form 8-K filed on March 13, 2015)</u> |
| <u>10.8</u> | <u>Supply and Distribution Agreement, dated March 10, 2015 (incorporated by reference to Form 8-K filed on March 13, 2015)</u> |
| <u>10.9</u> | <u>Amendment to Letter of Understanding, dated March 12, 2015 (incorporated by reference to Form 8-K filed on March 18, 2015)</u> |
| <u>10.10</u> | <u>Sales Agency Agreement, dated March 20, 2015 (incorporated by reference to Form 8-K filed on March 24, 2015)</u> |
| <u>10.11</u> | <u>Investment Agreement, dated June 25, 2015 (incorporated by reference to Form 8-K filed on July 1, 2015)</u> |
| <u>10.12</u> | <u>Termination of Sublicense Agreement, dated June 30, 2015 (incorporated by reference to Form 8-K filed on July 2, 2015)</u> |
| <u>10.13</u> | <u>Asset Purchase Agreement, dated June 30, 2015 (incorporated by reference to Form 8-K filed on July 7, 2015)</u> |
| <u>10.14</u> | <u>Resignation and appointment of officers, dated August 13, 2015 (incorporated by reference to Form 8-K filed on August 18, 2015)</u> |

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| 10.15 | Supply and Distribution Agreement, dated August 14, 2015 (incorporated by reference to Form 8-K filed on August 27, 2015) |
| 10.16 | Supply and Distribution Agreements, dated August 26, 2015 and August 27, 2015 (incorporated by reference to Form 8-K filed on September 3, 2015) |
| 10.17 | Supply and Distribution Agreements, dated September 2, 2015 and August 28, 2015 (incorporated by reference to Form 8-K filed on September 9, 2015) |
| 10.18 | Supply and Distribution Agreement, dated September 22, 2015 (incorporated by reference to Form 8-K filed on September 29, 2015) |
| 10.19 | Securities Purchase Agreement with S. George Investments, dated October 1, 2015 (incorporated by reference to Form 8-K filed on October 13, 2015) |
| 10.20 | Supply and Distribution Agreement, dated October 21, 2015 (incorporated by reference to Form 8-K filed on October 26, 2015) |
| 10.21 | Supply and Distribution Agreement, dated December 1, 2015 (incorporated by reference to Form 8-K filed on December 7, 2015) |
| 10.22 | Royalty Agreement, dated December 10, 2015 (incorporated by reference to Form 8-K filed on December 17, 2015) |
| 10.23 | Supply and Distribution Agreement, dated December 15, 2015 (incorporated by reference to Form 8-K filed on December 21, 2015) |
| 10.24 | Supply and Distribution Agreement, dated December 28, 2015 (incorporated by reference to Form 8-K filed on December 30, 2015) |
| 10.25 | Supply and Distribution Agreement, dated January 4, 2016 (incorporated by reference to Form 8-K filed on January 7, 2016) |
| 10.26 | Supply and Distribution Agreement, dated January 8, 2016 (incorporated by reference to Form 8-K filed on January 12, 2016) |
| 10.27 | Supply and Distribution Agreement, dated January 21, 2016 (incorporated by reference to Form 8-K filed on January 26, 2016) |
| 10.28 | Asset Purchase Agreement, dated January 26, 2016 (incorporated by reference to Form 8-K filed on January 29, 2016) |
| 10.29 | Convertible Promissory Note, dated February 1, 2016 (incorporated by reference to Form 8-K filed on February 10, 2016) |
| 10.30 | Supply and Distribution Agreement, dated February 9, 2016 (incorporated by reference to Form 8-K filed on February 16, 2016) |
| 10.31 | Supply and Distribution Agreement, dated February 12, 2016 (incorporated by reference to Form 8-K filed on February 18, 2016) |
| 10.32 | Secured Promissory Note, dated March 15, 2016 (incorporated by reference to Form 8-K filed on March 18, 2016) |
| 10.33 | Termination of Asset Purchase Agreement, dated April 15, 2016 (incorporated by reference to Form 8-K filed on April 18, 2016) |
| 10.34 | Amendments to the Company's Bylaws, dated May 13, 2016 (incorporated by reference to Form 8-K filed on May 20, 2016) |
| 10.35 | Senior Convertible Note, resignation of President, dated June 14, 2016 and June 17, 2016 (incorporated by reference to Form 8-K filed on June 21, 2016) |
| 10.36 | Certificate of Amendment to Articles of Incorporation, dated July 5, 2016 (incorporated by reference to Form 8-K filed on July 6, 2016) |
| 10.37 | Development, Commercialization and License Agreement, dated July 28, 2016 (incorporated by reference to Form 8-K filed on August 3, 2016) |
| 10.38 | Convertible Promissory Notes, dated October 21, 2016 (incorporated by reference to Form 8-K filed on October 27, 2016) |
| 10.39 | Certificate of Designation, dated November 23, 2016 (incorporated by reference to Form 8-K filed on November 30, 2016) |
| 10.40 | Subscription Agreement, dated December 22, 2016 (incorporated by reference to Form 8-K filed on January 6, 2017) |
| 10.41 | Subscription Agreements, dated from February 13, 2017 through March 6, 2017 (incorporated by reference to Form 8-K filed on March 9, 2017) |
| 10.42 | Second Amendment to Senior Secured Convertible Note Purchase Agreement and Senior Secured Convertible Note (incorporated by reference to Form 8-K filed on July 6, 2017) |
| 10.43 | Distributor Agreement, dated December 8, 2017 by and between the Company and CERECARE (incorporated by reference to Form 8-K filed on December 14, 2017) |
| 10.44 | Form of Subscription Agreement (incorporated by reference to Form 8-K filed on January 23, 2018) |
| 10.45 | Form of Promissory Note, dated January 26, 2018 (incorporated by reference to Form 8-K filed on February 1, 2018) |
| 10.46 | Investment Agreement by and between the Company and Northbridge Financial Inc., dated February 9, 2018 (incorporated by reference to Form 8-K filed on February 20, 2018) |
| 10.47 | Registration Rights Agreement by and between the Company and Northbridge Financial Inc., dated February 9, 2018 (incorporated by reference to Form 8-K filed on February 20, 2018) |

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| 31.1 | Certifications of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. * |
| 31.2 | Certifications of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. * |
| 32.1 | Certifications of Chief Executive Officer pursuant to 18 U.S.C. SEC. 1350 (Section 906 of Sarbanes-Oxley Act of 2002) + |
| 32.2 | Certifications of Chief Financial Officer pursuant to 18 U.S.C. SEC. 1350 (Section 906 of Sarbanes-Oxley Act of 2002) + |
| 99.1 | 2012 Employee Stock Option Plan (incorporated herein by reference to the Company's Form S-8 filed on December 18, 2012) |
| 99.1 | 2013 Employee Stock Option Plan (incorporated herein by reference to the Company's Form S-8 filed on January 10, 2014) |
| 99.1 | 2014 Employee Stock Option Plan (incorporated herein by reference to the Company's Form S-8 filed on November 19, 2014). |
| 101.INS | XBRL Instance Document * |
| 101.SCH | XBRL Taxonomy Extension Schema Document * |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document * |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document * |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document * |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document * |

* Filed herewith

+ In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 is being furnished and not filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BioCorRx Inc.

Date: April 5, 2018

By: /s/ Brady Granier
Brady Granier
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 5, 2018

By: /s/ Lourdes Felix
Lourdes Felix
Chief Financial Officer, Chief Operating
Officer
(Principal Financial and Accounting
Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <u>Name</u> | <u>Position</u> | <u>Date</u> |
|-----------------------------------|-----------------|---------------|
| <u>/s/ Kent Emry</u> Kent Emry | Director | April 5, 2018 |

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ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

BIOCORRX, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
BioCorRx Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of BioCorRx, Inc. (the "Company") as of December 31, 2017 and 2016, the related statements of operations, shareholders' deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company does not generate revenue and has negative cash flows from operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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. 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 in accordance with the standards of the PCAOB. As part of our audits 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 in accordance with the standards of the PCAOB.

Our audits 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 audits 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 audits provide a reasonable basis for our opinion.

/s/ Liggett & Webb, P.A.

We have served as the Company's auditor since 2014.

New York, NY
April 5, 2018

BIOCORRX INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

| ASSETS | <u>2017</u> | <u>2016</u> |
|--|--------------|--------------|
| Current assets: | | |
| Cash | \$ 11,342 | \$ 92,455 |
| Accounts receivable, net | 29,950 | - |
| Prepaid expenses | 13,210 | 8,400 |
| Total current assets | 54,502 | 100,855 |
| Property and equipment, net | 19,012 | 22,164 |
| Other assets: | | |
| Restricted cash | - | 50,000 |
| Intellectual property, net | 251,963 | 279,729 |
| Deposits, long term | 13,422 | 17,634 |
| Total other assets | 265,385 | 347,363 |
| Total assets | \$ 338,899 | \$ 470,382 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses, including related party payables of \$62,241 and \$195,584, respectively | \$ 1,199,536 | \$ 937,938 |
| Deferred revenue, short term | 237,347 | 432,836 |
| Settlement payable | 15,000 | 315,000 |
| Convertible notes payable, short term, net of debt discount | - | 87,033 |
| Notes payable, net of debt discount, short term portion | - | 172,748 |
| Notes payable, net of debt discount, related party | 186,590 | 210,761 |
| Derivative liability | - | 294,807 |
| Total current liabilities | 1,638,473 | 2,451,123 |
| Long term debt: | | |
| Deferred revenue, long term | 401,346 | 613,428 |
| Convertible notes payable, long term, net of debt discount | 2,016,041 | 688,783 |
| Warrant liability | 175,975 | 26,903 |
| Derivative liability | - | 4,820,473 |
| Total long term debt | 2,593,362 | 6,149,587 |
| Total liabilities | 4,231,835 | 8,600,710 |
| Commitments and contingencies (See Note 18) | - | - |
| Stockholders' deficit: | | |
| Preferred stock, no par value and \$0.001 par value; 600,000 authorized as of December 31, 2017 and 2016 | | |
| Preferred stock, no par value; 80,000 designated; 80,000 shares issued and outstanding as of December 31, 2017 and 2016 | 16,000 | 16,000 |
| Series B Preferred stock, no par value; 160,000 designated; 160,000 shares issued and outstanding as of December 31, 2017 and 2016 | 5,616 | 5,616 |
| Common stock, \$0.001 par value; 525,000,000 shares authorized, 244,086,285 and 181,804,501 shares issued and outstanding as of December 31, 2017 and 2016, respectively | 244,086 | 181,805 |
| Common stock subscribed | 100,000 | 100,000 |
| Additional paid in capital | 44,581,896 | 10,701,116 |
| Accumulated deficit | (48,840,534) | (19,134,865) |
| Total stockholders' deficit | (3,892,936) | (8,130,328) |
| Total liabilities and stockholders' deficit | \$ 338,899 | \$ 470,382 |

See the accompanying notes to the consolidated financial statements

BIOCORRX INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

| | Year ended December 31, | |
|---|--------------------------------|-----------------------|
| | 2017 | 2016 |
| Revenues, net | \$ 657,271 | \$ 701,772 |
| Operating expenses: | | |
| Cost of implants and other costs | 323,608 | 175,430 |
| Research and development | 450,722 | - |
| Selling, general and administrative | 2,739,967 | 2,545,311 |
| Termination of licensing agreement | - | 132,804 |
| Depreciation and amortization | 33,888 | 30,248 |
| Total operating expenses | 3,548,185 | 2,883,793 |
| Loss from operations | (2,890,914) | (2,182,021) |
| Other income (expenses): | | |
| Gain on settlement of debt | 296,592 | - |
| Interest expense, net | (11,148,525) | (1,048,013) |
| Loss on change in fair value of derivative liability | (15,962,822) | (2,673,948) |
| Total other income (expenses) | (26,814,755) | (3,721,961) |
| Loss before income taxes | (29,705,669) | (5,903,982) |
| Income taxes | - | - |
| Net Loss | <u>\$ (29,705,669)</u> | <u>\$ (5,903,982)</u> |
| Net loss per common share, basic and diluted | <u>\$ (0.13)</u> | <u>\$ (0.03)</u> |
| Weighted average number of common shares outstanding, basic and diluted | <u>232,678,553</u> | <u>170,245,976</u> |

See the accompanying notes to the consolidated financial statements

BIOCORRX INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
TWO YEARS ENDED DECEMBER 31, 2017

| | <u>Preferred stock</u> | | <u>Series B Preferred stock</u> | | <u>Common stock</u> | | <u>Common stock Subscribed</u> | <u>Additional Paid in Capital</u> | <u>Accumulated Deficit</u> | <u>Total</u> |
|---|------------------------|------------------|---------------------------------|-----------------|---------------------|------------------|------------------------------------|---|--------------------------------|----------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | | | | |
| Balance, December 31, 2015 | 80,000 | \$ 16,000 | - | \$ - | 164,144,501 | \$164,145 | \$ 100,000 | \$ 9,667,934 | \$ (13,230,883) | \$(3,282,804) |
| Common stock issued for services rendered | - | - | - | - | 8,560,000 | 8,560 | - | 314,501 | - | 323,061 |
| Series B preferred stock issued for services rendered | - | - | 160,000 | 5,616 | - | - | - | - | - | 5,616 |
| Common stock issued in settlement of related party accounts payable | - | - | - | - | 3,000,000 | 3,000 | - | 77,433 | - | 80,433 |
| Common stock issued in connection with convertible debt | - | - | - | - | 800,000 | 800 | - | 29,200 | - | 30,000 |
| Common stock issued in consideration of loan extension | - | - | - | - | 300,000 | 300 | - | 17,670 | - | 17,970 |
| Sale of common stock | - | - | - | - | 5,000,000 | 5,000 | - | 95,000 | - | 100,000 |
| Reclassify fair value of debt derivative at payoff of note payable | - | - | - | - | - | - | - | 262,271 | - | 262,271 |
| Change in fair value of modifications of options | - | - | - | - | - | - | - | 53,858 | - | 53,858 |
| Fair value of vested options | - | - | - | - | - | - | - | 183,249 | - | 183,249 |
| Net loss | - | - | - | - | - | - | - | - | (5,903,982) | (5,903,982) |
| Balance, December 31, 2016 | <u>80,000</u> | <u>\$ 16,000</u> | <u>160,000</u> | <u>\$ 5,616</u> | <u>181,804,501</u> | <u>\$181,805</u> | <u>\$ 100,000</u> | <u>\$10,701,116</u> | <u>\$ (19,134,865)</u> | <u>\$(8,130,328)</u> |

BIOCORRX INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
TWO YEARS ENDED DECEMBER 31, 2017

| | <u>Preferred stock</u> | | <u>Series B Preferred stock</u> | | <u>Common stock</u> | | <u>Common stock Subscribed</u> | <u>Additional Paid in Capital</u> | <u>Accumulated Deficit</u> | <u>Total</u> |
|--|------------------------|------------------|---------------------------------|-----------------|---------------------|------------------|------------------------------------|---|--------------------------------|-----------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | | | | |
| Balance, December 31, 2016 | 80,000 | \$ 16,000 | 160,000 | \$ 5,616 | 181,804,501 | \$181,805 | \$ 100,000 | \$10,701,116 | \$ (19,134,865) | \$ (8,130,328) |
| Common stock issued for services rendered | - | - | - | - | 4,953,118 | 4,953 | - | 426,375 | - | 431,328 |
| Common stock issued in settlement of convertible debt | - | - | - | - | 13,662,000 | 13,662 | - | 1,352,538 | - | 1,366,200 |
| Sale of common stock | - | - | - | - | 43,666,666 | 43,666 | - | 896,334 | - | 940,000 |
| Common stock issuable for services rendered | - | - | - | - | - | - | - | 80,000 | - | 80,000 |
| Reclassify fair value of debt derivative at modification of note payable | - | - | - | - | - | - | - | 30,806,073 | - | 30,806,073 |
| Fair value of vested options | - | - | - | - | - | - | - | 319,460 | - | 319,460 |
| Net loss | - | - | - | - | - | - | - | - | (29,705,669) | (29,705,669) |
| Balance, December 31, 2017 | <u>80,000</u> | <u>\$ 16,000</u> | <u>160,000</u> | <u>\$ 5,616</u> | <u>244,086,285</u> | <u>\$244,086</u> | <u>\$ 100,000</u> | <u>\$44,581,896</u> | <u>\$ (48,840,534)</u> | <u>\$ (3,892,936)</u> |

See the accompanying notes to the consolidated financial statements

BIOCORRX INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year ended December | |
|---|---------------------|---------------|
| | 31, | |
| | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$(29,705,669) | \$(5,903,982) |
| Adjustments to reconcile net loss to cash flows used in operating activities: | | |
| Depreciation and amortization | 33,888 | 30,248 |
| Bad debt expense | 25,750 | 59,750 |
| Termination of licensing agreement | - | 132,804 |
| Non cash interest | 9,363,244 | 66,874 |
| Amortization of debt discount | 1,461,054 | 748,840 |
| Common stock issued in connection with loan extension | - | 17,970 |
| Stock based compensation | 830,788 | 582,348 |
| Gain on settlement of debt | (296,592) | - |
| Change in fair value of option modifications | - | 53,858 |
| Change in fair value of derivative liabilities | 15,962,822 | 2,673,948 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (55,700) | (32,000) |
| Prepaid expenses and other current assets | (4,810) | (5,996) |
| Security deposit | 4,212 | (12,300) |
| Accounts payable and accrued expenses | 548,189 | (42,740) |
| Settlement payable | (300,000) | 65,000 |
| Deferred revenue | (407,571) | (434,022) |
| Net cash used in operating activities | (2,540,395) | (1,999,400) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of equipment | (2,970) | (22,594) |
| Payment for intellectual property | - | (305,647) |
| Net cash used in investing activities | (2,970) | (328,241) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from sale of common stock | 940,000 | 100,000 |
| Proceeds from convertible notes payable | 1,660,000 | 2,714,448 |
| Repayments of notes payable | (187,748) | (564,412) |
| Net cash provided by financing activities | 2,412,252 | 2,250,036 |
| Net decrease in cash and restricted cash | (131,113) | (77,605) |
| Cash and restricted cash, beginning of the year | 142,455 | 220,060 |
| Cash and restricted cash, end of year | \$ 11,342 | \$ 142,455 |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | \$ 10,507 | \$ 106,333 |
| Taxes paid | \$ - | \$ - |
| Non cash financing activities: | | |
| Reclassify fair value of debt derivative at payoff of note payable | \$ - | \$ 262,271 |
| Common stock issued in settlement of related party accounts payable | \$ - | \$ 80,433 |
| Common stock issued in connection with issuance of convertible notes payable | \$ - | \$ 30,000 |
| Reclassify fair value of debt derivative at note modification | \$ 30,806,073 | \$ - |
| Common stock issued in settlement of convertible notes payable | \$ 220,000 | \$ - |

See the accompanying notes to the consolidated financial statements

BIOCORRX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – BUSINESS

BioCorRx Inc., through its subsidiaries, provides an innovative alcoholism and opioid addiction treatment program called the BioCorRx® Recovery Program, as well as research and development of related products BICX101 and BICX102 that can empower patients to succeed in their overall recovery. We offer a unique treatment philosophy that combines medical intervention and a proprietary cognitive behavioral therapy (CBT) program (plus peer support program) specifically tailored for the treatment of alcoholism and other substance abuse addictions for those receiving long-term naltrexone treatment. We are also engaged in the research and development of sustained release naltrexone products for the treatment of addiction and other possible disorders. Specifically, the company is developing an injectable and implantable naltrexone with the goal of future regulatory approval with the Food and Drug Administration.

On January 7, 2014, the Company changed its name from Fresh Start Private Management, Inc. to BioCorRx Inc. In addition, effective February 20, 2014, the Company's quotation symbol on the Over-the-Counter Bulletin Board was changed from CEYY to BICX.

On July 28, 2016, the Company formed BioCorRx Pharmaceuticals, Inc., a Nevada Corporation, for the purpose of developing certain business lines. In connection with the formation, the newly formed sub issued 21.9% ownership to officers of the Company with the Company retaining 78.1%. As of December 31, 2017, there were certain licensing rights with a carrying value of \$250,000 and no significant liabilities in BioCorRx Pharmaceuticals, Inc., or operations since its formation.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements include the accounts of BioCorRx Inc. and its wholly owned subsidiary, Fresh Start Private, Inc. and its majority owned subsidiary, BioCorRx Pharmaceuticals, Inc. (hereafter referred to as the "Company" or "BioCorRx"). All significant intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

The Company generates revenue from services and product sales. Revenue is recognized in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the services delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related revenue is recorded. The Company defers any revenue for which the services has not been performed or is subject to refund until such time that the Company and the customer jointly determine that the services has been performed or no refund will be required.

We license proprietary products and protocols to customers under licensing agreements that allow those customers to utilize the products and protocols in services they provide to their customers. The timing and amount of revenue recognized from license agreements depends upon a variety of factors, including the specific terms of each agreement. Such agreements are reviewed for multiple elements. Multiple elements can include amounts related to initial non-refundable license fees for the use of our products and protocols and additional royalties on covered services.

Revenue is only recognized after all of the following criteria are met: (1) written agreements have been executed; (2) delivery of technology or intellectual property rights has occurred; (3) fees are fixed or determinable; and (4) collectability of fees is reasonably assured.

BIOCORRX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Under these license agreements, the Company receives an initial non-refundable license fee and in some cases, additional running royalties. Generally, the Company defers recognition of non-refundable upfront fees if it has continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of its performance under the other elements of the arrangement. License fees collected from Licensees but not yet recognized as income are recorded as deferred revenue and amortized as income earned over the expected economic life of the related contract.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include assumptions used in the fair value of stock-based compensation, derivative and warrant liabilities, the fair value of other equity and debt instruments and allowance for doubtful accounts.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity date of three months or less as cash equivalents.

Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limit. At December 31, 2017 and 2016, the Company did not have deposits in excess of the FDIC limit.

Accounts Receivable

Accounts receivable are recorded at original invoice amount less an allowance for uncollectible accounts that management believes will be adequate to absorb estimated losses on existing balances. Management estimates the allowance based on collectability of accounts receivable and prior bad debt experience. Accounts receivable balances are written off upon management's determination that such accounts are uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Management believes that credit risks on accounts receivable will not be material to the financial position of the Company or results of operations. The allowance for doubtful accounts was \$105,000 and \$79,250 as of December 31, 2017 and 2016, respectively.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2017 and December 31, 2016. The respective carrying value of certain financial instruments approximated their fair values. These financial instruments include cash, stock based compensation and notes payable. The fair value of the Company's convertible securities is based on management estimates and reasonably approximates their book value.

See Footnote 10 and 12 for derivative liabilities and Footnote 13 and 14 for stock based compensation and other equity instruments.

BIOCORRX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Restricted Cash

The Company is required to maintain in its bank accounts at all times no less than 10% of the outstanding principle of its convertible debt issued June 10, 2016. The amount held may be reduced upon noteholder approval. The cash held must be unrestricted and not subject to any liens. As of December 31, 2016, the Company's restricted cash balance of \$50,000 was classified as other assets in the accompanying balance sheet. As of December 31, 2017, noteholder waived the deposit requirements.

Segment Information

Accounting Standards Codification subtopic Segment Reporting 280-10 ("ASC 280-10") establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The information disclosed herein materially represents all of the financial information related to the Company's principal operating segment.

Long-Lived Assets

The Company follows FASB ASC 360-10-15-3, "Impairment or Disposal of Long-lived Assets," which established a "primary asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the asset's estimated useful life, which is five years for furniture and all other equipment. Expenditures for maintenance and repairs are expensed as incurred.

Net (loss) Per Share

The Company accounts for net income (loss) per share in accordance with Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"), which requires presentation of basic and diluted earnings per share ("EPS") on the face of the statement of operations for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS.

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during each period. It excludes the dilutive effects of any potentially issuable common shares.

Diluted net loss share is calculated by including any potentially dilutive share issuances in the denominator. As of December 31, 2017 and 2016, potentially dilutive shares issuances were comprised of convertible notes, warrants and stock options.

BIOCORRX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

The following potentially dilutive securities have been excluded from the computations of weighted average shares outstanding for the year ended December 31, 2017 and 2016, as they would be anti-dilutive:

| | <u>2017</u> | <u>2016</u> |
|---|--------------------|--------------------|
| Shares underlying options outstanding | 47,885,000 | 47,850,000 |
| Shares underlying warrants outstanding | 2,430,000 | 2,630,000 |
| Shares underlying convertible notes outstanding | 131,250,000 | 199,706,315 |
| | <u>181,565,000</u> | <u>250,186,315</u> |

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations \$134,217 and \$223,728 as advertising costs for the year ended December 31, 2017 and 2016, respectively.

Research and development costs

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development (“ASC 730-10”). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of \$450,722 and \$0 for the year ended December 31, 2017 and 2016, respectively.

Derivative Instrument Liability

The Company accounts for derivative instruments in accordance with ASC 815, which establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other financial instruments or contracts and requires recognition of all derivatives on the balance sheet at fair value, regardless of hedging relationship designation. Accounting for changes in fair value of the derivative instruments depends on whether the derivatives qualify as hedge relationships and the types of relationships designated are based on the exposures hedged. At December 31, 2017 and December 31, 2016, the Company did not have any derivative instruments that were designated as hedges.

At December 31, 2017 and 2016, the Company had outstanding convertible notes and/or warrants that contained embedded derivatives. These embedded derivatives include certain conversion features and reset provisions (See Note 10 and Note 12).

Stock Based Compensation

Share-based compensation issued to employees is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period. The Company measures the fair value of the share-based compensation issued to non-employees using the stock price observed in the arms-length private placement transaction nearest the measurement date (for stock transactions) or the fair value of the award (for non-stock transactions), which were considered to be more reliably determinable measures of fair value than the value of the services being rendered. The measurement date is the earlier of (1) the date at which commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty’s performance is complete.

As of December 31, 2017, there were 47,885,000 stock options outstanding, of which 39,635,000 were vested and exercisable. As of December 31, 2016, there were 47,850,000 stock options outstanding, of which 23,100,000 were vested and exercisable.

BIOCORRX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Income Taxes

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carry forwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is more likely than not that these deferred income tax assets will not be realized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of December 31, 2017 and 2016, the Company has not recorded any unrecognized tax benefits.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09—Revenue from Contracts with Customers (Topic 606). The guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The FASB delayed the effective date to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. In addition, in March and April 2016, the FASB issued new guidance intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations. Both amendments permit the use of either a retrospective or cumulative effect transition method and are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early application permitted. The Company has determined that the impact of adoption of this standard on its consolidated financial statements will be minimal.

In February 2016, the FASB issued ASU 2016-02—Leases (Topic 842), requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the income statement. The effective date of the new standard for public companies is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition and requires application of the new guidance at the beginning of the earliest comparative period presented. The Company is evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15—Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides guidance for eight specific cash flow issues with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. The effective date for ASU 2016-15 is for annual periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The Company has determined that the impact of adoption of this standard on its consolidated financial statements will be minimal.

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In January 2017, the FASB issued ASU 2017-04, Intangibles – Goodwill and Other (Topic 350). The amendments in this update simplify the test for goodwill impairment by eliminating Step 2 from the impairment test, which required the entity to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities following the procedure that would be required in determining fair value of assets acquired and liabilities assumed in a business combination. The amendments in this update are effective for public companies for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. We are evaluating the impact of adopting this guidance on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805); Clarifying the Definition of a Business. The amendments in this update clarify the definition of a business to help companies evaluate whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The amendments in this update are effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those periods. We are evaluating the impact of adopting this guidance on our consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815). The amendments in Part I of this Update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments.

As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). The amendments in Part II of this Update recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception.

Those amendments do not have an accounting effect. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.

On January 1, 2018, the Company adopted ASU 2017-11 and accordingly reclassified the fair value of the reset provisions embedded in previously issued warrants with embedded anti-dilutive provisions from liability to equity in aggregate of \$175,975.

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In November 2016, the FASB issued ASU No. 2016-18, (“ASU 2016-18”) *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU is intended to provide guidance on the presentation of restricted cash or restricted cash equivalents and reduce the diversity in practice. This ASU requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts on the statement of cash flows. We elected as permitted by the standard, to early adopt ASU 2016-18 retrospectively as of January 1, 2017 and have applied to all periods presented herein. The adoption of ASU 2016-18 did not have a material impact to our consolidated financial statements. The effect of the adoption of ASU 2016-18 on our consolidated statements of cash flows was to include restricted cash balances in the beginning and end of period balances of cash and cash equivalent and restricted cash. The change in restricted cash was previously disclosed in operating activities and financing activities in the consolidated statements of cash flows.

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

NOTE 3 – GOING CONCERN AND MANAGEMENT’S LIQUIDITY PLANS

As of December 31, 2017, the Company had cash of \$11,342 and working capital deficit of \$1,583,971. During the year ended December 31, 2017, the Company used net cash in operating activities of \$2,540,395. The Company has not yet generated any significant revenues, and has incurred net losses since inception. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

During the year ended December 31, 2017, the Company raised \$1,660,000 in cash proceeds from the issuance of convertible notes payable and \$940,000 proceeds from the sale of common stock. The Company believes that its current cash on hand will not be sufficient to fund its projected operating requirements.

The Company’s primary source of operating funds since inception has been from proceeds from private placements of convertible and other debt and the sale of common stock. The Company intends to raise additional capital through private placements of debt and equity securities, but there can be no assurance that these funds will be available on terms acceptable to the Company, or will be sufficient to enable the Company to fully complete its development activities or sustain operations. If the Company is unable to raise sufficient additional funds, it will have to develop and implement a plan to further extend payables, reduce overhead, or scale back its current business plan until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

Accordingly, the accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

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NOTE 4 – PROPERTY AND EQUIPMENT

The Company's property and equipment at December 31, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|------------------|------------------|
| Office equipment | \$ 34,234 | \$ 34,234 |
| Computer equipment | 5,544 | 2,574 |
| | 39,778 | 36,808 |
| Less accumulated depreciation | (20,766) | (14,644) |
| | <u>\$ 19,012</u> | <u>\$ 22,164</u> |

Depreciation expense charged to operations amounted to \$6,122 and \$4,330 for the year ended December 31, 2017 and 2016, respectively.

NOTE 5 – INTELLECTUAL PROPERTY/ LICENSING RIGHTS

On June 30, 2015, the Company acquired the complete rights, title and interest in the Naltrexone Implant Formulation used specifically in the BioCorRx Recovery Program for an aggregate purchase price of \$1,132,000 comprised of an obligation to pay \$1,000,000 over 14 months starting October 1, 2015 and 3,000,000 of the Company's common stock at the market value of \$0.044 per share as of the date of the agreement. The Company estimated a useful life of 10 years.

On March 31, 2016, the parties agreed to terminate the above described acquisition and to cancel any and all obligations assumed under the agreement. In connection with the cancellation, the Company recorded a loss on termination of licensing agreement of \$132,804.

On January 26, 2016, the Company entered into an asset purchase agreement to acquire intellectual and contractual rights for all of North America with the option for Central and South America for Naltrexone Implants formulas created by the Seller for 24 months upon receipt of the intellectual property for a fee of \$55,648. The Company, within the first 12 months has the right to purchase perpetual rights for above territories for a one-time fee, financed over 5 years. The rights are amortized over the 24 month contract life. Amortization charged to operations amounted to \$27,767 and \$25,918, as of December 31, 2017 and 2016, respectively.

On July 28, 2016, the Company and Therakine, Ltd., an Irish private company limited by shares ("Therakine"), entered into a Development, Commercialization and License Agreement (the "Agreement"). Therakine has know-how and patents related to sustained release drug delivery technology (the "Technology"). Pursuant to the Agreement, Therakine granted the Company an exclusive license to utilize the Technology in developing injectable naltrexone products to treat patients suffering addiction to opioids, methamphetamines, cocaine, or alcohol. The Company is permitted to sell on a worldwide basis the products that utilize the Technology. The Agreement expires when the Company's last valid claim to Therakine's patents expires. Upon expiration of the Agreement, the licenses granted will become irrevocable and fully paid up.

The Company agreed to pay, in return for the license to the Technology, up to \$2,750,000 in milestone payments and royalties ranging from 5% to 12% of net sales of products that use the Technology with aggregate payments per year of not less than \$250,000. The Company is also required to pay a percentage of any sublicense income it receives related to products that use the Technology. In the event Therakine enters into a license agreement with a third party for products unrelated to injectable naltrexone that use the Technology, Therakine will pay the Company a percentage of its income from these products. As of December 31, 2017 and 2016, the Company has paid an aggregate of \$250,000 of which \$75,000 was held in escrow until certain drug levels are met at December 31, 2017.

In 2016, the Company assigned and Therakine agreed to assign the rights under the Therakine Agreement, to BioCorRx Pharmaceuticals, Inc., the Company majority owned subsidiary.

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Amortization expense charged to operations amounted to \$27,767 and \$25,918 for the year ended December 31, 2017 and 2016, respectively.

Estimated future amortization expense as of December 31, 2017 is as follows:

| | |
|---------------------|-------------------|
| 2018 | \$ 18,630 |
| 2019 | 16,667 |
| 2020 | 16,667 |
| 2021 | 16,667 |
| 2022 and thereafter | 183,332 |
| Total | <u>\$ 251,963</u> |

NOTE 6 – DEFERRED REVENUE

The Company granted license and sub-license agreements for various regions or States in the United States allowing the licensee to market, distribute and sell solely in the defined license territory, as defined, the products provided by the Company. The agreements are granted for a defined period or perpetual and are effective as long as annual milestones are achieved.

Terms for payments for licensee agreements vary from full cash payment to defined terms. In cases where license or sub-license fees are uncollected or deferred; the Company nets those uncollected fees with the deferred revenue for balance sheet presentation.

The Company amortizes license fees over the shorter of the economic life of the related contract life or contract terms for each licensee. The remaining unamortized aggregate balance of deferred revenue as of December 31, 2017 and 2016 was \$638,693 and \$1,046,264, respectively.

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of December 31, 2017 and 2016:

| | 2017 | 2016 |
|-----------------------------------|---------------------|-------------------|
| Amounts payable | \$ 714,823 | \$ 768,345 |
| Interest payable on notes payable | 483,075 | 168,785 |
| Deferred rent | 1,638 | 808 |
| | <u>\$ 1,199,536</u> | <u>\$ 937,938</u> |

During the year ended December 31, 2017, the Company settled old outstanding debt with vendors recognizing a \$296,592 gain on settlement of debt.

NOTE 8 – SETTLEMENT PAYABLE

On March 9, 2016, Jorge Andrade (former Company's Chief Executive Officer) and Terranautical Global Investments, Inc. filed with the Eighth Judicial District Court in Clark County, Nevada a lawsuit claiming unpaid compensation, bonuses and previous loans in aggregate of \$316,000 plus accrued interest and damages.

On March 21, 2016, the Plaintiff and the Company entered into a settlement agreement whereby the Company agreed to settle for a cash payment of \$250,000 due December 16, 2016. On March 8, 2017, the settlement agreement was amended with an initial payment of \$190,000 to be delivered by March 15, 2017 and the remaining balance of \$60,000 shall be paid in twelve (12) monthly payments of \$5,000 each through April 1, 2018. At March 21, 2016, the Company reclassified \$195,845 accounts payable and \$54,155 notes payable, related party to settlement payable in the accompanying balance sheet. As of December 31, 2017 and 2016, the outstanding balance due was \$15,000 and \$250,000, respectively.

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On March 7, 2016, Jeffery D. Segal, A Professional Corporation (“Segal”) filed a complaint against the Company alleging failure to pay for legal services rendered in aggregate of \$59,174 with the Superior Court of the State of California, County of Los Angeles.

In March 2017, the Company entered into a settlement agreement to pay the plaintiff and did pay \$65,000 in full settlement. The Company has accrued the \$65,000 for the year ended December 31, 2016.

NOTE 9 – NOTES PAYABLE

On July 7, 2014, the Company issued unsecured promissory notes in aggregate of \$545,218 in settlement of previously issued convertible debentures dated April 3, 2013 and related accrued interest. The promissory notes include monthly payments of principal and interest, at 12% per annum, of \$10,658 beginning August 15, 2014 through July 15, 2016 with the remaining unpaid balance due on or before July 15, 2016. The balance as of December 31, 2016 was \$172,748. During year ended December 31, 2017, the Company paid as full settlement the remaining outstanding promissory note of \$172,748.

In August 15, 2016, the Company issued 300,000 shares of its common stock for loan extension till December 15, 2016 in connection with the remaining outstanding note holder. The fair value of the issued common shares of \$17,970 was charged to current period interest expense.

As described in Note 5, the Company acquired the complete rights, title and interest for the Naltrexone Implant formula for an aggregate purchase price of \$1,132,000 comprised, in part, of an obligation to pay \$1,000,000. The obligation was payable over approximately 14 months. During the year ended December 31, 2015, the Company applied a previously paid deposit of \$57,404 towards the payment on the note. The remaining unpaid balance as of December 31, 2015 was \$942,596. On March 31, 2016, the parties agreed to terminate the above described acquisition and to cancel any and all obligations assumed under the agreement. In connection with the cancellation, the Company recorded a loss on termination of licensing agreement of \$132,804 during the year ended December 31, 2016.

On March 15, 2016, the Company issued a secured promissory note for \$360,000 due 90 days from the date of issuance. Proceeds received were \$300,000, net of Original Issuance Discount (“OID”) of \$60,000. The promissory note is secured by all accounts, all proceeds and all accessions for rents, profits and products. On June 10, 2016, in connection with the issuance of a secured convertible note, the outstanding balance was settled in full. During the year ended December 31, 2016, the Company amortized \$60,000 of the OID to interest expense. As of December 31, 2016, the promissory note was paid in full.

NOTE 10– CONVERTIBLE NOTES PAYABLE AND DERIVATIVE LIABILITIES

JMJ Financial

On February 3, 2015, the Company sold to JMJ Financial a \$250,000 Convertible Promissory Note. The JMJ note provides up to an aggregate of \$225,000 in gross proceeds after taking into consideration an Original Issue Discount (“OID”) of \$25,000. The maturity date is two years from the effective date of each payment paid under the promissory note.

The Company, at its sole discretion, has an option to repay all consideration received pursuant to the JMJ note within 120 days of the effective date, there will be zero percent interest charged under the JMJ Note. Otherwise, there will be a one-time interest charge of 12% for all consideration received by the Company pursuant to the JMJ Note.

The Notes earn an interest rate of 12% per annum after four months of each advance and are convertible six months after the issuance date of each advance at a conversion price equal to 60% discount to the lowest trading price of the common stock for the 25 trading days immediately prior the conversion date.

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In the event of default, the Purchaser has the right to require the Company to repay in cash all or a portion of the Note at a price equal to 125% of the aggregate principal amount of the Note plus all accrued but unpaid interest.

As of December 31, 2015, the Company has been funded by the purchaser as aggregate of, in the principal amount of \$121,000, consisting of the aggregate principal sum of \$110,000 advanced by the holder and \$11,000 in OID.

The Company has identified the embedded derivatives related to the above described notes. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of the Notes and to fair value as of each subsequent reporting date.

At the funding dates of the JMJ note tranches, the Company determined the aggregate fair value of \$239,511 of embedded derivatives. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 144.83% to 172.85%, (3) weighted average risk-free interest rate of 0.52% to 0.70%, (4) expected life of 2.00 years, and (5) estimated fair value of the Company's common stock from \$0.049 to \$0.093 per share.

The determined fair value of the debt derivatives of \$239,511 was charged as a debt discount up to the net proceeds of the note with the remainder of \$134,554 charged to 2015 operations as non-cash interest expense.

In 2015, the Company paid off an aggregate of \$75,000 of the outstanding notes. At the date of payoff, the Company marked to market the fair value of the debt derivatives and determined a fair value of \$158,959 and transferred to equity. The fair value of the embedded derivatives was determined using Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 148.32% to 151.27%, (3) weighted average risk-free interest rate of 0.60% to 0.68%, (4) expected life of 1.58 to 1.67 years, and (5) estimated fair value of the Company's common stock of \$0.04 to \$0.05 per share.

In 2016, the Company paid off the remaining of \$35,000 of the outstanding note. At the date of payoff, the Company marked to market the fair value of the debt derivatives and determined a fair value of \$61,113 and transferred to equity. The fair value of the embedded derivatives was determined using Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 148.16%, (3) weighted average risk-free interest rate of 0.99%, (4) expected life of 1.70 years, and (5) estimated fair value of the Company's common stock of \$0.027 per share.

St. George Investments, LLC

On October 1, 2015, the Company sold to St. George Investments, LLC a \$85,000 Convertible Promissory Note. Net proceeds received were \$70,500 after taking into consideration an Original Issue Discount ("OID") of \$7,500 and other fees. The maturity date is one year from the effective date of the promissory note. The lender has the right, with the consent of the Company, to lend additional two additional tranches at any time up to one year.

The Company may repay the Note at any time on or before 120 days from issuance. If unpaid at 120 days, a one-time interest charge of 12% shall be applied to the outstanding balance. After 120 days the Company can repay only with the consent of the lender at 125% allowed to repay.

The Note is convertible 120 days from issuance date at a conversion price equal to 60% discount to the lowest trading price of the common stock for the 25 trading days immediately prior the conversion date.

The Company has identified the embedded derivatives related to the above described note. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of the Notes and to fair value as of each subsequent reporting date.

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On October 1, 2015, the Company determined the aggregate fair value of \$105,988 of embedded derivatives of the St. George Note. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 146.21%, (3) weighted average risk-free interest rate of 0.31%, (4) expected life of 1.00 year, and (5) estimated fair value of the Company's common stock of \$0.0391 per share.

The determined fair value of the debt derivatives of \$105,988 was charged as a debt discount up to the net proceeds of the note with the remainder of \$35,488 charged to current period operations as non-cash interest expense.

At December 31, 2015, the Company marked to market the fair value of the debt derivatives and determined a fair value of \$170,531. The Company recorded a gain from change in fair value of debt derivatives of \$21,051 for the year ended December 31, 2015. The fair value of the embedded derivatives was determined using Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 148.92%, (3) weighted average risk-free interest rate of 0.65% to 1.06%, (4) expected life from 0.75 to 1.72 years, and (5) estimated fair value of the Company's common stock of \$0.0265 per share.

In 2016, the Company paid off the St George Note. At the date of payoff, the Company marked to market the fair value of the debt derivatives and determined a fair value of \$112,673 and transferred to equity. The fair value of the embedded derivatives was determined using Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 147.99%, (3) weighted average risk-free interest rate of 0.41%, (4) expected life of 0.69 years, and (5) estimated fair value of the Company's common stock of \$0.027 per share.

Iconic Holdings, LLC

On February 1, 2016, the Company issued to Iconic Holdings, LLC a \$88,000 Convertible Promissory Note. The proceeds from the Iconic note provides was up to an aggregate of \$79,200 in net proceeds after taking into consideration an Original Issue Discount ("OID") of \$8,800. The maturity date is one year from the date of issuance.

The Company, at its sole discretion, has an option to repay the Iconic note within 90 days of the effective date at a rate of 110% of unpaid principal or 135% from 91-180 days of effective date. After 180 days, the note may not be prepaid without the consent of the holder.

The Note is convertible after 180 days into shares of the Company's common stock at a conversion price equal to 60% discount to the lowest closing price of the common stock for the 10 trading days immediately prior the conversion date.

The Company has identified the embedded derivatives related to the above described note. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of the Notes and to fair value as of each subsequent reporting date.

At inception, the Company determined the aggregate fair value of \$96,170 of embedded derivatives. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 150.09%, (3) weighted average risk-free interest rate of 0.47%, (4) expected life of 1.00 year, and (5) estimated fair value of the Company's common stock of \$0.0121 per share.

The determined fair value of the debt derivatives of \$96,170 was charged as a debt discount up to the net proceeds of the note with the remainder of \$21,722 charged to current period operations as non-cash interest expense.

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In 2016, the Company paid off the Iconic Note. At the date of payoff, the Company marked to market the fair value of the debt derivatives and determined a fair value of \$88,484 and transferred to equity. The fair value of the embedded derivatives was determined using Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 164.09%, (3) weighted average risk-free interest rate of 0.48%, (4) expected life of 0.67 years, and (5) estimated fair value of the Company's common stock of \$0.0166 per share.

BICX Holding Company LLC

On June 10, 2016, the Company issued to BICX Holding Company, LLC a \$2,500,000 senior secured convertible promissory note due June 10, 2019 and bearing interest at 8% per annum due annually beginning June 10, 2018.

Under the terms of the note, the note holder may, at any time, convert the unpaid principal of the note, or any portion thereof, into shares of the Company's common stock at an initial conversion price equal to 25% of the Company's total authorized common stock, determined at \$0.019 per share at the date of issuance. In addition, the note contained certain anti-dilution provisions, as defined.

The Company was required to maintain a cash balance of \$50,000 of the outstanding principal amount at all times, unrestricted and lien free (as amended) until December 31, 2017.

BICX Holding had the right, until December 10, 2016, to purchase another convertible note from the Company in a principal amount of up to \$2,500,000 for a total aggregate purchase price of \$5,000,000 (the "Maximum Purchase Price"). The Company and BICX Holding agreed to extend this deadline and, on March 3, 2017, the parties entered into a First Amendment to the Note (the "First Amendment").

Pursuant to the First Amendment, BICX Holding invested another \$1,660,000 for a total aggregate purchase price of \$4,160,000. Based on the amount invested, BICX Holding will return the Note and the Company will issue BICX Holding a new note for \$4,160,000 convertible into 42.43% of the Company's total authorized common stock. The other terms of the new note will be identical to the Note. Pursuant to the First Amendment, the parties agreed that BICX Holding does not have the right to appoint a consultant or, if the Company's common stock is listed on a national securities exchange, an independent member of the Board. In addition, the Company is not entitled to a break-up fee.

On June 29, 2017, the parties entered into the Second Amendment to the Note Purchase Agreement and the March 2017 Note (the "Second Amendment"). The Second Amendment amends the March 2017 Note such that there is no longer an anti-dilution provision in the note. This provision in the March 2017 Note created a derivative liability for the Company which is no longer present.

In addition, the Second Amendment amends the March 2017 Note and the Note Purchase Agreement such that the Company agreed to not engage in any financing at a purchase price below the BICX Holding purchase price. Finally, the Second Amendment amends the Note Purchase Agreement such that BICX Holding no longer has a right to participate in a subsequent financing in which the Company engages.

The note is secured by all of assets of the Company and is ranked senior to all of the Company's debt currently outstanding or hereafter, unless prohibited by law.

The Company had identified the embedded derivatives related to the above described note. These embedded derivatives included certain conversion and reset features. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of the Notes and to fair value as of each subsequent reporting date.

At inception of the 2017 additions, the Company determined the aggregate fair value of \$11,023,244 of embedded derivatives. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 167.85% to 168.32%, (3) weighted average risk-free interest rate of 1.26% to 1.37%, (4) expected life of 2.21 to 2.25 years, and (5) estimated fair value of the Company's common stock of \$0.09 to 0.1122 per share.

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The determined fair value of the debt derivatives of \$11,023,244 was charged as a debt discount up to the net proceeds of the note with the remainder of \$9,363,244 charged to current period operations as non-cash interest expense.

At June 29, 2017, the date of the Second Amendment modifying the above described note to eliminate the anti-dilutive provision, the Company determined the aggregate fair value the embedded derivatives of \$30,806,073, recognizing a gain on change in fair value of \$12,217,004 and reclassifying the determined fair value at June 29, 2017 of \$30,806,073 to equity. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 169.77%, (3) weighted average risk-free interest rate of 1.38%, (4) expected life of 1.95 years, and (5) estimated fair value of the Company's common stock of \$0.108 per share.

Hoppel/Vista Capital Promissory Notes payable

On October 20, 2016, the Company issued to an aggregate of \$220,000 Convertible Promissory Notes. The proceeds from the notes provides was up to an aggregate of \$200,000 in net proceeds after taking into consideration an Original Issue Discount ("OID") of \$20,000. The maturity date is six months from the date of issuance.

In connection with the issuance of the promissory notes, the Company issued 800,000 shares of its common stock as an inducement and is obligated to issue an additional 250,000 shares should the Company's common stock close below \$0.025 per share prior to full pay off of the notes. The fair value of the issued shares was charged as a debt discount at the time of issuance.

The Note is convertible after 180 days into shares of the Company's common stock at a conversion price equal to 60% discount to the lowest closing price of the common stock for the 25 trading days immediately prior the conversion date.

During the year ended December 31, 2017, the Company issued an aggregate of 13,662,000 shares of its common stock in full settlement of the above described notes.

Summary:

At December 31, 2017, the Company did not have convertible notes with embedded derivatives. The charge of the amortization of debt discounts and costs for the year ended December 31, 2017 and 2016 was \$1,460,225, and \$686,560, respectively, which was accounted for as interest expense.

NOTE 11 – NOTES PAYABLE-RELATED PARTY

As of December 31, 2017 and 2016, the Company received advances from Kent Emry (the former CEO of the Company), Scott Carley, and Neil Muller (the former President of the Company) as loans from related parties. The loans are payable on demand and without interest. In addition, the Company has issued unsecured, non-interest bearing demand notes to related parties. During the year December 31, 2017, the Company paid \$15,000 on Mr. Emry's note and Neil Muller settled \$10,000 of outstanding debt. The balance outstanding as of December 31, 2017 and December 31, 2016 was \$22,980 and \$47,980, respectively.

On January 22, 2013, the Company issued a unsecured promissory note payable to Kent Emry for \$200,000 due January 1, 2018, with a stated interest rate of 12% per annum beginning three months from issuance, payable monthly. Principal payments were due starting February 1, 2015 at \$6,650 per month. The lender has an option to convert the note to licensing rights for the State of Oregon. The Company currently is in default of the required interest payments initially due starting April 22, 2013. During the year ended December 31, 2014, the Company paid \$36,390 principal and accrued interest towards the promissory note.

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In connection with the issuance of the above described promissory note, the Company issued 950,000 (as amended) of its common stock as interest payment on March 31, 2014.

The Company recorded a debt discount of \$11,250 based on the fair value of the Company's common stock at the issuance date of the promissory note. The discount is amortized ratably over the term on the notes. The note holder subsequently became an officer of the Company. The balance outstanding as of December 31, 2017 and 2016 was \$163,610, with unamortized debt discount of \$0 and \$1,037, respectively.

NOTE 12 – WARRANT LIABILITY

The Company issued warrants in conjunction with the issuance of certain convertible debentures. These warrants contain certain reset provisions. Therefore, in accordance with ASC 815-40, the Company reclassified the fair value of the warrant from equity to a liability at the date of issuance. Subsequent to the initial issuance date, the Company is required to adjust to fair value the warrant as an adjustment to current period operations.

At December 31, 2017, the fair value of the 1,155,000 warrants containing certain reset provisions were determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%, (2) expected volatility of 154.88%, (3) weighted average risk-free interest rate of 1.39%, (4) expected life of 0.27 years, and (5) estimated fair value of the Company's common stock of \$0.1659 per share.

The Company recorded a loss from change in fair value of warrant liability of debt derivatives of \$149,072 for the year ended December 31, 2017.

At December 31, 2017, the warrant liability valued at \$175,975, the Company believes an event under the contract that would create an obligation to settle in cash or other current assets is remote and has classified the obligation as a long term liability.

NOTE 13 – STOCKHOLDERS' DEFICIT

Effective July 5, 2016, the Company amended its articles of incorporation to increase the authorized shares of capital stock of the Company from two hundred million (200,000,000) shares of common stock, and eighty thousand (80,000) shares of preferred stock, both \$.001 par value respectively, to five hundred twenty five million (525,000,000) shares common stock (\$.001 par value), and six hundred thousand (600,000) shares of preferred stock (no par value), respectively.

Preferred stock

The Company is authorized to issue 600,000 shares of preferred stock with no par value.

On June 19, 2014, the Company's Board of Directors designated 80,000 shares of preferred stock, no par value. Each share of preferred stock shall entitle the holder to one thousand (1,000) votes and is convertible into one share of common stock and shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters with the Company's common stock.

On June 25, 2014, the Company issued an aggregate of 80,000 shares of preferred stock to officers and directors for services rendered.

On November 16, 2016, the Company's Board of Directors designated 160,000 preferred shares as Series B Preferred stock, no par value. Each share of Series B Preferred shall entitle the holder to one thousand (2,000) votes and is convertible into one share of common stock and shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters with the Company's common stock but is not entitled to any dividends declared.

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On November 16, 2016, the Company issued an aggregate of 160,000 shares of preferred stock to officers and directors for services rendered.

Common stock

In February 2016, the Company issued an aggregate of 1,250,000 shares of its common stock for services rendered valued at \$25,000 based on the underlying market value of the common stock at the date of issuance.

In July 2016, the Company issued an aggregate of 3,700,000 shares of its common stock for services rendered valued at \$101,090 based on the underlying market value of the common stock at the date of issuance.

In July 2016, the Company issued 3,000,000 shares of its common stock as conversion for outstanding accounts payable to related party valued at \$80,433 based on the underlying market value of the common stock at the date of issuance.

In August 2016, the Company issued 300,000 shares of its common stock for as loan extension valued at \$17,970 based on the underlying market value of the common stock at the date of issuance.

In August 2016, the Company issued an aggregate of 3,150,000 shares of its common stock for services rendered valued at \$182,725 based on the underlying market value of the common stock at the date of issuance.

In October 2016, the Company issued an aggregate of 800,000 shares of its common stock for in connection with the issuance of convertible debt valued at \$30,000 based on the underlying market value of the common stock at the date of issuance.

In October 2016, the Company issued 60,000 shares of its common stock for services rendered valued at \$2,346 based on the underlying market value of the common stock at the date of issuance.

In December 2016, the Company issued an aggregate of 400,000 shares of its common stock for services rendered valued at \$11,900 based on the underlying market value of the common stock at the date of issuance.

In December 2016, the Company issued 5,000,000 shares of its common stock in exchange for proceeds of \$100,000.

In January 2017, the Company issued an aggregate of 228,118 shares of its common stock for services rendered valued at \$7,478 based on the underlying market value of the common stock at the date of issuance.

In February 2017, the Company issued 350,000 shares of its common stock for services rendered valued at \$25,830 based on the underlying market value of the common stock at the date of issuance.

In February 2017, the Company issued 43,666,666 shares of its common stock in exchange for proceeds of \$940,000.

In March 2017, the Company issued an aggregate of 13,662,000 shares of its common stock in settlement of \$220,000 convertible notes payable.

In April 2017, the Company issued an aggregate of 1,675,000 shares of its common stock for services rendered valued at \$62,850 based on the underlying market value of the common stock at the date of issuance.

In May 2017, the Company issued 750,000 shares of its common stock for services rendered valued at \$102,750 based on the underlying market value of the common stock at the date of issuance.

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In August 2017, the Company issued 500,000 shares of its common stock for services rendered valued at \$43,000 based on the underlying market value of the common stock at the date of issuance.

In September 2017, the Company issued an aggregate of 550,000 shares of its common stock for services rendered valued at \$47,245 based on the underlying market value of the common stock at the date of issuance.

In October 2017, the Company issued 50,000 shares of its common stock for services rendered valued at \$5,005 based on the underlying market value of the common stock at the date of issuance.

In November 2017, the Company issued 50,000 shares of its common stock for services rendered valued at \$4,450 based on the underlying market value of the common stock at the date of issuance.

In December 2017, the Company issued 800,000 shares of its common stock for services rendered valued at \$132,720 based on the underlying market value of the common stock at the date of issuance.

NOTE 14 – STOCK OPTIONS AND WARRANTS

Options

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from using the Company's historical stock prices. The Company accounts for the expected life of options based on the contractual life of options for non-employees. For employees, the Company accounts for the expected life of options in accordance with the "simplified" method, which is used for "plain-vanilla" options, as defined in the accounting standards codification.

The risk-free interest rate is based on the yield of Daily U.S. Treasury Yield Curve Rates with terms equal to the expected term of the options as of the grant date.

The following assumptions were used in determining the fair value of employee and vesting non-employee options during the year ended December 31, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|
| Risk-free interest rate | 1.86% | 1.13% |
| Dividend yield | 0% | 0% |
| Stock price volatility | 171.77% | 163.82% |
| Expected life | 5.00 years | 5.75 years |
| Weighted average grant date fair value | \$ 0.1519 | \$.019 |

On June 17, 2016, the Company awarded options to purchase an aggregate of 33,000,000 shares of common stock to key officers of the Company. These options vest monthly over 24 months and have a term of 10 years. The options have an exercise price of \$0.0201 per share. The options had an aggregate grant date fair value of \$628,283.

On June 17, 2016, the Company extended the term of previously granted options in aggregate of 13,500,000 initially expiring from November 2019 to July 2020 by five years to November 2024 to July 2025. The change in fair value of \$53,858 was determined using the Black Scholes option model and charged to current to operations during the year ended December 31, 2016.

On May 25, 2017, the Company awarded options to purchase 35,000 shares of common stock to key consultant of the Company. These options vest immediately and have a term of 5 years. The options have an exercise price of \$0.016 per share. The options had an aggregate grant date fair value of \$5,318.

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The following table summarizes the stock option activity for the two years ended December 31, 2017:

| | Shares | Weighted- Average Exercise Price | Weighted- Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|------------|---|--|---------------------------------|
| Outstanding at January 1, 2016 | 14,850,000 | \$ 0.09 | 4.4 | \$ - |
| Grants | 33,000,000 | 0.02 | 10.0 | - |
| Exercised | - | | | |
| Canceled | - | | | |
| Outstanding at December 31, 2016 | 47,850,000 | \$ 0.04 | 8.9 | \$ 326,700 |
| Grants | 35,000 | 0.016 | 5.0 | - |
| Exercised | - | | | |
| Expired | - | | | |
| Outstanding at December 31, 2017 | 47,885,000 | \$ 0.04 | 7.5 | \$ 5,927,877 |
| Exercisable at December 31, 2017 | 39,635,000 | \$ 0.05 | 7.3 | \$ 4,725,027 |

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on options with an exercise price less than the Company's stock price of \$0.1659 as of December 31, 2017, which would have been received by the option holders had those option holders exercised their options as of that date.

The following table presents information related to stock options at December 31, 2017:

| Options Outstanding | | | Options Exercisable | |
|---------------------|----------------------|---|-------------------------------------|--|
| Exercise Price | Number of Options | Weighted Average Remaining Life In Years | Exercisable Number of Options | |
| \$ 0.01-0.025 | 33,035,000 | 9.46 | 24,785,000 | |
| 0.0251-0.05 | 3,500,000 | 8.56 | 3,500,000 | |
| 0.051 and up | 11,350,000 | 7.34 | 11,350,000 | |
| | <u>47,885,000</u> | 8.89 | <u>39,635,000</u> | |

The stock-based compensation expense related to option grants was \$319,460 and \$183,249 during the year end December 31, 2017 and 2016, respectively.

As of December 31, 2017, stock-based compensation related to options of \$130,892 remains unamortized and is expected to be amortized over the weighted average remaining period of 5 months.

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Warrants:

The following table summarizes the changes in warrants outstanding and the related prices for the shares of the Company's common stock:

| Warrants Outstanding | | | Warrants Exercisable | | |
|-----------------------------|---------------------------|--|--|---------------------------|--|
| Exercise Prices | Number Outstanding | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price | Number Exercisable | Weighted Average Remaining Contractual Life (Years) |
| \$ 0.25 | 1,275,000 | 1.52 | \$ 0.25 | 1,275,000 | 1.52 |
| 1.00 | 1,155,000 | 0.25 | 1.00 | 1,155,000 | 0.25 |
| \$ 0.61 | 2,430,000 | 0.91 | \$ 0.61 | 2,430,000 | 0.91 |

The following table summarizes the warrant activity for the two years ended December 31, 2017:

| | Number of Shares | Weighted Average Exercise Price Per Share |
|----------------------------------|-------------------------|--|
| Outstanding at January 1, 2016 | 2,630,000 | \$ 0.58 |
| Issued | - | - |
| Exercised | - | - |
| Canceled | - | - |
| Outstanding at December 31, 2016 | 2,630,000 | \$ 0.58 |
| Issued | - | - |
| Exercised | - | - |
| Expired | (200,000) | 0.25 |
| Outstanding at December 31, 2017 | 2,430,000 | \$ 0.91 |

NOTE 15 – RELATED PARTY TRANSACTIONS

The Company has an arrangement with Premier Aftercare Recovery Service, (“PARS”). PARS is a Company controlled by Neil Muller, a shareholder of the Company and prior officer of the Company, that provided consulting services to the Company. There is no formal agreement between the parties and the amount of remuneration was \$14,583 per month. During the year ended December 31, 2017 and 2016, the Company incurred \$-0-, as consulting fees and expense reimbursements. As of December 31, 2017 and 2016, there was an unpaid balance of \$32,318 and \$64,638, respectively.

The Company has an arrangement with Felix Financial Enterprises (“FFE”). FFE is a Company controlled by Lourdes Felix, an officer of the Company that provides consulting services to the Company. Until June 17, 2016, there was no formal agreement between the parties and the amount of remuneration is \$14,583 per month. During the year ended December 31, 2017 and 2016, the Company incurred \$204,001 and \$166,756, respectively, as consulting fees. As of December 31, 2017 and 2016, there was an unpaid balance of \$14,900 and \$91,465, respectively.

On June 17, 2016, the Company entered into an executive service contract with Felix Financial Enterprises LLC to provide consulting services. The agreement is an at will agreement and provides for a base salary of \$160,000 per year, 11,200,000 stock options, extended previously issued options and an auto allowance.

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The Company had an arrangement with Brady Granier, an officer of the Company. Until June 17, 2016 there was no formal agreement between the parties and the amount of remuneration is \$14,583 per month. For the years ended December 31, 2017 and 2016, the Company incurred \$30,727 and \$175,000, respectively, as consulting fees. As of December 31, 2017 and 2016, there was an unpaid balance of \$-0- and \$64,481, respectively. Beginning in 2017, Mr. Granier performed services under Soupface LLC (see below).

On June 17, 2016, the Company entered into an executive service contract with Brady Granier as the Company's President and Chief Executive Officer. The agreement is an at will agreement and provides for a base salary of \$175,000 per year, 10,600,000 stock options, extended previously issued options and an auto allowance.

The Company has an arrangement with Soupface LLC ("Soupface"). Soupface is a Company controlled by Brady Granier, an officer of the Company that provides consulting services to the Company. There was no formal agreement between the parties and the amount of remuneration is \$14,583 per month. For the years ended December 31, 2017 and 2016 the Company incurred \$203,125 and \$175,000, respectively, as consulting fees. As of December 31, 2017 and 2016, there was an unpaid balance of \$14,900 and \$-0-, respectively.

On June 17, 2016, the Company entered into an executive service contract with Tom Welch as the Company's Vice President of Operations. The agreement is an at will agreement and provides for a base salary of \$140,000 per year, 11,200,000 stock options, extended previously issued options and an auto allowance.

On July 28, 2016, the Company formed BioCorRx Pharmaceuticals, Inc. for the purpose of developing certain business lines. In connection with the formation, the, the newly formed sub issued 21.9% ownership to Brady Granier, Lourdes Felix and Kent Emry, current or former officers of the Company, with the Company retaining 78.1%. As of December 31, 2017, there were no significant transactions, assets or liabilities in BioCorRx Pharmaceuticals, Inc., or operations since its formation.

The above related parties are compensated as independent contractors and are subject to the Internal Revenue Service regulations and applicable state law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation, and it could be determined that the independent contractor classification is inapplicable.

NOTE 16 – CONCENTRATIONS

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and trade receivables. The Company places its cash and temporary cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit.

The Company's revenues earned from sale of products and services for the year ended December 31, 2017 included 12%, 12%, 31%, 12% and 13% (aggregate of 80%) from five customers of the Company's total revenues.

The Company's revenues earned from sale of products and services for the year ended December 31, 2016 included 12% and 17% (aggregate of 29%) from two customers of the Company's total revenues.

Three customers accounted for 12%, 19% and 13% (aggregate of 44%) of the Company's total accounts receivable at December 31, 2017 and three customers accounted for 27%, 11% and 18% (aggregate of 56%) of the Company's total accounts receivable at December 31, 2016.

The Company relies on Trinity Rx as its sole supplier of its Naltrexone implant.

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NOTE 17 – NON CONTROLLING INTEREST

On July 28, 2016, the Company formed BioCorRx Pharmaceuticals, Inc., a Nevada Corporation, for the purpose of developing certain business lines. In connection with the formation, the newly formed sub issued 21.9% ownership to officers of the Company with the Company retaining 78.1%. From inception through December 31, 2017, there were no significant transactions, assets or liabilities in BioCorRx Pharmaceuticals, Inc., or operations since its formation.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Operating leases

On March 9, 2016, the Company entered into a lease amendment and expansion agreement, whereby the Company agreed to lease office space in Anaheim, California, commencing July 1, 2016 and expiring on June 30, 2019.

Rent expense charged to operations, which differs from rent paid due to rent credits and to increasing amounts of base rent, is calculated by allocating total rental payments on a straight-line basis over the term of the lease. During the year ended December 31, 2017 and 2016, rent expense was \$41,533 and \$40,736.

As of December 31, 2017, future minimum lease payments for office space are as follows:

| | |
|------------------------------|------------------|
| Year ended December 31, 2018 | \$ 52,903 |
| Year ended December 31, 2019 | 26,844 |
| Year ended December 31, 2019 | <u>\$ 79,747</u> |

Royalty agreement

Alpine Creek Capital Partners LLC

On December 10, 2015, the Company entered into a royalty agreement with Alpine Creek Capital Partners LLC (“Alpine Creek”). The Company is in the business of selling a distinct implementation of the BioCorRx Recovery Program, a two-tiered comprehensive MAT program, which includes a counseling program, coupled with its proprietary Naltrexone Implant (the “Treatment”).

In accordance with the terms and provisions of the agreement, Alpine Creek will pay the Company an aggregate of \$405,000, payable as follows: (a) a deposit in the amount of \$55,000, which Alpine Creek paid to the Company on November 20, 2015, (b) cancellation of that certain secured promissory note, dated October 19, 2015, issued by the Company to Alpine Creek in the aggregate principal amount of \$55,000 and (c) within two (2) business days from the effective date, Alpine Creek will pay \$295,000 to the Company.

In consideration for the payment, with the exception of treatments conducted in certain territories, the Company will pay Alpine Creek fifty percent (50%) of the Company’s gross profit for each Treatment sold in the United States that includes procurement of the Company’s implant product until the Company has paid Alpine Creek \$1,215,000. In the event that the Company has not paid Alpine Creek \$1,215,000 within 24 months of the Effective Date, then the Company shall continue to pay Alpine Creek fifty percent (50%) for each Treatment following the Effective Date until the Company has paid Alpine Creek an aggregate of \$1,620,000, with the exception of treatments conducted in certain territories. Upon the Company’s satisfaction of these obligations, the Company shall pay Alpine Creek \$100 for each treatment sold in the United States that includes procurement of the Company’s implant product, into perpetuity.

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Therakine, Ltd

On July 28, 2016, the Company and Therakine, Ltd. entered into a Development, Commercialization and License Agreement. Pursuant to the Agreement, Therakine granted the Company an exclusive license to treat patients suffering addiction to opioids, methamphetamines, cocaine, or alcohol. The Company is permitted to sell on a worldwide basis the products that utilize the Technology. The Agreement expires when the Company's last valid claim to Therakine's patents expires. Upon expiration of the Agreement, the licenses granted will become irrevocable and fully paid up.

The Company agreed to pay, in return for the license to the Technology, up to \$2,750,000 in milestone payments and royalties ranging from 5% to 12% of net sales of products that use the Technology with an aggregate payments of not less than \$250,000. The Company is also required to pay a percentage of any sublicense income it receives related to products that use the Technology. In the event Therakine enters into a license agreement with a third party for products unrelated to injectable naltrexone that use the Technology, Therakine will pay the Company a percentage of its income from these products. As of December 31, 2016, the Company has paid an aggregate of \$250,000, of which \$75,000 is held in escrow with certain drug levels are met. (See Note 5)

In 2016, the Company transferred the rights under the Therakine, Ltd contract to BioCorRx Pharmaceuticals, Inc., a majority owned subsidiary of the Company.

Employment and consulting agreements

On September 1, 2015, the Company entered into an employment agreement with Kent Emry for the full time position of Chief Executive Officer of the Company for 12 months with automatic renewals. Compensation at \$75,000 per annum (See Note 14). In 2016, Mr. Emry resigned as Chief Executive Officer.

Lourdes Felix, Chief Financial Officer and Chief Operating Officer and Brady Granier, Chief Executive Officer and President of the Company, entered into Executive Service Agreements with the Company on June 17, 2016 (the "Executive Agreements").

The Executive Agreements provided, among other things, (i) the remuneration to be received in exchange for services provided to the Company; (ii) a general description of the services to be provided to the Company; and (iii) other obligations, terms, and conditions relating to the professional relationship between Felix and Granier, as applicable, and the Company.

Litigation

On March 7, 2016, Jeffery D. Segal, A Professional Corporation ("Segal") filed a complaint against the Company alleging failure to pay for legal services rendered in aggregate of \$59,174 with the Superior Court of the State of California, County of Los Angeles.

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On March 9, 2016, Jorge Andrade (former Company's Chief Executive Officer) and Terranautical Global Investments, Inc. filed with the Eighth Judicial District Court in Clark County, Nevada a lawsuit claiming unpaid compensation, bonuses and previous loans in aggregate of \$316,000 plus accrued interest and damages.

On March 21, 2016, the Plaintiff and the Company entered into a settlement agreement whereby the Company agreed to settle for a cash payment of \$250,000 due December 16, 2016. Subsequently, on March 8, 2017, the settlement agreement was amended with an initial payment of \$190,000 to be delivered by March 15, 2017 and the remaining balance of \$60,000 shall be paid in twelve (12) monthly payments of \$5,000 each through April 1, 2018. At March 21, 2016, the Company reclassified \$195,845 accounts payable and \$54,155 notes payable, related party to settlement payable in the accompanying balance sheet. As of December 31, 2017, the outstanding balance due was \$15,000.

In March 2017, the Company entered into a settlement agreement to pay the plaintiff and did pay \$65,000 in full settlement. The Company had accrued the \$65,000 for the year ended December 31, 2016.

The Company is subject at times to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity. There was no other outstanding litigation as of December 31, 2017.

Uncertain Tax Positions

The Company uses a number of independent contractors in our operations in which it does not pay or withhold any federal, state or provincial employment tax. There are a number of different tests used in determining whether an individual is an employee or an independent contractor and such tests generally take into account multiple factors. There can be no assurance that legislative, judicial or regulatory (including tax) authorities will not introduce proposals or assert interpretations of existing rules and regulations that would change, or at least challenge, the classification of our independent contractors. As of December 31, 2017 and 2016, the Company has reviewed the various independent contractor relationships and has determined to not accrue any additional liabilities related to the above contingency.

NOTE 19 – INCOME TAXES

The components of the income tax provisions for 2017 and 2016 are as follows:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|------------------|------------------|
| Current provision: | | |
| Federal | \$ - | \$ - |
| State | - | - |
| Deferred benefit: | | |
| Federal | (660,421) | (548,876) |
| State | (119,597) | (93,632) |
| | <u>(780,018)</u> | <u>(642,508)</u> |
| Change in valuation allowance | 780,018 | 642,508 |
| Total Provision | <u>\$ -</u> | <u>\$ -</u> |

The difference between the income tax provision and income taxes computed using the U. S. federal income tax rate of 34% consisted of the following:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|---------------|---------------|
| Provision at statutory rate | 34.0% | 34.0% |
| State taxes, net of federal benefit | 5.8% | 5.8% |
| Nondeductible and other items | (18.8)% | (8.9)% |
| Change in valuation allowance | (21.0)% | (30.9)% |
| Total | <u>(0.0)%</u> | <u>(0.0)%</u> |

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. Significant components of the Company's deferred taxes as of December 31, 2017 and 2016 are as follows:

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| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|-------------|-------------|
| Deferred tax assets: | | |
| Net operating loss carry forwards | \$ 746,919 | \$ 548,876 |
| Share-based compensation | 174,465 | 216,310 |
| Accrual to cash | (45,292) | (158,698) |
| Other | 2,278,510 | 1,396,446 |
| Total deferred tax assets | 3,154,602 | 2,002,934 |
| Valuation allowance | (3,098,002) | (1,946,334) |
| | 56,600 | 56,600 |
| Deferred tax liabilities: | | |
| Tax deductible licensing agreement | (56,600) | (56,600) |
| Accrual to cash | - | - |
| Other | - | - |
| Total deferred tax liabilities | (56,600) | (56,600) |
| Net deferred tax assets (liabilities) | <u>\$ -</u> | <u>\$ -</u> |

A full valuation allowance has been provided against the Company's deferred tax assets at December 31, 2017 as the Company believes it is more likely than not that sufficient taxable income will not be generated to realize these temporary differences.

The Company has Federal net operating losses (NOLs) of approximately \$7.8 million which begin to expire in the years beginning in 2032. Pursuant to Section 382 of the Internal Revenue Code, use of the Company's NOLs and credit carry forwards may be limited if the Company experiences a cumulative change in ownership of greater than 50% in a moving three-year period.

The Company also has federal credits that begin to expire 2030 and state tax credits that may be carried forward indefinitely.

The Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards as set forth in ASC Topic 740. Income Taxes, regarding accounting for uncertainty in income taxes. Amounts for uncertain tax positions are adjusted in periods when new information becomes available or when positions are effectively settled. There are no unrecognized benefits related to uncertain tax positions as of December 31, 2017. The Company does not anticipate that there will be material change in the liability for unrecognized tax benefits within the next 12 months.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cut and **Jobs Act** (the "Tax Act"). The Tax Act establishes new tax laws that affects 2018 and future years, including a reduction in the U.S. federal corporate income tax rate to 21%, effective January 1, 2018. For certain deferred tax assets and deferred tax liabilities, we have recorded a provisional decrease of \$462,378, with a corresponding net adjustment to valuation allowance of \$462,378 as of December 31, 2017.

NOTE 20 – FAIR VALUE MEASUREMENTS

ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

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Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

Items recorded or measured at fair value on a recurring basis in the accompanying consolidated financial statements consisted of the following items as of December 31, 2017:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|----------------|----------------|-------------------|-------------------|
| Derivative liability | \$ - | \$ - | \$ - | \$ - |
| Warrant liability | | | 175,975 | 175,975 |
| Total | \$ - | \$ - | \$ 175,975 | \$ 175,975 |

Items recorded or measured at fair value on a recurring basis in the accompanying consolidated financial statements consisted of the following items as of December 31, 2016:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|----------------|----------------|---------------------|---------------------|
| Derivative liability | \$ - | \$ - | \$ 5,115,280 | \$ 5,115,280 |
| Warrant liability | | | 26,903 | 26,903 |
| Total | \$ - | \$ - | \$ 5,142,183 | \$ 5,142,183 |

The table below sets forth a summary of changes in the fair value of the Company's Level 3 financial liabilities from December 31, 2015 through December 31, 2017:

| | Debt Derivative Liability | Warrant Liability |
|--|--|------------------------------|
| Balance, December 31, 2015 | \$ 170,531 | \$ 22,746 |
| Transfers in (out): | | |
| Initial fair value of debt derivative at note issuance | 2,537,229 | - |
| Transfers out of Level 3 upon conversion and settlement of notes | (262,271) | - |
| Mark-to-market at December 31, 2016: | | |
| Embedded derivative | 2,669,971 | 4,157 |
| Balance, December 31, 2016 | 5,115,280 | 26,903 |
| Transfers in (out): | | |
| Initial fair value of debt derivative at note issuance | 11,023,244 | - |
| Transfers out of Level 3 upon conversion and settlement of notes | (1,146,201) | - |
| Transfers out of Level 3 upon note modification | (30,806,073) | - |
| Mark-to-market at December 31, 2017: | | |
| Embedded derivative | 15,813,750 | 149,072 |
| Balance, December 31, 2017 | \$ 0 | \$ 175,975 |

BIOCORRX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 21 – SUBSEQUENT EVENTS

Sale of common stock

In January 2018, the Company entered into subscription agreements with two investors, pursuant to which the Investors purchased shares of the Company's common stock. The investors purchased a total of 1,250,000 shares at a purchase price of \$0.12 per share for a total of \$150,000 invested.

Issuance of common stock

In January and February 2018, the Company issued an aggregate of 50,000 common shares for consulting services.

In January 2018, the Company issued 125,000 common shares as employee compensation.

In January 2018, the Company issued an aggregate of 100,000 common shares as commitment fees towards debt financing.

In January 2018, the Company issued 1,000,000 common shares in connection with a distribution agreement.

On February 9, 2018, the Company entered into a Investment Agreement and a Registration Rights Agreement with Northbridge Financial Inc. Under the terms of the Investment Agreement, Northbridge has agreed to provide the Company with up to ten million dollars (\$10,000,000) of funding in the form of purchases of shares of the Company's common stock. Northbridge will only make these purchases after a registration statement on Form S-1 registering these future shares is declared effective by the Securities and Exchange Commission.

Debt financing

On January 26, 2018, the Company issued and sold two promissory notes, each in the principal amount of \$125,000 or \$250,000 in the aggregate (the "Notes"), to two investors, (the "Investors") The Notes bear interest at a rate of eight percent (8%) per annum. The Notes are due and payable on or before July 26, 2018 and may be prepaid at any time without penalty.

In the event the Company fails to make any payment due or to perform any terms of the Notes, the Investors have the right to (i) to declare the full, unpaid balance of the Notes, plus interest and other charges; accruing thereon, immediately due and payable; (ii) to specifically enforce the terms of the Notes by suit in equity; (iii) to bring an action for the unpaid and overdue payments without waiving the right to pursue the principal balance, interest, and additions thereto which are due pursuant to the terms of the Notes; and (iv) to pursue any and all other rights and remedies provided in law or equity.

As additional consideration for the Notes, the Company will issue an aggregate of 100,000 shares of the Company's common stock (the "Inducement Shares") to the Investors within fifteen (15) days of receipt of funds from the Investors.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Brady Granier, certify that:

1. I have reviewed this annual report on Form 10-K of BioCorRx Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 5, 2018

By: */s/ Brady Granier*

Brady Granier
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Lourdes Felix, certify that:

1. I have reviewed this annual report on Form 10-K of BioCorRx Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 5, 2018

By: */s/ Lourdes Felix*

Lourdes Felix
Chief Financial Officer and Chief
Operating Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brady Granier, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the annual report of BioCorRx Inc. on Form 10-K for the fiscal year ended December 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of BioCorRx Inc.

Date: April 5, 2018

By: /s/ Brady Granier
Brady Granier
President, Chief Executive Officer and
Director
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lourdes Felix, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the annual report of BioCorRx Inc. on Form 10-K for the fiscal year ended December 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of BioCorRx Inc.

Date: April 5, 2018

By: /s/ Lourdes Felix
Lourdes Felix
Chief Financial Officer, Chief Operating
Officer and Director
(Principal Financial Officer)