

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 31,2020

Commission File Number: 000-54208

BioCorRx Inc.

(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or other jurisdiction of incorporation or organization)	<u>90-0967447</u> (IRS Employer Identification No.)
<u>2390 East Orangewood Avenue, Suite 500 Anaheim, CA</u> (Address of principal executive office)	<u>92806</u> (Zip Code)

(714) 462-4880
(Registrant's telephone number, including area code)

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

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

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, \$0.001 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 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 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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" 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 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 shares of common stock held by non-affiliates of the registrant as of June 30, 2020 was \$13,995,401 based on the closing price of \$2.84 per share of common stock of BioCorRx, Inc. as quoted on the OTCQB Marketplace on that date.

As of March 30, 2021, there were 6,597,927 shares of registrant's common stock outstanding.

TABLE OF CONTENTS

	<u>PAGE</u>
PART I	
Item 1. Business.	4
Item 1A. Risk Factors.	11
Item 1B. Unresolved Staff Comments.	20
Item 2. Properties.	20
Item 3. Legal Proceedings.	20
Item 4. Mine Safety Disclosures.	20
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	20
Item 6. Selected Financial Data.	21
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.	21
Item 7A. Quantitative and Qualitative Disclosures About Market Risk.	31
Item 8. Financial Statements and Supplementary Data.	31
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.	31
Item 9A. Controls and Procedures.	31
Item 9B. Other Information.	31
PART III	
Item 10. Directors, Executive Officers and Corporate Governance.	31
Item 11. Executive Compensation.	36
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	38
Item 13. Certain Relationships and Related Transactions, and Director Independence.	43
Item 14. Principal Accounting Fees and Services.	44
PART IV	
Item 15. Exhibits, Financial Statement Schedules.	45
Signatures	47

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”). 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, unless expressly indicated or the context requires otherwise, the terms “BioCorRx,” “company,” “we,” “us,” and “our” in this document refer to BioCorRx, Inc., a Nevada corporation, and, where appropriate, its wholly owned subsidiaries.

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 Fresh Start Private, Inc. (“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 (“BioCorRx Pharmaceuticals”), for the purpose of developing certain business lines. In connection with its formation, 24.2% of BioCorRx Pharmaceuticals’ outstanding shares of common stock were issued 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 shareholders holding 59% of the voting equity voted to amend the Company’s articles of incorporation to increase the authorized shares of capital stock 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) (“Share Increase”). The Share Increase took effect on May 10, 2018.

On January 16, 2018, majority shareholders holding 59% of the voting equity voted to grant discretionary authority to the Board of Directors of the Company (“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 of incorporation to effect a reverse split of our issued and outstanding shares of common stock in a range of not less than 1-for-5 and not more than 1-for-500. On January 16, 2019, the Board approved an amendment to the articles of incorporation to effect a 1-for-100 reverse stock split (“Reverse Stock Split”). The Reverse Stock Split was filed with the Secretary of State of the State of Nevada and subsequently approved by the Financial Industry Regulatory Authority (“FINRA”) on January 18, 2019 and took effect on January 22, 2019. All share and per share information in this Annual Report have been retroactively adjusted to give effect to the Reverse Stock Split, including the financial statements and notes thereto.

Business Overview

BioCorRx Inc., through its subsidiaries, develops and provides innovative treatment programs for substance abuse and related disorders. The BioCorRx® Recovery Program is a non-addictive, medication-assisted treatment (“MAT”) program for substance abuse that includes peer recovery support. The UnCraveRx™ Weight Loss Management Program is a medically assisted weight management program that is combined with a virtual platform application. The Company is 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 its product candidate (“BICX101”) a sustained release, injectable naltrexone for the treatment of opioid abuse and alcoholism. The company is also developing an implantable naltrexone treatment (“BICX102”) a long-acting naltrexone implant that can last several months for the treatment of opioid dependence and alcohol use disorders with the goal of future regulatory approval with the Food and Drug Administration.

The BioCorRx® 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.

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 Counseling 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 expanded its operations through distribution opportunities of its BioCorRx Recovery Program. There are 14 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.

The Company’s subsidiary, BioCorRx Pharmaceuticals, is focused on acquiring and the development of products for the treatment of addiction and other possible disorders. Specifically, the company is developing injectable and implantable naltrexone with the goal of future regulatory approval with the Food and Drug Administration. The Company’s pipeline includes BICX101 for the treatment of opioid addiction and alcoholism as well as BICX102 for the same indications.

In August 2017, the Company announced that it had decided to seek U.S. Food and Drug Administration (“FDA”) approval on BICX102 in advance of BICX101. Product candidate BICX102 is a long-acting naltrexone implant that can last several months being developed for opioid dependence and alcohol use disorders. The pre-IND meeting date for BICX102 took place on January 24, 2018. On February 12, 2018, the Company announced that the FDA deemed the 505(b)(2) pathway as an acceptable route for approval for BICX102; the Company plans to apply for dual indications, both opioid use disorder and alcohol use disorder, within the same application. A grant application was submitted to the National Institutes of Health on May 14, 2018 for funding the development and study plans for BICX102. On January 17, 2019, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from the National Institutes of Health (“NIH”) in support of BICX102 from the National Institute on Drug Abuse. The grant provides for (i) \$2,842,430 in funding during the first year and (ii) \$2,831,838 during the second year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. On January 30, 2020, the Company was awarded a second year of funding from the National Institute on Drug Abuse (“NIDA”) to support the development of a 3-month implantable depot pellet of naltrexone for the treatment of Opioid Use Disorder, which the Company refers to as BICX102. The second-year grant provides for \$2,831,838 in funding subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. \$4,491,972 in grant funds were received and (i) \$4,464,626 was recorded as grant income including accrued revenues of \$224,879 related to the grant, (ii) \$65,560 were recorded as deferred income and (iii) \$186,665 was recorded as payment on accounts receivable during the year ended December 31, 2020.

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 BioCorRx® Recovery Program around a state-of-the-art, minimally invasive, biodegradable implant of naltrexone. The naltrexone medication 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 6 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.

Recovery 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.

All procedures to place the naltrexone pellets into patients are performed at several independently owned and licensed provider locations. There are approximately 14 licensed providers throughout the United States that offer the BioCorRx Recovery Program. Locations of the provider locations offering our program can be provided by calling our toll free number (888) 993-1099. The procedures are performed by a licensed medical professional.

The naltrexone implant is produced by select compounding pharmacies contracted by BioCorRx Inc. We entered into an asset purchase agreement ("Trinity Purchase Agreement") dated August 20, 2018 with Trinity Compound Solutions, Inc. ("Trinity"). In accordance with the Trinity Purchase Agreement, the Company purchased the worldwide contractual rights, except for New Zealand and Australia, for the naltrexone implant formulation from Trinity. The purchase price for the naltrexone implant was \$20,000 cash and 20,000 shares of the Common Stock. Half of the \$20,000 was paid upon the transfer of the naltrexone implant formulation with no additional amount due or outstanding. The shares were issued in December 2018. The naltrexone implant is part of the Medication Assisted Treatment program (see above). This cannot be sold in New Zealand and Australia due to the limitations imposed by the Trinity Asset Purchase Agreement.

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 BioCorRx that produce the pellets using naltrexone as the core ingredient. BioCorRx does not compound, manufacture or handle the naltrexone implants.

[Table of Contents](#)

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 6 months.

UnCraveRx® Weight Loss Management Program

The UnCraveRx™ Weight Loss Management Program is a medically assisted weight management program that helps to reduce food cravings combined with on-demand virtual lifestyle support, fitness and nutrition. BioCorRx is not a licensed health care provider and does not provide health care services to patients. BioCorRx does not operate weight loss clinics. BioCorRx makes the UnCraveRx® Weight Loss Management Program available to health care providers to utilize when the health care provider determines it is medically appropriate and indicated for their patient(s). Any physician or licensed medical provider is solely responsible for treatment options prescribed or recommended to their patient(s). 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 medication to any of the provider's patients.

If determined medically appropriate by a patient's treating physician and under his/her medical supervision, an anti-craving medication may be prescribed to help reduce food cravings. The benefits of using the anti-craving time released medication is that it may aid in compliance. BioCorRx® does not sell, manufacture, or compound any drugs or pharmaceuticals for the program.

Training is required to assist the treating physician in making the best medical decision regarding the use of the anti-craving medication and determine whether the program is right for the patient.

Marketing Strategy

Our marketing strategy is a long-term, forward-looking approach to planning with the fundamental goal of achieving a sustainable competitive advantage. We have and will continue to use a variety of advertising and on-line marketing channels to increase awareness and exposure to the BioCorRx® Recovery Program and UnCraveRx® amongst prospective medical professionals to grow our customer base and gain distinction in the medical community. Our commitment is to help medical professionals to offer viable options to their patients to achieve sustainable sobriety and live healthier lives.

Competition

We believe we are one of the leading companies offering medication assisted treatment for the treatment of substance use disorder, alcoholism and weight loss management.

Our MAT recovery program that is focused on substance abuse treatment in the United States is specific to naltrexone therapy. Many treatment providers operate in a broader behavioral healthcare sector without focusing primarily on substance abuse with MAT. We believe our core focus on MAT and scalable program gives us with an advantage over competitors in terms of building our brand and marketing our program to potential customers.

Our Weight Loss Management program is focused on weight management in the United States is specific to medication assisted treatment combined with a virtual platform that offers nutritional and fitness coaching as well as lifestyle support groups aimed to help sustain a healthier lifestyle.

Table of Contents

We believe the primary competitive factors affecting our business include:

- Quality of clinical programs and services;
- Reputation and brand recognition;
- Senior management experience including key opinion leaders in addiction; and
- Sustained release naltrexone products used to treat substance abuse.

Competitive Advantages/Operational Strengths

- According to the National Institute on Drug Abuse better outcomes are shown with MAT for treatment of substance abuse than without it;
- The combination of MAT with CBT counseling can help sustain recovery;
- Senior management experience; and
- Key opinion leaders in addiction consultants.
- Studies show that medication assisted work best when combined with a lifestyle program. [1] References: [1] Yanovski SZ, Yanovski JA. *JAMA*. Long-term drug treatment for obesity: A systematic and clinical review. 2014; 311(1):74-86.

Growth Strategy

There has been a significant focus on increasing access to MAT for opioid addiction. The development of new effective treatments has risen and is of great importance given the devastating effects of opioid use disorder. In February 2018, the FDA announced its plan to expand MAT for opioid dependence by providing new guidance to the industry. We believe MAT is becoming more recognized as the gold standard of care for the treatment of substance use disorder. The intended purpose of MAT for opioid use disorder includes a decrease in illicit opioid use, decreased mortality, and improved long-term sobriety.

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.

Obesity has become a serious concern and health problem in the United States. Approximately 35% of Americans are obese. Obesity has become an epidemic according to the CDC and has become associated with poor health outcomes. New treatment and choices to help individuals are needed to help lose weight or maintain their weight. We have developed UnCraveRx® that we believe will help patients in losing and maintaining weight. We currently market our program nationally and seek medical professionals to grow our network of providers.

Our strategic growth also includes product research and development pipelines with significant market opportunities being developed under our subsidiary BioCorRx Pharmaceuticals. Development of BICX102 is an essential element to grow the business and gain payer acceptance; the product candidate is a long-acting naltrexone implant that can last several months being developed for opioid dependence and alcohol use disorders.

Government Regulation and Approvals

All surgical procedures need to be performed by a licensed physician or medical professional.

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. BioCorRx® does not sell, manufacture, or compound any drugs or pharmaceuticals.

Intellectual Property/Licensing Rights

On August 20, 2018, we entered into the Trinity Compound Solutions, Inc. (“Trinity”) Purchase Agreement with Trinity. In accordance with the Trinity Purchase Agreement, the Company purchased the worldwide contractual rights, except for New Zealand and Australia, for the naltrexone implant formulation from Trinity. The purchase price for the naltrexone implant was \$20,000 cash and 20,000 shares of the Company’s Common Stock. Half of the \$20,000 was paid upon the transfer of the naltrexone implant formulation with no additional amount due or outstanding. The shares were issued in December 2018. The naltrexone implant is part of the MAT program (see above). This specific formulation cannot be sold in New Zealand and Australia due to the limitations imposed by the Trinity Purchase Agreement.

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

On October 12, 2018, BioCorRx Pharmaceuticals, Inc., the Company’s majority owned subsidiary, acquired \$15,200 of Therakine Biodelivery GmbH patent families consisting of approximately 11 patents pending and 1 issued patent. The patent families are subject to a Development, Commercialization and License agreement between the Company and Therakine, Ltd. These patents were first licensed to the Company in July 2018 and subsequently were purchased in October 2018.

The Company’s management performed an evaluation of its intangible assets (naltrexone implant formula and right of use assets) for purposes of determining the implied fair value of the assets at December 31, 2020 and 2019. The test indicated that the recorded book value did not exceed its fair value for the years ended December 31, 2020 and 2019 as determined by discounted future cash flows.

At December 31, 2019, the Company’s management performed an evaluation of its intangible assets (naltrexone implant formula) for purposes of determining the implied fair value of the assets at December 31, 2019. The test indicated that the recorded book value did not exceed its fair value for the year ended December 31, 2019 as determined by undiscounted future cash flows.

MATERIAL AGREEMENTS

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 (“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. In accordance with the terms and provisions of the restated license agreement: (i) the license shall be granted by the Company to Kryptonite Investments upon payment of \$300,000; and (ii) upon execution of this agreement Licensor will pay the outstanding balance due to Company; (iii) in the event that Licensee shall fail to make any payment due, Licensor shall have the right to apply outstanding balances to note payable; (iv) payments for all future program fees will be billed on the 15th and last day of the month with payments being due by the 15th day of the subsequent month; (v) in the event Licensee fails to make any payment due, Licensor shall have right to apply outstanding balances to note payable (vi) once Company pays the note payable in full, the price of the programs to Licensee shall increase by 100% .

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. In accordance with the terms and provisions of the amended license agreement: (i) licensee agrees to relinquish certain rights that would allow Company to market the addiction treatment program within the territory; (ii) licensee shall retain all other original license rights under agreement; (iii) the term of the agreement shall be for ten (10) years and shall renew annually for one year periods thereafter subject to termination as provided for in the agreement (iv) licensee has paid consideration for the license granted and (v) no minimum order requirements are imposed to Licensee so long as Company retains the right to market the addiction program within the territory.

On December 13, 2013, the Company entered into a ten years license agreement (“JPL License Agreement”) with JPL, LLC (“JPL”), pursuant to which JPL acquired an exclusive license (“Connecticut License”) to commercialize the naltrexone implant in the State of Connecticut. In consideration for the Connecticut License the Company received from JPL: (i) an up-front license fee of \$350,000 (“JPL License Fee”); (ii) a monthly fee equal to 10% of the revenue generated by JPL or any other entity associated with JPL; (iii) a program fee upon the order of the Counseling Programs; (iv) a minimum royalty fee during calendar year 2014 in the amount of \$15,000; and (v) a minimum royalty fee for subsequent calendar years starting in 2015 of \$40,000.

On May 22, 2018, entered into an amended license agreement with JPL, LLC. In accordance with the terms and conditions of the amended agreement: (i) the Company may buy back the license agreement at any time; (ii) the Company agrees to waive all annual minimum royalties or sales requirements for JPL; (iii) in the event the Company is acquired or a change of control occurs the Company may buy back the license agreement

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 (“Treatment”).

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. As of December 31, 2020 and December 2019, the amount of royalty due was \$91 and \$3,503, respectively.

On February 9, 2018, the Company entered into the Investment Agreement and a Registration Rights Agreement with Northbridge. 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. A registration statement on Form S-1 registering these future shares was declared effective by the SEC on September 12, 2018.

The Company has the right to deliver drawdown notices to Northbridge and Northbridge will be obligated to purchase registered shares of the Company’s Common Stock based on the investment amount specified in each drawdown notice. The maximum amount that the Company shall be entitled to draw down in each drawdown notice shall be equal to twice the average of the daily trading volume for the Common Stock during the twelve trading days preceding the drawdown notice date, so long as such amount does not exceed 4.99% of the outstanding shares of the Company. Pursuant to the Investment Agreement, Northbridge and its affiliates will not be permitted to purchase and the Company may not deliver drawdown notices to Northbridge that would result in Northbridge’s beneficial ownership totaling more than 4.99% of the outstanding Common Stock. The price of each registered share shall be equal to 80% percent of the average of the three lowest closing prices of the Common Stock during the twelve trading days preceding the date the applicable drawdown notice is delivered to Northbridge. Drawdown notices may be delivered by the Company to Northbridge until the earlier of thirty-six (36) months after the SEC first declares the registration statement on Form S-1 effective or the date on which Northbridge has purchased an aggregate of \$10,000,000 worth of put registered shares. As of March 31, 2021, the Company has not yet delivered any drawdown notices to Northbridge.

On March 28, 2019, the Company entered into a Subscription and Royalty Agreement (“Lucido Subscription and Royalty Agreement”) with Louis and Carolyn Lucido CRT LLC, managed by Mr. Louis Lucido, a member of the Company’s Board of Directors (“Board”). Pursuant to the Lucido Subscription and Royalty Agreement: (i) Mr. Lucido purchased shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”), in the aggregate amount of \$3,000,000 at a purchase price of \$15.00 per share (“Purchase Price”), for a total of 200,000 shares of Common Stock; and (ii) the Company shall pay Lucido (a) a total of \$37.50 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the first (1st) day that the first unit of the treatment is sold (“Initial Sales Date”) and ending on the third (3rd) anniversary of the Initial Sales Date; and (b) a total of \$25.00 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the day following the third (3rd) anniversary of the Initial Sales Date and ending on the fifteenth (15th) anniversary of the Initial Sales Date (“Royalty”). The Company will use no less than 65% of the proceeds of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement exclusively to develop, launch and expand the Company’s weight loss program (“Business”) including sales and marketing activities directly related to the Business, and shall be free to use up to 35% of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement for general working capital and administration, and for further product development. With the prior written consent of Mr. Lucido, the Company may use more than 35% of the aggregate Purchase Price for general working capital and administration, and for further product development. As of December 31, 2020 Lucido has granted the Company permission to utilize more than 35% of restricted funds for general working capital.

On April 1, 2019, the Company entered into a Subscription and Royalty Agreement (“Galligan Subscription and Royalty Agreement”) and, together with the Lucido Subscription and Royalty Agreement, (“Agreements”) with the J and R Galligan Revocable Trust, managed by Mr. Joseph Galligan, a majority shareholder of the Company. Although the Galligan Subscription and Royalty Agreement was dated March 27, 2019, it did not become effective until it was fully executed on April 1, 2019. The terms and conditions of the Galligan Subscription and Royalty Agreement (including the amount of shares of Common Stock purchased, the Purchase Price, and the terms of the Royalty) are substantially the same as the Lucido Subscription and Royalty Agreement except that the Company will have complete discretion as to the exact amount of \$3,000,000 of the Galligan Subscription and Royalty Agreement to be allocated to the development and expansion of the Business.

On May 24, 2019, the Company entered into a Master Services Agreement (“MSA”) with Charles River Laboratories, Inc. (“Charles River”). Pursuant to the MSA, Charles River will be conducting studies with regard to BICX102. Studies will be conducted pursuant to Statements of Work entered into by the Company and Charles River. On May 30, 2019, the Company and Charles River entered into two separate Statements of Work pursuant to which Charles River is conducting a total of six studies. The Company will pay Charles River the total amended consideration of \$3,024,476 for these six studies. The remaining commitment to Charles River is \$499,445.

On October 31, 2020, the Company entered into a written management services agreement with Joseph DeSanto MD, Inc. (“Medical Corporation”) under which the Company provides management and other administrative services to the Medical Corporation. These services include billing, collection of accounts receivable, accounting, management and human resource functions. Pursuant to the management services agreements, a management fee equal to 65% of the Medical Corporation’s gross collected monthly revenue. Through this arrangement, we are directing the activities that most significantly impact the financial results of the respective Medical Corporation; however, all clinical treatment decisions are made solely by licensed healthcare professionals employed or engaged by the Medical Corporation as required by all applicable state laws. Based on our ability to direct the activities that most significantly impact the financial results of the Medical Corporation, and the obligation and likelihood of absorbing all expected gains and losses, we have determined that we are the primary beneficiary, and, therefore, consolidate the Medical Corporation as VIE. The Company had not yet provided or performed the services pursuant to the agreement as of December 31, 2020. As of March 1, 2021 the Company began performing services pursuant to the agreement.

Item 1A - Risk Factors.

Investing in our securities involves a great deal of risk. Careful consideration should be made of the following factors as well as other information included in this Annual Report before deciding to purchase our securities. There are many risks that affect our business and results of operations, some of which are beyond our control. Our business, financial condition or operating results could be materially harmed by any of these risks. This could cause the trading price of our securities to decline, and you may lose all or part of your investment. Additional risks that we do not yet know of or that we currently think are immaterial may also affect our business and results of operations.

RISKS RELATED TO OUR COMPANY

We have received an opinion from our independent registered public accounting firm expressing substantial doubt regarding our ability to continue as a going concern.

The audit report issued by our independent registered public accounting firm on our consolidated financial statements for the fiscal year ended December 31, 2020 contains an explanatory paragraph regarding our ability to continue as a going concern. The audit report states that our auditing firm has substantial doubt in our ability to continue as a going concern due to the risk that we may not have sufficient cash and liquid assets at December 31, 2020 to cover our operating and capital requirements for the next twelve-month period since the date of the financial statements were issued; and if sufficient cash cannot be obtained, we would have to substantially alter, or possibly even discontinue, operations. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management has developed a plan to continue operations, develop its products, and acquire technologies and assets. This plan includes continued control of expenses and obtaining equity or debt financing. Although we have successfully completed equity financings and reduced expenses in the past, we cannot assure you that our plans to address these matters in the future will be successful.

The factors described above could adversely affect our ability to obtain additional financing on favorable terms, if at all, and may cause investors to have reservations about our long-term prospects, and may adversely affect our relationships with customers. There can be no assurance that our auditing firm will not issue the same opinion in the future. If we cannot successfully continue as a going concern, our stockholders may lose their entire investment.

Our revenue is dependent upon acceptance of our program by the market. The failure of such acceptance will cause us to curtail or cease operations.

Our revenue comes from the distribution and licensing of the BioCorRx® Recovery Program and distribution of the UnCraveRx® Weight Loss Management Program. As a result, we will continue to incur operating losses until such time as the use of our programs reach a mature level and we are able to generate sufficient revenue from the distribution and licensing to meet our operating expenses. There can be no assurance that licensed providers will adopt our program, or that insurance companies will agree to reimburse licensed providers for the use of our program. In the event that we are not able to significantly increase the number of licensed providers that use our program, or if we are unable to charge the necessary prices, our financial condition and results of operations will be materially and adversely affected.

The Company is also focused on the research and development of opioid antagonists to treat opioid use disorder and alcoholism. These products have not yet generated revenues. The Company's ability to generate significant revenues and achieve profitability depends on the Company's ability to successfully complete the development of its products, obtain market approval, and generate significant revenues.

If the Company raises additional funds through collaborations and licensing arrangements, the Company may be required to relinquish some rights to its products, or to grant licenses on terms that are not favorable to the Company.

We have a history of operating losses, anticipate future losses and may never be profitable.

We have experienced significant operating losses in each period since we began investing resources in the BioCorRx® Recovery Program. These losses have resulted principally from research and development, sales and marketing, and general and administrative expenses associated with the development of our business. During the year ended December 31, 2020, we recorded a net loss applicable to common shareholders of \$3,472,231, or (\$0.65) per share, as compared with \$6,039,630, or (\$1.71) per share, of the corresponding year in 2019. We expect to continue to incur operating losses until distribution and licensing of the BioCorRx® Recovery Program increases substantially. We cannot be certain when, if ever, we will become profitable. Even if we were to become profitable, we might not be able to sustain such profitability on a quarterly or annual basis.

If we are unable to obtain additional financing, business operations will be harmed and if we do obtain additional financing then existing shareholders may suffer substantial dilution.

We need substantial capital to implement our sales distribution strategy for our current products and to develop and commercialize future products using our pressure cycling technology products and services in the sample preparation area, as well as for applications in other areas of life sciences. Our capital requirements will depend on many factors, including but not limited to:

- the problems, delays, expenses, and complications frequently encountered by early-stage companies;
- market acceptance of our program;
- the success of our sales and marketing programs; and
- changes in economic, regulatory or competitive conditions in the markets we intend to serve.

Therefore, unless we achieve profitability, we anticipate that we will need to raise additional capital to fund our operations and to otherwise implement our overall business strategy. We currently do not have any contracts or commitments for additional financing. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. Any additional equity financing may involve substantial dilution to then existing shareholders.

If adequate funds are not available or if we fail to obtain acceptable additional financing, we may be required to:

- severely limit or cease our operations or otherwise reduce planned expenditures and forego other business opportunities, which could harm our business;
- obtain financing with terms that may have the effect of substantially diluting or adversely affecting the holdings or the rights of the holders of our capital stock; or
- obtain funds through arrangements with future collaboration partners or others that may require us to relinquish rights to some or all of our technologies or products.

If more licensed providers do not agree to offer our programs to their patients, our program may not achieve market acceptance and we may not become profitable.

As of March 31, 2021, approximately 14 licensed providers have agreed to offer the BioCorRx® Recovery Program and approximately 11 providers have agreed to offer the UnCraveRx® Weight Loss Management Program. If more licensed providers do not agree to offer the programs to their patients, the programs may not achieve market acceptance and we may not become profitable. Delayed adoption of our program by licensed providers could lead to a delayed adoption by patients. Licensed providers may not agree to offer the programs to their patients until certain conditions have been satisfied including, among others:

- there are recommendations from other prominent licensed providers, educators and/or associations that our program is safe and effective; and
- reimbursement or insurance coverage from third-party payors is available.

The use of our programs could result in product liability or similar claims that could be expensive, damage our reputation and harm our business.

Our business exposes us to an inherent risk of potential product liability or similar claims related to the naltrexone implant procedure. The hospital industry has historically been litigious, and we face financial exposure to product liability or similar claims if the use of our program were to cause or contribute to injury or death, including, without limitation, harm to the body caused by the naltrexone implant procedure. Although we do maintain product liability insurance, the coverage limits of these policies may not be adequate to cover future claims. A product liability claim, regardless of merit or ultimate outcome, or any product recall could result in substantial costs to us, damage to our reputation, customer dissatisfaction and frustration, and a substantial diversion of management attention. A successful claim brought against us in excess of, or outside of, our insurance coverage could have a material adverse effect on our business, financial condition and results of operations.

Our success is substantially dependent on the continued service of our senior management.

Our success is substantially dependent on the continued service of our (“President”) President, Brady Granier, and our Chief Executive Officer and Chief Financial Officer (“CEO”), Lourdes Felix. The Company does not carry key person life insurance on any of its management, which would leave the Company uncompensated for the loss of any of its management. The loss of the services of any of our senior management has made, and could make it more difficult to successfully operate our business and achieve our business goals. In addition, our failure to retain qualified personnel in the diverse areas required for continuing its operations could harm our product development capabilities and customer and employee relationships, delay the growth of sales of our products and could result in the loss of key information, expertise or know-how.

We may not be able to hire or retain other key personnel required for our business, which could disrupt the development and sales of our products and limit our ability to grow.

Competition in our industry for senior management and other key personnel is intense. If we are unable to retain our existing personnel, or attract and train additional qualified personnel, either because of competition in our industry for such personnel or because of insufficient financial resources, our growth may be limited. Our success also depends in particular on our ability to identify, hire, train and retain qualified personnel with experience in development and sales of treatment programs.

Our officers and directors have significant control over shareholder matters and the minority shareholders will have little or no control over our affairs.

Our three officers (two of whom also serve as directors) and four non-employee directors currently own approximately 89% of our outstanding voting equity and has significant control over shareholder matters, such as election of directors, amendments to its Articles of Incorporation, and approval of significant corporate transactions; as a result, the Company's minority shareholders will have little or no control over its affairs.

The Unavailability, Reduction or Elimination of Government Incentives Could Have a Material Adverse Effect on Our Business, Financial Condition, Operating Results and Prospects.

During the year ended December 31, 2020, the Company recognized grant income of \$4,464,626 as compared to \$1,091,061 for the comparable year last year. We feel grant income may potentially be a significant portion of our revenues in fiscal year 2021 based on: (i) the second year notice of award grant of \$2.8 million we received from the United States Department of Health and Human Services on January 28, 2020 in support of the Company's project to develop BICX102 and (ii) the Company estimates that it will transition to clinical trial implementation phase ("UH3") in 2021. The UH3 phase will allow the Company to be eligible for additional funding for up to 2 years to carry out the clinical stage studies following successful completion of the current UG3 phase. Any reduction, elimination or discriminatory application of government subsidies and economic incentives because of policy changes, fiscal tightening or other reasons may result in diminished revenues from government sources and diminished demand for our products. This could materially and adversely affect our business, prospects, financial condition and operating results.

Our growth depends in part on the availability and amounts of government subsidies for our naltrexone based treatments. In the event such subsidies discontinue, our business outlook and financial conditions could be negatively impacted.

We are subject to regulations of various local and federal government agencies and if we are unable to comply with such regulations it would materially affect our business.

We outsource to compounding pharmacies and sell our programs only if the pharmacies comply with certain regulations of local and federal government agencies. Compounding pharmacies must comply with applicable state standards and regulations and federal law on compounding. Drugs that are produced by an outsourcing facility must be compounded in compliance with current good manufacturing practice requirements and performed in an FDA-approved facility that is subject to risk-based inspections by FDA. Such requirements could change and negatively impact our ability to outsource the manufacture of our products which may materially affect our business.

The commercial success of our programs and products will depend upon the degree of market acceptance by physicians, hospitals, third-party payors, and others in the medical community.

Ultimately, none of our current programs or products in development, even if they receive approval, may ever gain market acceptance by physicians, hospitals, third-party payors or others in the medical community. If these products do not achieve an adequate level of acceptance, we may not generate significant product revenue and we may not become profitable. The degree of market acceptance of our products, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and potential advantages over alternative treatments;
- the ability to offer our products for sale at competitive prices;
- the willingness of the target population to accept and adopt our products;
- the strength of marketing and distribution support and the timing of market introduction of competitive products; and
- Publicity concerning our products or competing products and treatments.

Even if a potential product displays a favorable profile, market acceptance of the product will not be known until after it is launched. Our efforts to educate the medical community and third-party payors on the benefits of our products may require significant resources and may never be successful. Such efforts to educate the marketplace may require more resources than are required by conventional technologies marketed by our competitors.

We may not have sufficient resources to effectively introduce and market our services and products, which could materially harm our operating results.

Continuation of market acceptance for our existing services and products such as our BioCorRx® Recovery Program, UnCraveRx® Weight Loss Management Program and achieving future market acceptance of BICX102, upon approval by the FDA, require substantial marketing efforts and will require our sales account executives, contract partners to make significant expenditures of time and money. In some instances, we will be significantly or totally reliant on the marketing efforts and expenditures of our contract partners, outside sales agents and distributors. The Company has aligned its sales resources with the regional sales segmentation of our medical providers and distributors. Although this has positively impacted sales, the large account executive territories may prove to be inefficient as we commercialize products and may hinder our revenue growth.

Because we currently have limited marketing resources and sales capabilities, commercialization of our products, some of which require regulatory clearance prior to market entrance, we must continue to expand our marketing and sales capabilities or consider collaborating with additional third parties to perform these functions. We may, in some instances, rely significantly on sales, marketing and distribution arrangements with collaborative partners and other third parties. In these instances, our future revenue will be materially dependent upon the success of the efforts of these third parties.

Should we determine that further expanding our own marketing and sales capabilities is required the cost of establishing and maintaining a more comprehensive sales and marketing organization may exceed its cost effectiveness. If we fail to further develop our sales and marketing capabilities, if sales efforts are not effective or if costs of increasing sales and marketing capabilities exceed their cost effectiveness, our business, results of operations and financial condition would be materially adversely affected.

Health care legislation, including the Patient Protection and Affordable Care Act and the Health Insurance Portability and Accountability Act of 1996, may have a material adverse effect on us.

The Patient Protection and Affordable Care Act (“PPACA”) substantially changes the way healthcare is financed by government and private insurers, encourages improvements in healthcare quality, and impacts the medical device industry. The PPACA includes an excise tax on entities that manufacture or import medical devices offered for sale in the United States; a new Patient-Centered Outcomes Research Institute to conduct comparative effectiveness research; and payment system reforms.

The PPACA also imposes new reporting and disclosure requirements on device and drug manufacturers for any payment or transfer of value made or distributed to physicians or teaching hospitals. Under these provisions, known as the Physician Payment Sunshine Act, affected device and drug manufacturers needed to begin data collection on August 1, 2013, with the first reports due in 2014. These provisions require, among other things, extensive tracking and maintenance of databases regarding the disclosure of relationships and payments to physicians and teaching hospitals. In addition, certain states have passed or are considering legislation restricting our interactions with health care providers and/or requiring disclosure of many payments to them. Failure to comply with these tracking and reporting laws could subject us to significant civil monetary penalties.

The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) created new federal statutes to prevent healthcare fraud and false statements relating to healthcare matters. The healthcare fraud statute prohibits knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private payors. A violation of this statute is a felony and may result in fines, imprisonment or exclusion from government sponsored programs such as the Medicare and Medicaid programs. The false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. A violation of this statute is a felony and may result in fines or imprisonment or exclusion from government sponsored programs. HIPAA also established uniform standards governing the conduct of certain electronic healthcare transactions and protecting the security and privacy of individually identifiable health information maintained or transmitted by healthcare providers, health plans and healthcare clearinghouses.

Both federal and state government agencies are continuing heightened and coordinated civil and criminal enforcement efforts. As part of announced enforcement agency work plans, the federal government will continue to scrutinize, among other things, the billing practices of hospitals and other providers of healthcare services. The federal government also has increased funding to fight healthcare fraud, and it is coordinating its enforcement efforts among various agencies, such as the U.S. Department of Justice, the Office of Inspector General and state Medicaid fraud control units. We believe that the healthcare industry will continue to be subject to increased government scrutiny and investigations.

We may not be able to protect or enforce our intellectual property rights, which could impair our competitive position.

Our success depends significantly on our ability to protect our rights to the patents, trademarks, trade secrets, copyrights and all other intellectual property rights used in our products. Protecting our intellectual property rights is costly and time consuming. We rely primarily on patent protection and trade secrets, as well as a combination of copyright and trademark laws and nondisclosure and confidentiality agreements to protect our technology and intellectual property rights. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or maintain any competitive advantage. Despite our intellectual property rights practices, it may be possible for a third party to copy or otherwise obtain and use our technology without authorization, develop similar technology independently or design around our patents.

We cannot be assured that any of our pending patent applications will result in the issuance of a patent to us. The U.S. Patent and Trademark Office, or USPTO, may deny or require significant narrowing of claims in our pending patent applications, and patents issued as a result of the pending patent applications, if any, may not provide us with significant commercial protection or be issued in a form that is advantageous to us. We could also incur substantial costs in proceedings before the USPTO. Our issued and licensed patents and those that may be issued or licensed in the future may expire or may be challenged, invalidated or circumvented, which could limit our ability to stop competitors from marketing related technologies. Upon expiration of our issued or licensed patents, we may lose some of our rights to exclude others from making, using, selling or importing products using the technology based on the expired patents. There is no assurance that competitors will not be able to design around our patents. We also rely on unpatented proprietary technology. We cannot assure you that we can meaningfully protect all our rights in our unpatented proprietary technology or that others will not independently develop substantially equivalent proprietary products or processes or otherwise gain access to our unpatented proprietary technology. Further, we may not be able to obtain patent protection or secure other intellectual property rights in all the countries in which we operate, and under the laws of such countries, patents and other intellectual property rights may be unavailable or limited in scope. If any of our patents fail to protect our technology, it would make it easier for our competitors to offer similar products. Our trade secrets may be vulnerable to disclosure or misappropriation by employees, contractors and other persons. Any inability on our part to adequately protect our intellectual property may have a material adverse effect on our business, financial condition and results of operations.

Expenses incurred with respect to monitoring, protecting, and defending our intellectual property rights could adversely affect our business.

Competitors and others may infringe on our intellectual property rights, or may allege that we have infringed on theirs. Monitoring infringement and misappropriation of intellectual property can be difficult and expensive, and we may not be able to detect infringement or misappropriation of our proprietary rights.

Our failure to secure trademark registrations could adversely affect our ability to market our product candidates and our business.

Our trademark applications in the United States and any other jurisdictions where we may file may not be allowed registration, and we may not be able to maintain or enforce our registered trademarks. During trademark registration proceedings, we may receive rejections. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in the USPTO and in corresponding foreign agencies, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our applications and/or registrations, and our applications and/or registrations may not survive such proceedings. Failure to secure such trademark registrations in the United States and in foreign jurisdictions could adversely affect our ability to market our product candidates and our business.

We may not be able to adequately protect our intellectual property outside of the United States.

The laws in some foreign jurisdictions may not provide protection for our trade secrets and other intellectual property. If our trade secrets or other intellectual property are misappropriated in foreign jurisdictions, we may be without adequate remedies to address these issues. Additionally, we also rely on confidentiality and assignment of invention agreements to protect our intellectual property. These agreements may provide for contractual remedies in the event of misappropriation. We do not know to what extent, if any, these agreements and any remedies for their breach, will be enforced by a foreign or domestic court. In the event our intellectual property is misappropriated or infringed upon and an adequate remedy is not available, our future prospects will likely diminish.

Additionally, prosecuting and maintaining intellectual property, particularly patent rights, are very costly endeavors. We do not know whether legal and government fees will increase substantially and therefore are unable to predict whether cost may factor into our intellectual property strategy.

We operate in a highly competitive industry.

We may encounter competition from local, regional or national entities, some of which have superior resources or other competitive advantages in the larger therapy space. Intense competition may adversely affect our business, financial condition or results of operations. These competitors may be larger and more highly capitalized, with greater name recognition. We will compete with such companies on brand name, quality of services, level of expertise, advertising, product and service innovation and differentiation of product and services. As a result, our ability to secure significant market share may be impeded. Although we believe our services will enable us to service more patients than traditional providers, if these more established offices or providers start offering similar services to ours, their name recognition or experience may enable them to capture a greater market share.

RISKS RELATED TO OUR SECURITIES

Sales of a significant number of shares of our Common Stock in the public market or the perception of such possible sales, could depress the market price of our Common Stock.

Sales of a substantial number of shares of our Common Stock in the public markets, which include an offering of our preferred stock or Common Stock could depress the market price of our Common Stock and impair our ability to raise capital through the sale of additional equity or equity-related securities. We cannot predict the effect that future sales of our Common Stock or other equity-related securities would have on the market price of our Common Stock.

Our share price could be volatile and our trading volume may fluctuate substantially.

The price of our Common Stock has been and may in the future continue to be extremely volatile. Many factors could have a significant impact on the future price of our shares of Common Stock, including:

- our inability to raise additional capital to fund our operations, whether through the issuance of equity securities or debt;
- our failure to successfully implement our business objectives;
- compliance with ongoing regulatory requirements;
- market acceptance of our products;
- changes in government regulations;
- general economic conditions and other external factors;
- actual or anticipated fluctuations in our quarterly financial and operating results; and
- the degree of trading liquidity in our shares of Common Stock.

A decline in the price of our shares of Common Stock could affect our ability to raise further working capital and adversely impact our ability to continue operations.

The relatively low price of our shares of Common Stock, and a decline in the price of our shares of Common Stock, could result in a reduction in the liquidity of our Common Stock and a reduction in our ability to raise capital. Because a significant portion of our operations has been and will continue to be financed through the sale of equity securities, a decline in the price of our shares of Common Stock could be especially detrimental to our liquidity and our operations. Such reductions and declines may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plans and operations, including our ability to continue our current operations. If the price for our shares of Common Stock declines, it may be more difficult to raise additional capital. If we are unable to raise sufficient capital, and we are unable to generate funds from operations sufficient to meet our obligations, we will not have the resources to continue our operations.

The market price for our shares of Common Stock may also be affected by our ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of our shares of Common Stock.

Financial Industry Regulatory Authority (“FINRA”) sales practice requirements may also limit a stockholder’s ability to buy and sell our Common Stock.

FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit your ability to buy and sell our Common Stock and have an adverse effect on the market for our shares.

Our Common Stock has in the past been subject to the “Penny Stock” rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The SEC has adopted a number of rules to regulate “penny stocks” that restricts transactions involving stock which is deemed to be penny stock. Such rules include Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6, 15g-7, and 15g-9 under the Exchange Act of 1934, as amended. These rules may have the effect of reducing the liquidity of penny stocks. “Penny stocks” generally are equity securities with a price of less than \$5.00 per share (other than securities registered on certain national securities exchanges or quoted on NASDAQ if current price and volume information with respect to transactions in such securities is provided by the exchange or system). Our securities have in the past constituted a “penny stock” within the meaning of the rules. The additional sales practice and disclosure requirements imposed upon U.S. broker-dealers may discourage such broker-dealers from effecting transactions in shares of our Common Stock, which could severely limit the market liquidity of such shares and impede their sale in the secondary market.

A U.S. broker-dealer selling penny stock to anyone other than an established customer or “accredited investor” (generally, an individual with net worth in excess of \$1,000,000 or an annual income exceeding \$200,000, or \$300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser’s written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt. In addition, the “penny stock” regulations require the U.S. broker-dealer to deliver, prior to any transaction involving a “penny stock”, a disclosure schedule prepared in accordance with SEC standards relating to the “penny stock” market, unless the broker-dealer or the transaction is otherwise exempt. A U.S. broker-dealer is also required to disclose commissions payable to the U.S. broker-dealer and the registered representative and current quotations for the securities. Finally, a U.S. broker-dealer is required to submit monthly statements disclosing recent price information with respect to the “penny stock” held in a customer’s account and information with respect to the limited market in “penny stocks”.

Stockholders should be aware that, according to the SEC, the market for “penny stocks” has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) “boiler room” practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, resulting in investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities.

We currently do not intend to pay dividends on our Common Stock. As result, your only opportunity to achieve a return on your investment is if the price of our Common Stock appreciates.

We currently do not expect to declare or pay dividends on our Common Stock. In addition, in the future we may enter into agreements that prohibit or restrict our ability to declare or pay dividends on our Common Stock. As a result, your only opportunity to achieve a return on your investment will be if the market price of our Common Stock appreciates and you sell your shares at a profit.

We could issue additional Common Stock, which might dilute the book value of our Common Stock.

Our Board has authority, without action or vote of our shareholders, to issue all or a part of our authorized but unissued shares. Such stock issuances could be made at a price that reflects a discount or a premium from the then-current trading price of our Common Stock. In addition, in order to raise capital, we may need to issue securities that are convertible into or exchangeable for our Common Stock. These issuances would dilute the percentage ownership interest, which would have the effect of reducing your influence on matters on which our shareholders vote, and might dilute the book value of our Common Stock. You may incur additional dilution if holders of stock warrants or options, whether currently outstanding or subsequently granted, exercise their options, or if warrant holders exercise their warrants to purchase shares of our Common Stock.

Future Issuance of Our Common Stock, Preferred Stock, Options and Warrants Could Dilute the Interests of Existing Stockholders.

We may issue additional shares of our Common Stock, preferred stock, options and warrants in the future. The issuance of a substantial amount of Common Stock, options and warrants could have the effect of substantially diluting the interests of our current stockholders. In addition, the sale of a substantial amount of Common Stock or preferred stock in the public market, or the exercise of a substantial number of warrants and options either in the initial issuance or in a subsequent resale by the target company in an acquisition which received such Common Stock as consideration or by investors who acquired such Common Stock in a private placement could have an adverse effect on the market price of our Common Stock.

The trading market for our Common Stock will, to some extent, depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us from time to time should downgrade our shares or change their opinion of our business prospects, our share price would likely decline. If one or more of these analysts ceases coverage of our Company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Substantial future sales of shares of our Common Stock in the public market could cause our stock price to fall.

Holders of shares of Common Stock that we have issued, including shares of Common Stock issuable upon conversion and/or exercise of outstanding convertible notes, shares of preferred stock options and warrants, may be entitled to dispose of their shares pursuant to an exemption from registration under the Securities Act. Additional sales of a substantial number of our shares of our Common Stock in the public market, or the perception that sales could occur, could have a material adverse effect on the price of our Common Stock. Our Common Stock is quoted on the OTCQB Marketplace and there is not now, nor has there been, any significant market for shares of our Common Stock, and an active trading market for our shares may never develop or be sustained. Investors are currently able to use Rule 144 promulgated under the Securities Act to sell shares of our Common Stock and, if they do so, the then-prevailing market prices for our Common Stock may be reduced. Any substantial sales of our Common Stock may have an adverse effect on the market price of our securities.

We face risks related to Novel Coronavirus (“COVID-19”) which could significantly disrupt our research and development, operations, sales, and financial results.

Our business will be adversely impacted by the effects of the Novel Coronavirus (“COVID-19”). In addition to global macroeconomic effects, the Novel Coronavirus (“COVID-19”) outbreak and any other related adverse public health developments will cause disruption to our operations, research and development, and sales activities. Our third-party manufacturers, third-party distributors, and our customers have been and will be disrupted by worker absenteeism, quarantines and restrictions on employees’ ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health-related restrictions. Depending on the magnitude of such effects on our activities or the operations of our third-party manufacturers and third-party distributors, the supply of our products will be delayed, which could adversely affect our business, operations and customer relationships. In addition, the Novel Coronavirus (“COVID-19”) or other disease outbreak will in the short-run and may over the longer term adversely affect the economies and financial markets of many countries, resulting in an economic downturn that will affect demand for our products and impact our operating results. There can be no assurance that any decrease in sales resulting from the Novel Coronavirus (“COVID-19”) will be offset by increased sales in subsequent periods. Although the magnitude of the impact of the Novel Coronavirus (“COVID-19”) outbreak on our business and operations remains uncertain, the continued spread of the Novel Coronavirus (“COVID-19”) or the occurrence of other epidemics and the imposition of related public health measures and travel and business restrictions will adversely impact our business, financial condition, operating results and cash flows. In addition, we have experienced and will experience disruptions to our business operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products in a timely manner or meet required milestones or customer commitments.

Item 1B - Unresolved Staff Comments.

None.

Item 2 - Properties.

We do not own any real estate or other physical properties material to our operations. Our executive offices are located at 2390 East Orangewood Avenue, Suite 500, Anaheim, California 92806, and our telephone number is (714) 462-4880. We lease this property. On July 15, 2019, the Company and its landlord agreed that the Company would move to a larger space within the building that currently houses its principal executive offices. The Company extended the term of its lease for an additional 63 months beginning approximately November 1, 2019 (upon the landlord's completion of the work on the new space). The extended term expires on January 31, 2025. The extended lease has escalating payments from \$9,505 per month to \$11,018 per month. On June 16, 2020, the Company entered into a lease agreement, whereby the Company agreed to lease office space in Costa Mesa, California for a term of 5 years. Due to COVID-19, the Company was not able to move in or take possession until 30 days after shelter in place has been lifted in Orange County, CA. On September 20, 2020, the Company took possession of the office space. The Company will owe monthly rental payments ranging from \$2,286 to \$2,584 over the term of the lease.

Item 3 - Legal Proceedings.

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.

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

Market Information

Our common stock began trading on the OTC Bulletin Board on August 30, 2010. Our common stock now trades on the OTCQB marketplace owned by OTC Markets Group Inc.

As of March 30, 2021, 6,597,927 shares of our common stock were issued and outstanding.

Holders

As of March 30, 2021, there were approximately 142 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.

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 December 31, 2020, there were no repurchases of the Company's common stock by the Company.

Recent Sales of Unregistered Securities

During the year ended December 31, 2020, the Company issued an aggregate of 136,592 shares of its common stock for services rendered valued at \$278,280 based on the underlying market value of the common stock at the date of issuance, among which 59,670 shares valued at \$100,000 were issued to the board of directors for board compensation.

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

BioCorRx Inc., through its subsidiaries, develops and provides innovative treatment programs for substance abuse and related disorders. The BioCorRx® Recovery Program is a non-addictive, medication-assisted treatment ("MAT") program for substance abuse that includes peer recovery support. The UnCraveRx™ Weight Loss Management Program is a medically assisted weight management program that is combined with a virtual platform application. The program officially launched on October 1, 2019. The Company is 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 its product candidate ("BICX101") a sustained release, injectable naltrexone for the treatment of opioid abuse and alcoholism. The company is also developing an implantable naltrexone treatment ("BICX102") a long-acting naltrexone implant that can last several months for the treatment of opioid dependence and alcohol use disorders with the goal of future regulatory approval with the Food and Drug Administration.

The BioCorRx® Recovery Program is a comprehensive addiction program which includes peer support and Cognitive Behavioral Therapy (“CBT”) modules (typically completed in 16 sessions on average but not limited to), coupled with a naltrexone implant. CBT is an evidence based method that can be used to change thoughts, feelings, behaviors and improve overall life satisfaction, 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.

The UnCraveRx Weight Loss Program is a comprehensive medically supervised 3-month weight loss and weight management program. We partner with and train medical providers to take a comprehensive approach to offer their patients a sustained release anti-craving as an adjunct to help them reach their weight loss goals. Patients can gain access to concierge on-demand wellness specialists: nutritionists, fitness experts and personal support from behavioral experts. Participate in live fitness classes, nutrition and lifestyle support. Unlimited 24/7 messaging. Digital health addresses one of the most significant barriers in weight loss care. UnCraveRx offers a solution for patients that are in need of tailored support in conjunction with medication by providing meaningful and virtual interaction with qualified nutrition, fitness and behavioral experts, available only to patients through our participating providers.

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 and UnCraveRx® Weight Loss Management 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 medical professional 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 Counseling 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. There are 14 licensed providers throughout the United States that offer the BioCorRx Recovery Program and 11 providers throughout the United States that offer the UnCraveRx® Weight Loss Management 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 related services to healthcare providers nationwide as it expands the distribution of the BioCorRx Recovery Program and UnCraveRx® Weight Loss Management Program to a network of independent licensed clinics and licensed healthcare professionals.

The Company’s subsidiary, BioCorRx Pharmaceuticals, is focused on acquiring and the development of products for the treatment of addiction and other possible disorders. Specifically, the company is developing injectable and implantable naltrexone with the goal of future regulatory approval with the Food and Drug Administration. The Company’s pipeline includes BICX101 for the treatment of opioid addiction and alcoholism as well as BICX102 for the same indications.

In August 2017, the Company announced that it had decided to seek U.S. Food and Drug Administration (“FDA”) approval on BICX102 in advance of BICX101. Product candidate BICX102 is a long-acting naltrexone implant that can last several months being developed for opioid dependence and alcohol use disorders. The pre-IND meeting date for BICX102 took place on January 24, 2018. On February 12, 2018, the Company announced that the FDA deemed the 505(b)(2) pathway as an acceptable route for approval for BICX102; the Company plans to apply for dual indications, both opioid use disorder and alcohol use disorder, within the same application. A grant application was submitted to the National Institutes of Health on May 14, 2018 for funding the development and study plans for BICX102. On January 17, 2019, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from the National Institutes of Health (“NIH”) in support of BICX102 from the National Institute on Drug Abuse. The grant provides for (i) \$2,842,430 in funding during the first year and (ii) \$2,831,838 during the second year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. On January 30, 2020, the Company was notified by NIH that the second-year funding has been approved. In January 2020, the Company was awarded a second year of funding from the National Institute on Drug Abuse (“NIDA”) to support the development of a 3-month implantable depot pellet of naltrexone for the treatment of Opioid Use Disorder, which the Company refers to as BICX102. The grant provides for \$2,831,838 during the second year subject to the terms and conditions specified in the grant, including satisfactory progress of project and availability of funds. \$4,491,972 in grant funds were received and (i) \$4,464,626 was recorded as grant income including accrued revenues of \$224,879 related to the grant, (ii) \$65,560 were recorded as deferred income and (iii) \$186,665 was recorded as payment on accounts receivable during the year ended December 31, 2020.

The UnCraveRx Weight Loss Program is a comprehensive medically supervised 3-month weight loss and weight management program. We partner with and train medical providers to take a comprehensive approach to offer their patients a sustained release anti-craving as an adjunct to help them reach their weight loss goals. Patients can gain access to concierge on-demand wellness specialists: nutritionists, fitness experts and personal support from behavioral experts. Participate in live fitness classes, nutrition and lifestyle support. Unlimited 24/7 messaging. Digital health addresses one of the most significant barriers in weight loss care. UnCraveRx offers a solution for patients that are in need of tailored support in conjunction with medication by providing meaningful and virtual interaction with qualified nutrition, fitness and behavioral experts, available only to patients through our participating providers.

If determined medically appropriate by a patient's treating physician and under his/her medical supervision, an anti-craving medication may be prescribed to help reduce food cravings. The benefits of using the anti-craving time released medication is that it may aid in compliance. BioCorRx® does not sell, manufacture, or compound any drugs or pharmaceuticals for the program.

Training is required to assist the treating physician in making the best medical decision regarding the use of the anti-craving medication and determine whether the program is right for the patient.

Recent Developments

On January 16, 2018, majority shareholders holding 59% of the voting equity voted to grant discretionary authority to the Board of Directors of the Company ("Board"), at any time or times for a period of 12 months after the date of the written consent, to adopt an amendment to the Company's articles of incorporation to effect a reverse split of its issued and outstanding common stock in a range of not less than 1-for-5 and not more than 1-for-500 ("Reverse Stock Split"). The Reverse Stock Split was filed with the Secretary of State of the State of Nevada and subsequently approved by the Financial Industry Regulatory Authority ("FINRA") on January 18, 2019 and took effect on January 22, 2019. All share and per share information in this Annual Report have been retroactively adjusted to give effect to the Reverse Stock Split, including the financial statements and notes thereto.

On February 18, 2019, the Board appointed Ms. Luisa Ingargiola and Mr. Louis Lucido, a related party, to the Board of Directors, effective March 1, 2019.

In connection with Ms. Ingargiola's and Mr. Lucido's appointments to the Board, the Company entered into a Director Agreement with each of Ms. Ingargiola and Mr. Lucido pursuant to which each director will receive a quarterly cash stipend of \$15,000 in compensation for their services and shall be issued, upon the last day of each fiscal quarter, provided the director is a member of the Board as of such date, the number of shares of the Company's common stock equivalent to \$5,000 as determined based on the average closing price on the three trading days immediately preceding the last day of such quarter.

On March 1, 2019, the Company entered into a director agreement ("Director Agreement") with each of the following members of the Board: Lourdes Felix, Kent Emry, and Brady Granier. Pursuant to the Director Agreement each of the Directors will receive a quarterly cash stipend of \$15,000 in compensation for his services and shall be issued, upon the last day of each fiscal quarter, provided he is a member of the Board as of such date, the number of shares of the Company's common stock equivalent to \$5,000 as determined based on the average closing price on the three trading days immediately preceding the last day of such quarter.

In March 2019, the Company issued an aggregate of 400,000 shares of its common stock under proceeds related to the Subscription and Royalty Agreements. Subsequently in April 2019, the Company received the proceeds of \$6,000,000.

On May 24, 2019, the Company entered into a Master Services Agreement ("MSA") with Charles River Laboratories, Inc. ("Charles River"). Pursuant to the MSA, Charles River will be conducting studies with regard to BICX102. Studies will be conducted pursuant to Statements of Work entered into by the Company and Charles River.

On May 30, 2019, the Company and Charles River entered into two separate Statements of Work pursuant to which Charles River is conducting a total of six studies. The Company will pay Charles River the total amended consideration of \$3,024,476 for these six studies. The remaining commitment to Charles River is \$499,445.

[Table of Contents](#)

In 2019, the Company entered into a contract manufacturing agreement for an estimated total cost of \$578,500 to be paid over time. For the year ended December 31, 2020, the Company incurred \$393,980 as research and development expenses. There is no remaining consideration as of December 31, 2020.

On July 15, 2019, the Company and its landlord agreed that the Company would move to a larger space within the building that currently houses its principal executive offices. The Company extended the term of its lease for an additional 63 months beginning approximately November 1, 2019 (upon the landlord's completion of the work on the new space). The extended term expires on January 31, 2025. The extended lease has escalating payments from \$9,505 per month to \$11,018 per month.

On June 16, 2020, the Company entered into a lease agreement, whereby the Company agreed to lease office space in Costa Mesa, California for a term of 5 years. Due to COVID-19, the Company won't be able to move in or take possession until 30 days after shelter in place has been lifted in Orange County, CA. The Company will owe monthly rental payments ranging from \$2,286 to \$2,584 over the term of the lease. On September 20, 2020, the Company took possession of the office space.

On February 18, 2020, the Company entered into a Master Services Agreement ("MSA") with Sinclair Research Center LLC ("Sinclair"). Pursuant to the MSA, Sinclair will be conducting studies with regard to BICX102. Studies will be conducted pursuant to Statements of Work entered into by the Company and Sinclair. On February 20, 2020 the Company and Sinclair entered into a Statement of Work pursuant to which Sinclair is conducting one study. The total consideration the Company will pay Sinclair for the study is \$894,600. During the second quarter of 2020, the Company entered into two amendments to the Statement of Work to increase the total consideration to \$1,250,800. The remaining commitment to Sinclair is \$178,920.

On October 31, 2020, the Company entered into a written management services agreement with Joseph DeSanto MD, Inc. ("Medical Corporation") under which the Company provides management and other administrative services to the Medical Corporation. These services include billing, collection of accounts receivable, accounting, management and human resource functions. Pursuant to the management services agreements, a management fee equal to 65% of the Medical Corporation's gross collected monthly revenue. Through this arrangement, we are directing the activities that most significantly impact the financial results of the respective Medical Corporation; however, all clinical treatment decisions are made solely by licensed healthcare professionals employed or engaged by the Medical Corporation as required by all applicable state laws. Based on our ability to direct the activities that most significantly impact the financial results of the Medical Corporation, and the obligation and likelihood of absorbing all expected gains and losses, we have determined that we are the primary beneficiary, and, therefore, consolidate the Medical Corporation as VIE

On February 16, 2021, the Board appointed Mr. Joseph J. Galligan as a member of the Board, effective February 17, 2021.

On February 16, 2021, the Company entered into a Subscription Agreement (the "Lucido Subscription Agreement") with Louis C Lucido and Carolyn M. Lucido, or their Successors, as Trustee of the Lucido Family Trust, Dated May 23, 2017, managed by Mr. Louis Lucido, a member of the Company's Board of Directors. Although the Lucido Subscription Agreement was dated February 16, 2021, it did not become effective until it was fully executed on February 23, 2021. Pursuant to the Lucido Subscription Agreement, Mr. Lucido purchased shares of the Company's common stock, par value \$0.001 per share, in the aggregate amount of \$1,125,000 at a purchase price of \$2.00 per share, for a total of 562,500 shares of Common Stock. The aggregate Purchase Price owed pursuant to the Lucido Subscription Agreement was paid in cash to the Company on February 26, 2021.

On February 16, 2021, the Company entered into a Subscription Agreement (the "Galligan Subscription Agreement") with The J and R Galligan Revocable Trust, managed by Mr. Joseph Galligan, a member of the Company's Board. Although the Galligan Subscription Agreement was dated February 16, 2021, it did not become effective until it was fully executed on February 23, 2021. The terms and conditions of the Galligan Subscription Agreement (including the number of shares of common stock purchased and the purchase price) are substantially the same as the Lucido Subscription Agreement.

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):

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

	2020	2019
Net Revenues	\$ 122,621	\$ 240,259
Total Operating Expenses	(7,614,594)	(5,801,527)
Net Interest Expense	(510,959)	(1,622,426)
Grant income	4,464,626	1,091,061
Loss on sale of fixed assets	-	(1,902)
Other miscellaneous income	31,799	46,214
Net loss	(3,506,507)	(6,048,321)
Non-controlling interest	34,276	8,691
Net loss attributable to BioCorRx Inc.	\$ (3,472,231)	\$ (6,039,630)

Revenues

Total net revenues for the year ended December 31, 2020 were \$122,621 compared with \$240,259 for the year ended December 31, 2019, reflecting a decrease of 49.0%. Sales/access fees for the year ended December 31, 2020 and 2019 were \$13,500 and \$29,150, respectively, reflecting a decrease of \$15,650. The primary reason for the decrease in 2020 is directly related to the reduced number of patients treated at licensed clinics and BioCorRx Recovery Program distribution. Distribution rights income for the year ended December 31, 2020 and 2019 were \$107,169 and \$207,110, respectively, reflecting a decrease of \$99,941. The primary reason for the decrease in distribution rights income was due to the deferred revenues from certain licenses were fully amortized. Membership/program fees for the year ended December 31, 2020 and 2019 were \$1,952 and \$3,999, respectively.

Total Operating Expenses

Total operating expenses for the year ended December 31, 2020 and 2019 were \$7,614,594 and \$5,801,527, respectively, reflecting an increase of \$1,813,067. The reasons for the increase in 2020 are primarily due to (i) an increase of \$3,148,717 in research and development expense due to conducting studies with regard to BICX102, from \$1,125,098 for the year ended December 31, 2019 to \$4,273,815 for the year ended December 31, 2020, (ii) an increase of \$734,076 in payroll expense due to the increased number of employees during 2020 to support the Company's growth of business and a replacement of the payment of consulting fees with the payment of annual base salary in accordance with the Company's normal payroll schedule, from \$137,867 for the year ended December 31, 2019 to \$871,943 for the year ended December 31, 2020, (iii) an increase of \$78,195 in accounting and legal fees due to more legal services used in 2020 in connection with the drafting and filing of the Company's SEC filings, from \$331,803 for the year ended December 31, 2019 to \$409,998 for the year ended December 31, 2020, and (iv) an increase of \$67,624 in costs on liability insurance and health insurance due to the increased number of employees and expansion of business, from \$117,259 for the year ended December 31, 2019 to \$184,883 for the year ended December 31, 2020.

These increased expense were partially offset by (i) a decrease of \$1,610,663 in stock-based compensation related to both directors and service providers due to certain options granted were fully vested, from \$1,965,703 for year ended December 31, 2019 to \$355,040, for the year ended December 31, 2020, and (ii) a decrease of \$687,432 in consulting service fee and bonus due to a replacement of the payment of consulting fees and bonus with the payment of annual base salary in accordance with the Company's normal payroll schedule, from \$1,254,442 for the year ended December 31, 2019 to \$567,010 for the year ended December 31, 2020.

Net Interest Expense

Net Interest expense for the year ended December 31, 2020 and 2019 were \$510,959 and \$1,622,426, respectively. The decrease is primarily due to a decrease in the debt discount amortization and the accelerated interest due to conversion of debt in September 2019, partially offset by an increase in the amortization of discount on royalty obligation during the year ended December 31, 2020.

Grant Income

During the year ended December 31, 2020, the Company recognized grant income of \$4,464,626 as compared to \$1,091,061 for the comparable period last year. The increase was related to: (i) the advancement of studies with the development of a 3-month implantable depot pellet of naltrexone for the treatment of Opioid Use Disorder, which the Company refers to as BICX102 and (ii) the award of second year funding from the National Institute on Drug Abuse (“NIDA”) providing for \$2,831,838. The funds are available to reimburse the Company for certain incurred direct costs and indirect costs of 17%. Indirect costs are costs that are not directly related to the project itself but are required to conduct the research and are critical to the success of the project and organization as a whole.

Net Loss

For the year ended December 31, 2020, the Company experienced a net loss of \$3,506,507 compared with a net loss of \$6,048,321 for the year ended December 31, 2019. The decrease in net loss is primarily due to the lower interest expense and higher grant income in 2020.

Liquidity and Capital Resources

As of December 31, 2020, we had cash of approximately \$592,053. The following table provides a summary of our net cash flows from operating, investing, and financing activities.

	<u>2020</u>	<u>2019</u>
Net cash used in operating activities	\$ (2,151,872)	\$ (2,937,127)
Net cash used in investing activities	(9,227)	(121,793)
Net cash provided by financing activities	<u>107,300</u>	<u>5,425,000</u>
Net (decrease) increase in cash	(2,053,799)	2,366,080
Cash, beginning of year	2,645,852	279,772
Cash, end of year	<u>\$ 592,053</u>	<u>\$ 2,645,852</u>

On January 17, 2019, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from the National Institutes of Health (“NIH”) in support of BICX102 from the National Institute on Drug Abuse. The grant provides for (i) \$2,842,430 in funding during the first year and (ii) \$2,831,838 during the second year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. In January 2020, the Company was awarded a second year of funding from the National Institute on Drug Abuse (“NIDA”) to support the development of a 3-month implantable depot pellet of naltrexone for the treatment of Opioid Use Disorder, which the Company refers to as BICX102. The grant provides for \$2,831,838 during the second year subject to the terms and conditions specified in the grant, including satisfactory progress of project and availability of funds.

In March 2019, the Company entered into two Subscription and Royalty Agreements (“Subscription and Royalty Agreements”), one of which was with Louis and Carolyn Lucido CRT LLC, managed by Mr. Lucido, a related party and board member of the Company. Pursuant to the Subscription and Royalty Agreements: (i) Each party would purchase shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”), in the aggregate amount of \$3,000,000 at a purchase price of \$15.00 per share (“Purchase Price”), for a total of 200,000 shares of Common Stock; and (ii) the Company shall pay each (a) a total of \$37.50 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the first (1st) day that the first unit of the treatment is sold (“Initial Sales Date”) and ending on the third (3rd) anniversary of the Initial Sales Date; and (b) a total of \$25.00 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the day following the third (3rd) anniversary of the Initial Sales Date and ending on the fifteenth (15th) anniversary of the Initial Sales Date (“Royalty”).

Under the Lucido agreement, the Company will use no less than 65% of the proceeds of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement exclusively to develop, launch and expand the Company’s weight loss program (“Business”) including sales and marketing activities directly related to the Business, and shall be free to use up to 35% of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement for general working capital and administration, and for further product development. With the prior written consent of Mr. Lucido, the Company may use more than 35% of the aggregate Purchase Price for general working capital and administration, and for further product development. Under the second agreement, the Company will have complete discretion as to the exact amount of the aggregate purchase price to be allocated to the development and expansion of the Business. As of December 31, 2020 Lucido has granted the Company permission to utilize more than 35% of restricted funds for general working capital.

[Table of Contents](#)

In March 2019, the Company issued an aggregate of 400,000 shares of its common stock under proceeds related to the Subscription and Royalty Agreements. Subsequently in April 2019, the Company received the proceeds of \$6,000,000.

Effective September 30, 2019, the Company executed a Conversion Agreement (“Conversion Agreement”) with BICX Holding Company LLC, an entity controlled by Alpine Creek, pursuant to which the parties agreed to the conversion (“Conversion”) of the Senior Secured Convertible Promissory Note in the principal amount of \$4,160,000 (“Note”), which was issued by the Company to the Investor on June 10, 2016, into 2,227,575 shares of the Company’s common stock (“Conversion Shares”). The Company is not a related party with regard to either BICX Holding Company LLC or Alpine Creek.

In connection with the Conversion Agreement, the Company and BICX Holding Company LLC entered into a Lock-Up Agreement (“Lock-Up Agreement”) pursuant to which BICX Holding Company LLC will not sell, or otherwise dispose of the Conversion Shares, during the period commencing on October 1, 2019 and ending six (6) months following the initial closing of the Company’s intended public offering of its securities to raise gross proceeds to the Company of at least \$10,000,000 (subject to adjustment in the Company’s sole discretion) (“Public Offering”). As the Public Offering was abandoned on December 9, 2019, the Lock-Up Agreement expired on April 1, 2020.

In accordance with the Conversion Agreement, the Company cannot enter into any agreement to issue or announce the issuance or proposed issuance of any shares of common stock or common stock equivalents at an issuance price below \$2.00 per share.

Pursuant to the Conversion Agreement, BICX Holding Company LLC has agreed that the Total Interest Payment (as defined in the Conversion Agreement) that would have been due under the Note, in the amount of \$1,138,157, will be reflected on the Company’s financial statements as an amount due and owing to the Investor to be repaid within twelve (12) months of the closing of the Public Offering, or if the Public Offering is terminated or abandoned prior to closing, then on or before such date that is no later than twelve (12) months from the date of such termination or abandonment.

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

In December 2019, a novel strain of coronavirus (“COVID-19”) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

For the next twelve months, the Company anticipates that it will need to supplement its revenues with additional capital investment or debt to ensure that the Company will have adequate cash to provide the minimum operating cash requirements to continue as a going concern. There can be no guarantee or assurance that the Company can raise adequate capital from outside sources. If the Company is unable to raise funds when required or on acceptable terms, it has to significantly scale back, or discontinue its operations.

Net Cash Flow From Operating Activities

Net cash used in operating activities was \$2,151,872 for the year ended December 31, 2020 compared to \$2,937,127 used in operating activities for the year ended December 31, 2019. The decrease was primarily due to the decreased net loss in 2020, partially offset by a decrease of \$1,610,663 in stock-based compensation and other insignificant factors.

Net Cash Flow From Investing Activities

Net cash used in investing activities was \$9,227 for the year ended December 31, 2020 compared to \$121,793 used in investing activities for the year ended December 31, 2019. The decrease was due to the less purchases of equipment during 2020.

Net Cash Flow From Financing Activities

Net cash provided by financing activities decreased by \$5,317,700, from \$5,425,000 provided by financing activities for the year ended December 31, 2019 to \$107,300 provided by financing activities for the year ended December 31, 2020. The decrease was primarily due to the \$6,000,000 proceeds received in connection with two Subscription and Royalty agreements entered into with Louis and Carolyn Lucido CRT LLC, and J and R Galligan Revocable Trust for year ended December 31, 2019. Additionally, the Company did not issue stock for proceeds during the year ended December 31, 2020. The Company applied for both the Economic Injury Disaster Loan (“EIDL”) and Paycheck Protection Program (“PPP”), which were created under the CARES Act and administrated by the U.S. Small Business Administration (“SBA”). The decrease in net cash provided by financing activities was partially offset by the proceeds received from EIDL loan and PPP loan and the less repayment of notes payable during the year ended December 31, 2020.

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, 2020, the Company had a working capital deficit of \$2,077,449, and an accumulated deficit of \$64,688,311. 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 for the next twelve-month period since the date of the financial statements were issued.

The Company believes that its current cash on hand will not be sufficient to fund its projected operating requirements for the next twelve months since the date of the issuance of the financial statements.

The Company will be dependent upon the raising of additional capital through placement of its common stock in order to implement the Company’s 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

The Company does not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on its 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 its securities.

Critical Accounting Policies

Use of Estimates and Assumptions

The preparation of the audited 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, the fair value of other equity and debt instruments, right-of-use assets, lease liabilities, and allowance for doubtful accounts.

Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board “FASB” Accounting Standards Codification “ASC” 606. A five-step analysis a must be met as outlined in Topic 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. There were no changes to the Company’s revenue recognition policy from the adoption of ASC 606.

The Company’s net sales are disaggregated by product category. The sales/access fees consist of product sales, which is recognized upon the transfer of promised goods to customers. The distribution rights income consists of the income recognized from the amortization of distribution agreements entered into for its products. The membership/program fees are generated from the Company’s UnCraveRx™ Weight Loss Management Program, which is recognized upon the transfer of promised goods to customers.

[Table of Contents](#)

The following table presents our net sales by product category for the year ended December 31, 2020 and 2019:

	2020	2019
Sales/access fees	\$ 13,500	\$ 29,150
Distribution rights income	107,169	207,110
Membership/program fees	1,952	3,999
Net sales	<u>\$ 122,621</u>	<u>\$ 240,259</u>

Deferred revenue:

The Company licenses proprietary products and protocols to customers under licensing agreements that allow those customers to access the products and protocols in services they provide to their customers during the term of the license agreement. 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 performance obligations. Performance obligations can include amounts related to initial non-refundable license fees for the use of the Company's products and protocols and additional royalties on covered services.

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.

On October 1, 2019, the Company launched the UnCraveRx™ Weight Loss Management Program. Customers are charged a membership fee and are requested to pay for three training programs at inception. The payment are recorded as deferred revenue until earned.

The following table presents the changes in deferred revenue, reflected as current and long term liabilities on the Company's consolidated balance sheet:

Balance as of December 31, 2019:		
Short term		\$ 134,924
Long term		103,313
Total as of December 31, 2019		<u>238,237</u>
Cash payments received		6,496
Net sales recognized		<u>(109,121)</u>
Balance as of December 31, 2020		135,612
Less short term		63,331
Long term		\$ 72,281

During the year ended December 31, 2020, the Company also had \$13,500 in its revenues related to access fees and \$1,952 related to membership/program fees, which were not included in deferred revenue

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 at the grant date using the stock price observed in the trading market (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.

Grant Income

On January 17, 2019, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from the National Institutes of Health (“NIH”) in support of BICX102 from the National Institute on Drug Abuse. The grant provides for (i) \$2,842,430 in funding during the first year and (ii) \$2,831,838 during the second year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. Grant payments received prior to the Company’s performance of work required by the terms of the research grant are recorded as deferred income and recognized as grant income once work is performed and qualifying costs are incurred. \$4,491,972 in grant funds were received and (i) \$4,464,626 was recorded as grant income including accrued revenues of \$224,879 related to the grant, (ii) \$65,560 were recorded as deferred income and (iii) \$186,665 was recorded as payment on accounts receivable during the year ended December 31, 2020.

Leases

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use assets (“ROU assets”) and short-term and long-term lease liabilities are included on the face of the consolidated balance sheet.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component. For lease agreements with terms less than 12 months, the Company has elected the short-term lease measurement and recognition exemption, and it recognizes such lease payments on a straight-line basis over the lease term.

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, 2020 and 2019, the Company has not recorded any unrecognized tax benefits.

Royalty Obligations, net

The Company accounted for royalty obligations as debt in accordance with ASC 470-10-25 and derived a debt discount, which is amortized using the effective interest method over the expected life of the arrangement, which is 15 years. The Company has no obligation to repay the then outstanding balance if during the expected life of 15 years the treatment is discontinued. In order to record the discount of the liability, the Company fair valued the royalty and the difference between fair value of the royalty obligation and the gross projected future payments was \$7,171,200 and was recorded as non-cash interest expense over the life of the liability and offset to additional paid in capital at inception.

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-30, 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.

Disclosure Controls and Procedures

We have adopted and maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Exchange Act, such as this Annual Report on Form 10-K, is collected, recorded, processed, summarized and reported within the time periods specified in the rules of the SEC. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. Based upon the most recent evaluation of internal controls over financial reporting, our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer) identified material weaknesses in our internal control over financial reporting. The material weaknesses identified to date include (i) policies and procedures which are not yet adequately documented, (ii) insufficient GAAP experience regarding complex transactions and reporting, and (iii) insufficient number of staff to maintain optimal segregation of duties and levels of oversight. As of December 31, 2020, based on evaluation of our disclosure controls and procedures, management concluded that our disclosure controls and procedures were not effective.

Notwithstanding the material weaknesses described above, our management, including the Chief Executive Officer and Chief Financial Officer, has concluded that financial statements, and other financial information included in this annual report, fairly present in all material respects our financial condition, results of operations, and cash flows as of and for the periods presented in this quarterly report.

Changes in Internal Control

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting

As a result of material weaknesses in internal control over financial reporting, the Company's management has concluded that, as of December 31, 2020, the Company's internal controls over financial reporting was not effective based on the criteria in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

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 March 31, 2021 are set forth below:

Name	Age	Positions
Brady Granier, former Chief Executive Officer(1);	48	President, Director
Lourdes Felix, Chief Executive Officer since November 9, 2020 and Chief Financial Officer since October 1, 2012;	53	Chief Executive Officer, Chief Financial Officer and Director
Thomas Welch, Executive Vice President since February 26, 2020	49	Executive Vice President
Kent Emry, Director	52	Director
Luisa Ingargiola	52	Director
Louis Lucido	72	Director
Joseph J. Galligan	61	Director

(1)Mr. Granier resigned from his position as Chief Executive Officer on November 9, 2020.

Brady J. Granier, President and 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 has been a Director of BioCorRx Inc. since March 7, 2013. He served as Chief Operating Officer from June 16, 2013 through June 17, 2016 and as Interim Chief Executive Officer from December 2, 2014 through June 17, 2016 when he was appointed as permanent Chief Executive Officer and President. Mr. Granier resigned from his position as President on February 26, 2020. Mr. Granier resigned from his position as Chief Executive Officer on November 9, 2020 and was appointed President by the Board on the same date. 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 Executive Officer, Chief Financial 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 has been a Director of BioCorRx Inc. since March 7, 2013. Ms. Felix was appointed Chief Executive Officer of the Company on November 9, 2020 and became Chief Financial Officer of the Company on October 1, 2012. Ms. Felix was President of the Company from February 26, 2020 until she resigned upon her appointment as CEO on November 9, 2020. 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.

Thomas Welch, Executive Vice President

In 2014, Mr. Welch was hired as VP of Operations for BioCorRx Inc where he assisted in the creation, training and integration of the BioCorRx Recovery Program. The program was rolled out across the U.S. to independent physicians, integrated medicine and substance use disorder centers. Mr. Welch was charged with both training and implementation of the program nationwide.

Mr. Welch has decades of operating experience. Mr. Welch was a founder and Director of Operations at TAK Healthcare Management from 2012 until he joined the Company in 2014. TAK Management was responsible for the streamlining of clinical and financial operations for Start Fresh Alcohol and Opioid Recovery Centers Inc. Mr. Welch led a team that completely reorganized clinic operations. Mr. Welch was also successful in negotiating reimbursement with major private insurance corporations across the U.S.

Prior to his tenure with TAK Management, Mr. Welch created Benchmark Consulting Group LLC in 2001 in Los Angeles and expanded into Dallas in 2005. He has been actively involved in assisting in infrastructure creation including, front and back office management, billing and coding personnel, clinical management and executive teams. Mr. Welch was responsible for negotiating multiple partnership agreements and contracts with major medical corporations and both the military and Veterans Administration.

Kent Emry, Director

Mr. Kent Emry served as the Chief Executive Officer of BioCorRx Inc. from September 13, 2013 to November 14, 2014 and as President from September 1, 2015 through June 17, 2016. 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.

Mr. Emry been a Director of BioCorRx 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.

Luisa Ingargiola, Director

Ms. Ingargiola presently serves as chief financial officer of Avalon GlobalCare, a leading global developer of cell-based technologies and therapeutics, where she helped navigate its Nasdaq up-listing earlier this year. Ms. Ingargiola currently serves as a Director for the following publicly traded companies listed on the NYSE or Nasdaq exchanges: ElectraMeccanica Vehicles, AgEagle, Progress Acquisition Corporation, Siyata Mobile, and Vision Marine Technologies. Ms. Ingargiola serves as a Board Director of Globe Photos, a leader in licensed sports photographic prints and iconic pop culture imagery. She also serves as director of Operation Transition Corporation, a strategic consulting and advisory firm that places ex-military special operations forces into corporate careers. Ms. Ingargiola holds a Bachelor of Science in Finance from Boston University, and an MBA in Health from the University of South Florida.

Ms. Ingargiola been a Director of BioCorRx Inc. since March 1, 2019. The Board believes that Ms. Ingargiola's management experience and familiarity with industries the Company currently operates in, makes her ideally qualified to help lead the Company towards continued growth.

Louis Lucido, Director

Mr. Lucido was formerly the Senior Advisor and Chief Operating Officer of DoubleLine Group, LP. He recently retired in December 2018 and was one of the five founding partners of DoubleLine in December of 2009. He was previously at TCW as a Group Managing Director. Prior to joining TCW in 2001, Mr. Lucido was the Chief Investment Officer for Delphi Financial Group ("DFG") and on several subsidiary Boards. Before DFG, he was the Chief Operating Officer, MD and Secretary for Hyperion Capital Management & was also a member of the Resolution Trust Advisory Committee. Since February 2013, he has served as a member of the Board of Directors of CASA of Los Angeles and is the current Chair. Additionally, he was elected in 2013 and currently serves on the Boards of Junior Achievement, Southern California ,826LA and the Lupus Research Alliance (formerly the Alliance for Lupus Research). Mr. Lucido received his MBA in Management and Finance from New York University, and was a member of the Dean's Advisory Board of the N.Y.U. Stern School of Business.

Mr. Lucido has been a Director of BioCorRx Inc. since March 1, 2019. The Board believes that Mr. Lucido's management experience makes him ideally qualified to help lead the Company towards continued growth.

Joseph J. Galligan, Director

Mr. Galligan had served as senior advisor to the Company since April 2019. He was formerly an Executive Vice President and Portfolio Manager at DoubleLine Capital LP, an investment firm with over \$100 billion in assets under management, where he was one of the five founding partners. Before joining DoubleLine at the time of the firm's founding in 2009, Mr. Galligan was a Managing Director and Portfolio Manager at The TCW Group, Inc. Prior to joining TCW in 1991, he was a Vice President at Smith Barney in the Mortgage-Backed Specialist Group. Prior to that, he spent five years at First Boston as Vice President in the same area. In addition, Mr. Galligan spent over three years at Scudder Stevens & Clark as a Portfolio Manager/Trader. Mr. Galligan holds a B.S. in Economics with a concentration in Finance from the Wharton School of Business at the University of Pennsylvania. He is a Chartered Financial Analyst.

Mr. Galligan has been a Director of BioCorRx Inc. since February 16, 2021. The Board believes that Mr. Galligan's financial and executive business experience qualifies him to serve on the Board.

Family Relationships

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

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC.

Based solely on the Company's review of the copies of such Forms and written representations from certain reporting persons, the Company believes that all filings required to be made by the Company's Section 16(a) reporting persons during the Company's fiscal year ended December 31, 2020 were made on a timely basis other than with respect to: (i) two late Form 4s on behalf of Brady Granier reporting the issuances of shares of Common Stock; (ii) two late Form 4s on behalf of Lourdes Felix reporting the issuances of shares of Common Stock; (iii) two late Form 4s on behalf of Kent Emry reporting the issuances of shares of Common Stock; (iv) two late Form 4s on behalf of Luisa Ingargiola reporting the issuances of shares of Common Stock; and (v) two late Form 4s on behalf of Louis Lucido reporting the issuances of shares of Common Stock.

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 Oranewood Avenue, Suite 500, Anaheim, CA 92806.

Board Composition, Committees, and Independence

Our board of directors currently consists of six (6) members. Our board of directors has determined that Luisa Ingargiola, Louis Lucido, Joseph Galligan and Kent Emry qualify as independent directors. As we do not have any board committees, the board as a whole carries out the functions of audit, nominating, and compensation committees.

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 most highly compensated executive officer other than the Principal Executive Officer during fiscal years 2020 and 2019 (collectively, “Named Executive Officers”). In 2019, the Company did not have any other employees with a policy making function. With Mr. Welch’s promotion to Executive Vice President on February 26, 2020, Mr. Welch has a policy making function and is a Named Executive Officer as of that date.

<u>Name and principal position</u>	<u>Fiscal Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)(1)</u>	<u>Option Awards (\$)</u>	<u>Non-equity incentive plan compensation (\$)</u>	<u>Non-qualified deferred compensation (\$)</u>	<u>All other compensation (\$)(1)</u>	<u>Total (\$)</u>
Brady Granier, President and Director	2020	211,218	0	20,000	0	0	0	60,000	291,218
	2019	190,000	75,000	20,000	0	0	0	50,000	335,000
Lourdes Felix, CEO, CFO and Director	2020	190,000	0	20,000	0	0	0	60,000	270,000
	2019	175,000	75,000	20,000	0	0	0	50,000	320,000
Thomas Welch, Executive Vice President	2020	162,731	0	0	0	0	0	0	162,731

(1) Each director of the Company receives a quarterly cash stipend of \$15,000 and the number of shares of the Company’s common stock equivalent to \$5,000 in compensation for their services.

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, 2020.

Exercise Price	Options Outstanding		Options Exercisable	
	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options	Weighted Average Remaining Life In Years
\$ 0.01-2.50	337,850	5.4	331,600	5.5
2.51-5.00	43,334	4.1	41,112	4.2
5.01 and up	447,447	6.3	447,030	6.3
	<u>828,631</u>	<u>5.8</u>	<u>819,742</u>	<u>5.8</u>

Long-Term Incentive Plans and Awards

On June 13, 2018, we awarded options to purchase an aggregate of 210,000 shares of common stock to key officers of the Company. These options vest monthly over 12 months and have a term of 10 years. The options have an exercise price of \$14.00 per share.

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

On June 13, 2018, the Company entered into an Executive Service Agreement (each an “Executive Agreement” and together, the “Executive Agreements”) with each of the Company’s Executive Officers, Mr. Brady Granier and Ms. Lourdes Felix (each an “Executive Officer” and together, the “Executive Officers”). As of December 31, 2019, the annual salary of Mr. Brady Granier remained \$190,000 and Ms. Lourdes Felix remained at \$175,000. As of December 31, 2020, the annual salary of Mr. Brady Granier is \$215,000 and for Ms. Lourdes Felix is \$190,000. Each of the Executive Officers receives a \$500 per month car allowance and reimbursements for health and medical insurance. Each of the Executive Officers was granted a ten-year stock option to purchase an aggregate of 75,000 shares of the Company’s common stock at an exercise price of \$14.00 per share (“Executives Options”) in accordance with the terms and conditions of the Company’s 2018 Equity Incentive Plan and the applicable stock option award agreement. Each of the Executive Officers is eligible to participate in the Company’s Bonus Plan. The Executive Agreements are at-will and may be terminated with or without cause. Each of the Executive Officers is eligible to receive certain severance benefits in accordance with their respective Executive Agreement including, but not limited to, severance payments for a period of twelve months following termination and any accrued, but unpaid salary.

Director Compensation

The Company entered into a Director Agreement with each of its’ directors pursuant to which each director will receive a quarterly cash stipend of \$15,000 in compensation for their services and shall be issued, upon the last day of each fiscal quarter, provided they are a member of the Board as of such date, the number of shares of the Company’s common stock equivalent to \$5,000 as determined based on the average closing price on the three trading days immediately preceding the last day of such quarter

The following table sets forth summary information concerning the total compensation paid to our non-employee directors. For the other two employee directors, please refer to the Summary Compensation Table.

Name	Fiscal Year	Stock Awards (\$)	Option Awards (\$)	All other compensation (\$)	Total (\$)
Kent Emry, Director since March 1, 2019	2020	20,000	0	60,000	80,000
	2019	20,000	0	50,000	70,000
Louis C. Lucido, Director since March 1, 2019	2020	20,000	0	60,000	80,000
	2019	20,000	0	50,000	70,000
Luisa Ingargiola, Director since March 1, 2019	2020	20,000	0	60,000	80,000
	2019	20,000	0	50,000	70,000
Joseph J. Galligan(1)	2020	0	0	0	0
	2019	0	0	0	0

(1)Mr. Galligan was appointed as a member of the board of directors on February 16, 2021.

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

The following table sets forth, as of March 30, 2021, 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 500, Anaheim, California 92806.

<u>Name and Address of Owner</u>	<u>Common Stock Owned Beneficially</u>	<u>Percent of Class (1)</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 Equity (2)</u>	<u>Percentage of Voting Equity (3)</u>
Five Percent Stockholders:								
BICX Holding Company, LLC (4)	2,227,575(5)	33.76%	-	-	-	-	2,227,575	*
Named Executive Officers and Directors								
Brady Granier	352,975(6)	5.15%	10,000 (10,000,000 votes)	12.5%	40,000 (80,000,000 votes)	25%	90,091,975	22.16%
Lourdes Felix	309,756(7)	4.51%	10,000 (10,000,000 votes)	12.5%	40,000 (80,000,000 votes)	25%	90,042,756	22.15%
Kent Emry	158,176(8)	2.39%	10,000 (10,000,000 votes)	12.5%	40,000 (80,000,000 votes)	25%	90,128,176	22.16%
Thomas Welch	247,850(9)	3.63%	10,000 (10,000,000 votes)	12.5%	40,000 (80,000,000 votes)	25%	90,025,849	22.14%
Luisa Ingargiola	17,756(5)	*	-	-	-	-	17,756	*
Louis Lucido	825,860(5)	12.52%	-	-	-	-	825,860	*
Joseph Galligan	869,000(10)	13.09%	-	-	-	-	826,500	*
Total of Named Executive Officers and Directors	2,781,373	37.48%	40,000 (40,000,000 votes)	50%	160,000 (320,000,000 votes)	100%	361,958,872	89.01%

Table of Contents

* less than 1%

- (1) Applicable percentage ownership is based on 6,597,927 shares of common stock outstanding as of March 30, 2021.
- (2) The figures in this column do not include options or warrants owned.
- (3) Applicable percentage of voting equity is based on 406,597,927 shares of voting equity outstanding as March 30, 2021.
- (4) On or about January 1, 2021, Bryan Galligan, the son of our Board member, Joseph Galligan, became the Managing Member of BICX Holding Company, LLC. Joseph Galligan is a minority shareholder of this entity and does not have voting or investment control of the shares held by this entity.
- (5) This figure consists solely of shares of common stock held of record.
- (6) This figure consists of: (i) 91,975 shares of common stock held of record or in a brokerage account; (ii) 50,000 Stock Options to purchase 50,000 fully vested shares of our common stock at an exercise price of \$10.00 per share expiring on November 17, 2024; (iii) 106,000 Stock Options to purchase 106,000 fully vested and exercisable shares of our common stock at an exercise price of \$2.01 per share expiring on June 17, 2026 and (iv) 105,000 Stock Options to purchase 105,000 fully vested shares of our common stock at an exercise price of \$14.00 per share expiring June 13, 2028.
- (7) This figure consists of: (i) 42,756 shares of common stock held of record; and (ii) 50,000 Stock Options to purchase 50,000 fully vested shares of our common stock at an exercise price of \$10.00 per share expiring on November 17, 2024; (iii) 112,000 Stock Options to purchase 112,000 fully vested and exercisable shares of our common stock at an exercise price of \$2.01 per share expiring on June 17, 2026 and (iv) 105,000 Stock Options to purchase 105,000 fully vested shares of our common stock at an exercise price of \$14.00 per share expiring June 13, 2028.
- (8) This figure consists of: (i) 128,176 shares of common stock held of record or in a brokerage account and (ii) 30,000 Stock Options to purchase 30,000 fully vested shares of our common stock at an exercise price of \$14.00 per share expiring June 13, 2028.
- (9) This figure consists of: (i) 25,850 shares of common stock held of record or in a brokerage account; (ii) 35,000 Stock Options to purchase 35,000 fully vested shares of our common stock at an exercise price of \$4.50 per share expiring on July 20, 2025; (iii) 112,000 Stock Options to purchase 112,000 fully vested and exercisable shares of our common stock at an exercise price of \$2.01 per share expiring on June 17, 2026 and (iv) 75,000 Stock Options to purchase 75,000 fully vested shares of our common stock at an exercise price of \$14.00 per share expiring June 13, 2028.
- (10) This figure consists of: (i) 826,500 shares of common stock held of record; (ii) 10,000 Stock Options to purchase 10,000 fully vested shares of our common stock at an exercise price of \$7.49 per share expiring on January 21, 2021; and (iii) 32,500 warrants to purchase 32,500 fully vested and exercisable shares of our common stock at an exercise price of \$100 per share expiring on May 11, 2021

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.

Securities Authorized for Issuance Under Equity Compensation Plans

We have three equity compensation plans. 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	135,000	8.57	145,879
Equity compensation plans not approved by security holders	693,631	7.70	412,619
Total	828,631	7.84	558,498

2018 Equity Incentive Plan

On May 15, 2018, the Board of Directors approved and adopted the BioCorRx Inc. 2018 Equity Incentive Plan (“Plan”). The 2018 Plan provides for the issuance of up to 450,000 shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”), through the grant of non-qualified options (“Non-qualified Options”), incentive options (the “Incentive Options” and together with the Non-qualified Options, the “Options”), restricted stock (“Restricted Stock”) and unrestricted stock to directors, officers, consultants, advisors and employees.

The 2018 Plan shall be administered by the Board or, in the Board’s sole discretion, by the committee administering the Plan (“Committee”). Subject to the terms of the Plan, the Committee’s charter and applicable laws, and in addition to other express powers and authorization conferred by the 2018 Plan.

The purpose of the 2018 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.

Options are subject to the following conditions:

- (i) The Board or the Committee determines the strike price of Incentive Options at the time the Incentive Options are granted. The assigned strike price must be no less than 100% of the Fair Market Value (as defined in the 2018 Plan) of the Common Stock. In the event that the recipient is a Ten Percent Owner (as defined in the Plan), the strike price must be no less than 110% of the Fair Market Value of the Company.
- (ii) The strike price of each Option will be at least 100% of the Fair Market Value of such share of the Company’s Common Stock on the date the Non-qualified Option is granted.
- (iii) The 2018 Plan Committee fixes the term of Options, *provided* that Options may not be exercisable more than ten years from the date the Option is granted, and *provided further* that Incentive Options granted to a Ten Percent Owner may not be exercisable more than five years from the date the Incentive Option is granted.
- (iv) The 2018 Plan Committee may designate the vesting period of Options.
- (v) A Non-qualified Stock Option may, in the sole discretion of the Board, be transferable to a Permitted Transferee, upon written approval by the Board to the extent provided in the Award Agreement (as defined in the Plan). If the Non-qualified Stock Option does not provide for transferability, then the Non-qualified Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder.
- (vi) Incentive Options may not be issued in an amount or manner where the amount of Incentive Options exercisable in one year entitles the holder to Common Stock of the Company with an aggregate Fair Market value of greater than \$100,000.

Awards of Restricted Stock are subject to the following conditions:

- (i) The 2018 Plan Committee grants Restricted Stock and determines the restrictions on each Restricted Stock Award (as defined in the 2018 Plan). Upon the grant of a Restricted Stock Award and the payment of any applicable purchase price, grantee is considered the record owner of the Restricted Stock and entitled to vote the Restricted Stock if such Restricted Stock is entitled to voting rights.
- (ii) The Restricted Period shall commence on the Grant Date (as defined in the 2018 Plan) and end at the time or times set forth on a schedule established by the Board in the applicable Award Agreement; provided, however, that notwithstanding any such vesting dates, the Board may in its sole discretion accelerate the vesting of any Restricted Award at any time and for any reason.

2016 Equity Incentive Plan

On June 15, 2016 our Board of Directors authorized and approved the adoption of the Plan effective June 15, 2016 under which an aggregate of 656,250 of our shares may be issued.

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 shall be administered by the Board or, in the Board's sole discretion, by the Committee. Subject to the terms of the Plan, the Committee's charter and Applicable laws, and in addition to other express powers and authorization conferred by the Plan.

Unless otherwise provided in an Award Agreement or in an employment agreement the terms of which have been approved by the Board, in the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (a) the date three months following the termination of the Optionholder's Continuous Service or (b) the expiration of the term of the Option as set forth in the Award Agreement; provided that, if the termination of Continuous Service is by the Company for Cause, all outstanding Options (whether or not vested) shall immediately terminate and cease to be exercisable. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Award Agreement, the Option shall terminate.

An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

The Option Exercise Price shall be paid, to the extent permitted by Applicable Laws, either (a) in cash or by certified or bank check at the time the Option is exercised or (b) in the discretion of the Board, upon such terms as the Board shall approve: (i) by delivery to the Company of other shares of Common Stock, duly endorsed for transfer to the Company, with a Fair Market Value on the date of delivery equal to the Option Exercise Price (or portion thereof) due for the number of shares being acquired; (ii) by a "net exercise" procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Option Exercise Price; (iii) by any combination of the foregoing methods; or (iv) in any other form of legal consideration that may be acceptable to the Board. Unless otherwise specifically provided in the Option, the Option Exercise Price that is paid by delivery to the Company of other Common Stock acquired, directly or indirectly from the Company, shall be paid only by shares of Common Stock that have been held for more than six months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

2014 Stock Option Plan

On November 13, 2014, our Board of Directors authorized and approved the adoption of the Plan effective November 13, 2014 (“2014 Stock Option Plan”) under which an aggregate of 20% (290,879 shares) of the issued and outstanding shares may be issued.

The purpose of the 2014 Stock Option 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 2014 Stock Option 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 290,879 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 2014 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 2014 Stock Option Plan further provides that, subject to the provisions of the 2014 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 (“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.

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

Since January 1, 2019, 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.

In March 2019, the Company entered into two Subscription and Royalty Agreements (“Subscription and Royalty Agreements”). One was with Louis and Carolyn Lucido CRT LLC, managed by Mr. Lucido, a member of the Company’s Board of Directors (“Board”), and the other one was with the J and R Galligan Revocable Trust, managed by Mr. Joseph Galligan, a majority shareholder of the Company. Pursuant to the Subscription and Royalty Agreements: (i) Each party would purchase shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”), in the aggregate amount of \$3,000,000 at a purchase price of \$15.00 per share (“Purchase Price”), for a total of 200,000 shares of Common Stock; and (ii) the Company shall pay each (a) a total of \$37.50 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the first (1st) day that the first unit of the treatment is sold (“Initial Sales Date”) and ending on the third (3rd) anniversary of the Initial Sales Date; and (b) a total of \$25.00 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the day following the third (3rd) anniversary of the Initial Sales Date and ending on the fifteenth (15th) anniversary of the Initial Sales Date (“Royalty”). As of March 31, 2021, the Company has paid \$0 to each of Lucido and the other counterparty.

Under the Lucido agreement, the Company will use no less than 65% of the proceeds of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement exclusively to develop, launch and expand the Company’s weight loss program (“Business”) including sales and marketing activities directly related to the Business, and shall be free to use up to 35% of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement for general working capital and administration, and for further product development. With the prior written consent of Mr. Lucido, the Company may use more than 35% of the aggregate Purchase Price for general working capital and administration, and for further product development. Under the second agreement, the Company will have complete discretion as to the exact amount of the aggregate purchase price to be allocated to the development and expansion of the Business. As of December 31, 2020 Lucido has granted the Company permission to utilize more than 35% of restricted funds for general working capital.

In March 2019, the Company issued an aggregate of 400,000 shares of its common stock under these Subscription and Royalty Agreements and subsequently in April 2019 received the proceeds.

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 13, 2018, there was no formal agreement between the parties and the amount of remuneration is \$14,583 per month. During the year ended December 31, 2020 and 2019, the Company incurred \$0 and \$250,000, respectively, as consulting fees and bonuses. The agreement provides for a base salary of \$175,000 an auto allowance and mobile phone stipend. As of January 1, 2020, the Company will pay Ms. Lourdes Felix an annual base salary of \$190,000 in place of consulting fees and will be paid in accordance with the Company’s normal payroll schedule. Executive’s base salary shall be subject to review by the Board of Directors.

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. Until June 13, 2018, there was no formal agreement between the parties and the amount of remuneration is \$15,833 per month. During the year ended December 31, 2020 and 2019, the Company incurred \$0 and \$265,000, respectively, as consulting fees and bonuses. The agreement provides for a base salary of \$190,000 an auto allowance and mobile phone stipend. As of January 1, 2020 the company will pay Mr. Granier an annual base salary of \$190,000 and effective February 26, 2020, the Company will pay Mr. Granier an annual base salary of \$215,000 in place of consulting fees and will be paid in accordance with the Company’s normal payroll schedule. Executive’s base salary shall be subject to review by the Board of Directors.

The Company has an arrangement with Mr. Tom Welch, VP of Operations. Until June 13, 2018 there was no formal agreement between the parties and the amount of remuneration is \$12,500 per month. During the year ended December 31, 2020 and 2019, the Company incurred \$0 and \$150,000, respectively, as consulting fees and bonuses. The agreement provides for a base salary of \$150,000 an auto allowance and mobile phone stipend. As of January 1, 2020 the company will pay Mr. Welch an annual base salary of 165,000 and effective February 26, 2020, the company will pay Mr. Welch an annual base salary of \$175,000 in place of consulting fees and will be paid in accordance with the Company’s normal payroll schedule. Executive’s base salary shall be subject to review by the Board of Directors.

On or about January 1, 2021, Mr. Galligan acquired from Alpine Creek Capital Partners LLC (“Alpine Creek”) the rights to that certain royalty agreement by and between the Company and Alpine Creek (the “Royalty Agreement”). 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”).

The Royalty Agreement requires the Company to pay the holder (now Mr. Galligan), with the exception of treatments conducted in certain territories, 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 the holder an aggregate of \$1,620,000. The remaining total consideration is \$1,516,276 as of September 30, 2020. Upon the Company’s satisfaction of these obligations, the Company shall pay the holder, in perpetuity, \$100 for each Treatment sold in the United States that includes procurement of the Company’s implant product.

On any other proprietary implant distribution, that excludes the “treatment”, for alcohol and opioid addiction and for which no other payment is due, the Company shall pay 2.5% of the Company’s gross profit for implant distribution not to exceed \$100 per sale. As of September 30, 2020, the amount of royalty due was \$0.

BICX Holding Company LLC (“BICX”) owns 2,227,575 shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), representing over 40% of the shares outstanding. On or about January 1, 2021, Mr. Galligan’s son, Bryan Galligan, became the Managing Member of BICX. Joseph Galligan is a minority shareholder of BICX.

On April 1, 2019, the Company entered into a Subscription and Royalty Agreement (the “Subscription and Royalty Agreement”) with the J and R Galligan Revocable Trust, managed by Mr. Galligan. Although the Subscription and Royalty Agreement was dated March 27, 2019, it did not become effective until it was fully executed on April 1, 2019. Pursuant to the Subscription and Royalty Agreement: (i) Mr. Galligan purchased shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), in the aggregate amount of \$3,000,000 at a purchase price of \$15.00 per share (the “Purchase Price”), for a total of 200,000 shares of Common Stock; and (ii) the Company shall pay (a) a total of \$37.50 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the first (1st) day that the first unit of the treatment is sold (the “Initial Sales Date”) and ending on the third (3rd) anniversary of the Initial Sales Date; and (b) a total of \$25.00 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the day following the third (3rd) anniversary of the Initial Sales Date and ending on the fifteenth (15th) anniversary of the Initial Sales Date (the “Royalty”). As of February 19, 2021, the Company has not paid any Royalty to Mr. Galligan.

On January 26, 2018, the Company issued to Mr. Galligan one unsecured promissory note of \$125,000 bearing interest at 8% per annum with both principal and initially interest due July 26, 2018. In connection with the note issuance, the Company issued 50,000 shares of the Company’s common stock to Mr. Galligan. The fair value of the common stock at the date of issuance of \$12,750 was recorded as a debt discount and is amortized as interest expense over the term of the note. On January 26, 2019, the note was extended until September 26, 2019. On September 23, 2019, the note was extended until September 26, 2020. On September 26, 2020, the note was extended to payable on demand. The balance outstanding as of December 31, 2020 was \$125,000.

Item 14 - Principal Accounting Fees and Services.

Audit Fees. The aggregate fees billed by our independent registered public accounting firms, for professional services rendered for the audit of our annual financial statements for the years ended December 31, 2020 and 2019, including review of our interim financial statements were: (i) \$95,700 paid to Friedman LLP and (ii) 7,500 paid to Liggett & Webb P.A. and : (i) \$47,250 paid to Friedman LLP and (ii) 15,000 paid to Liggett & Webb P.A., respectively.

Audit Related Fees. We incurred fees to our independent registered public accounting firm of \$26,250 and \$25,000 for audit related fees during the fiscal years ended December 31, 2020 and 2019, 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, 2020 and 2019.

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.

Item 15 - Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements:

Our financial statements and the Reports of Independent Registered Public Accounting Firms are included herein on page F-1

2. Financial Statement Schedules:

The financial statement schedules are omitted as they are either not applicable or the information required is presented in the financial statements and notes thereto on page F-1.

3. Exhibits:

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Exhibit	Filing Date	
3.1	Amended and Restated Articles of Incorporation, filed May 7, 2014.	8-K	3.2	07/06/2016	
3.2	Certificate of Amendment to the Articles of Incorporation, filed July 5, 2016.	8-K	3.1	07/06/2016	
3.3	Certificate of Amendment to Articles of Incorporation, dated May 10, 2018.	8-K	3.1	05/16/2018	
3.4	Certificate of Amendment to Articles of Incorporation, filed January 16, 2019.	8-K	3.1	01/18/2019	
3.5	Amended and Restated Bylaws, effective as of May 13, 2016.	8-K	3.2	05/20/2016	
4.1	Certificate of Designation, filed July 1, 2014, as corrected July 7, 2014.	8-K	4.1	07/06/2016	
4.2	Certificate of Designation, filed November 23, 2016.	8-K	4.1	11/30/2016	
4.3	Description of securities registered under Section 12 of the Exchange Act of 1934				☒
10.1	Asset Purchase Agreement by and between the Company and Well Advised, signed January 26, 2016.	8-K	10.1	01/29/2016	
10.2	8% Senior Secured Convertible Promissory Note, dated June 10, 2016, issued by the Company to BICX Holding Company LLC.	8-K	10.2	06/21/2016	
10.3	Senior Secured Convertible Note Purchase Agreement by and among the Company and BICX Holding Company LLC, dated June 10, 2016.	8-K	10.3	06/21/2016	
10.4	Security Agreement by and among the Company and BICX Holding Company LLC, dated June 10, 2016.	8-K	10.4	06/21/2016	
10.5	Development, Commercialization and License Agreement, dated July 28, 2016.	8-K	10.5	08/03/2016	
10.6	First Amendment to Senior Secured Convertible Note Purchase Agreement by and between the Company and BICX Holding Company LLC, dated March 3, 2017.	8-K	10.6	03/09/2017	
10.7	Form of Subscription Agreement entered into between the Company and Investors during February and March 2017.	8-K	10.2	03/09/2017	
10.8	Settlement Agreement with Lucas Hoppel, dated March 16, 2017.	8-K	10.1	03/22/2017	
10.9	Settlement Agreement with Vista Capital Investments, LLC dated March 20, 2017.	8-K	10.2	03/22/2017	
10.10	Second Amendment to Senior Secured Convertible Note Purchase Agreement and Senior Secured Convertible Note by and between the Company and BICX Holding Company LLC, dated June 29, 2017.	8-K	10.1	07/06/2017	
10.11	Distributor Agreement with CereCare, LLC, dated December 8, 2017.	8-K	10.1	12/14/2017	
10.12	Form of Subscription Agreement.	8-K	10.1	01/23/2018	
10.13	Form of Promissory Note.	8-K	10.1	02/01/2018	
10.14	Investment Agreement by and between the Company and Northbridge Financial Inc., dated February 9, 2018.	8-K	10.1	02/20/2018	

Table of Contents

10.15	Registration Rights Agreement by and between the Company and Northbridge Financial Inc., dated February 9, 2018.	8-K	10.2	02/20/2018	
10.16	Form of Subscription Agreement.	8-K	10.1	06/06/2018	
10.17	Form of Warrant.	8-K	10.2	06/06/2018	
10.18*	Form of BioCorRx Inc. 2018 Equity Incentive Plan.	8-K	10.1	05/21/2018	
10.19*	Executive Management Bonus Plan effective June 13, 2018.	8-K	10.1	06/15/2018	
10.20*	Executive Service Agreement by and between the Company and Brady Granier, dated June 13, 2018.	8-K	10.2	06/15/2018	
10.21*	Executive Service Agreement by and between the Company and Lourdes Felix, dated June 13, 2018.	8-K	10.3	06/15/2018	
10.22*	Form of Director Agreement.	8-K	10.1	02/22/2019	
10.23*	Form of Director Agreement.	8-K	10.1	03/07/2019	
10.24	Stock Purchase Agreement, dated November 15, 2018.	8-K	10.1	11/21/2018	
10.25	Form of Promissory Note, dated November 15, 2018.	8-K	10.2	11/21/2018	
10.26	Common Stock Purchase Warrant, dated November 15, 2018.	8-K	10.3	11/21/2018	
10.27	Stock Purchase Agreement, dated December 12, 2018.	8-K	10.1	12/14/2018	
10.28	Form of Promissory Note, dated December 12, 2018.	8-K	10.2	12/14/2018	
10.29	Common Stock Purchase Warrant, dated December 12, 2018.	8-K	10.3	12/14/2018	
10.30	Royalty Agreement by and between BioCorRx Inc. and Alpine Creek Capital Partners LLC	8-K	10.1	12/17/2015	
10.31	10% Convertible Promissory Note, dated February 1, 2016, issued to Iconic Holdings, LLC	8-K	4.1	02/10/2016	
10.32	Amended Agreement to Note, dated February 5, 2016, by and between BioCorRx Inc. and Iconic Holdings, LLC	8-K	4.2	02/10/2016	
10.33	Subscription Agreement dated February 22, 2019	8-K	3.1	03/08/2019	
10.34	Subscription and Royalty Agreement by and between BioCorRx Inc. and Louis and Carolyn Lucido CRT LLC	8-K	10.1	04/03/2019	
10.35	Subscription and Royalty Agreement by and between BioCorRx Inc. and J and R Galligan Revocable Trust	8-K	10.2	04/03/2019	
21.1	List of Subsidiaries.	S-1	21.1	08/24/2018	
31.1	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).				☒
31.2	Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).				☒
32.1+	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+				☒
32.2+	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+				☒
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				☒

* Management contract or compensatory plan or arrangement.

+ In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are 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: March 31, 2021

By: /s/ Lourdes Felix

Lourdes Felix
Chief Executive Officer and Chief Financial 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/ Brady Granier</u> Brady Granier	President, Director	March 31, 2021
<u>/s/ Kent Emry</u> Kent Emry	Director	March 31, 2021
<u>/s/ Luisa Ingargiola</u> Luis Ingargiola	Director	March 31, 2021
<u>/s/ Louis Lucido</u> Louis Lucido	Director	March 31, 2021
<u>/s/ Joseph J. Galligan</u> Joseph J. Galligan	Director	March 31, 2021

BIOCORRX, INC.
CONSOLIDATED FINANCIAL STATEMENTS
TABLE OF CONTENTS

<u>Reports of Independent Registered Public Accounting Firms</u>	F-2
<u>Consolidated Balance Sheets as of December 31, 2020 and 2019</u>	F-3
<u>Consolidated Statements of Operations for the Years Ended December 31, 2020 and 2019</u>	F-4
<u>Consolidated Statement of Deficit for the Years Ended December 31, 2020 and 2019</u>	F-5
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2020 and 2019</u>	F-6
<u>Notes to Consolidated Financial Statements</u>	F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of BioCorRx Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of BioCorRx Inc. (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, deficit, and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively referred to as the “consolidated 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, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, 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 consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company does not generate 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. Management’s plans in regard to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our 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.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Recognition and Disclosure of Research and Development Costs

Description of the Matter

As described in Note 2 of the consolidated financial statements, research and development costs are expensed as incurred. Significant estimates include assessment of work in progress of multiple third-party contracts and evaluation whether the research and development costs are properly accrued for and disclosed in the reporting period. Recognition and disclosure of research and development costs was considered a critical audit matter due the material impact on disclosures in the consolidated financial statements and the nature and extent of audit effort required to evaluate the results of audit procedures.

How We Addressed the Matter in Our Audit

We examined third-party contracts, statements of work and purchase orders, and discussed with personnel to determine the progress or stage of completion of services, the agreed-upon fee to be paid for such services, and probability of milestones and contingent payments.

/s/ Friedman LLP

We have served as the Company’s auditor since 2019.
Marlton, New Jersey
March 31, 2021

BIOCORRX INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 592,053	\$ 2,645,852
Accounts receivable, net	500	750
Grant receivable	224,879	186,668
Prepaid expenses	157,493	213,283
Total current assets	974,925	3,046,553
Property and equipment, net	128,605	148,300
Right to use assets	489,536	458,707
Other assets:		
Patents, net	12,564	13,736
Intellectual property, net	176,850	224,010
Deposits, long term	44,520	41,936
Total other assets	233,934	279,682
Total assets	\$ 1,827,000	\$ 3,933,242
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses, including related party payables of \$686,068 and \$391,209, respectively	\$ 2,490,158	\$ 2,027,380
Deferred revenue, short term	63,331	134,924
Deferred revenue-grant	65,560	-
Lease liability, short term	106,290	76,977
Notes payable	21,480	21,480
Notes payable, related parties	290,110	290,110
PPP loan, short term	15,445	-
Total current liabilities	3,052,374	2,550,871
Long term liabilities:		
PPP loan, long term	12,555	-
EIDL loan, long term	74,300	-
Royalty obligation - net of discount of \$6,331,662 and \$6,812,318, related parties	2,390,438	1,909,782
Lease liability, long term	435,405	428,162
Deferred revenue, long term	72,281	103,313
Total liabilities	6,037,353	4,992,128
Commitments and contingencies		
Deficit:		
Preferred stock, no par value, 600,000 authorized		
Series A convertible preferred stock, no par value; 80,000 designated; 80,000 shares issued and outstanding as of December 31, 2020 and December 31, 2019	16,000	16,000
Series B convertible preferred stock, no par value; 160,000 designated; 160,000 shares issued and outstanding as of December 31, 2020 and December 31, 2019	5,616	5,616
Common stock, \$0.001 par value; 750,000,000 shares authorized, 5,463,444 and 5,326,852 shares issued and outstanding as of December 31, 2020 and 2019, respectively	5,463	5,327
Common stock subscribed	100,000	100,000
Additional paid in capital	60,466,333	60,111,429
Accumulated deficit	(64,688,311)	(61,216,080)
Total deficit attributable to BioCorRx, Inc.	(4,094,899)	(977,708)
Non-controlling interest	(115,454)	(81,178)
Total deficit	(4,210,353)	(1,058,886)
Total liabilities and deficit	\$ 1,827,000	\$ 3,933,242

See the accompanying notes to the consolidated financial statements

BIOCORRX INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,	
	2020	2019
Revenues, net	\$ 122,621	\$ 240,259
Operating expenses:		
Cost of implants and other costs	95,948	81,670
Research and development	4,273,815	1,125,098
Selling, general and administrative	3,167,577	4,565,346
Depreciation and amortization	77,254	29,413
Total operating expenses	7,614,594	5,801,527
Loss from operations	(7,491,973)	(5,561,268)
Other income (expenses):		
Interest expense, net	(510,959)	(1,622,426)
Grant income	4,464,626	1,091,061
Loss on sale of fixed assets	-	(1,902)
Other miscellaneous income	31,799	46,214
Total other income (expenses), net	3,985,466	(487,053)
Net loss before provision for income taxes	(3,506,507)	(6,048,321)
Income taxes	-	-
Net loss	(3,506,507)	(6,048,321)
Non-controlling interest	34,276	8,691
Net loss attributable to BioCorRx Inc.	\$ (3,472,231)	\$ (6,039,630)
Net loss per common share, basic and diluted	\$ (0.65)	\$ (1.71)
Weighted average number of common shares outstanding, basic and diluted	5,377,670	3,523,208

See the accompanying notes to the consolidated financial statements

BIOCORRX INC.
CONSOLIDATED STATEMENT OF DEFICIT

	Series A Convertible Preferred stock		Series B Convertible Preferred stock		Common stock		Common stock Subscribed	Additional Paid in Capital	Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2018	80,000	\$ 16,000	160,000	\$ 5,616	2,597,347	\$ 2,597	\$ 100,000	\$49,418,356	\$ (55,176,450)	\$ (72,487)	\$(5,706,368)
Round up shares for reverse stock split	-	-	-	-	849	1	-	(1)	-	-	-
Common stock issued for services rendered	-	-	-	-	75,017	76	-	270,974	-	-	271,050
Sale of common stock	-	-	-	-	22,222	22	-	99,978	-	-	100,000
Interest expense paid with common stock	-	-	-	-	3,842	4	-	20,996	-	-	21,000
Common stock issued in connection with subscription and royalty agreement	-	-	-	-	400,000	400	-	4,448,700	-	-	4,449,100
Common stock issued in connection with note conversion	-	-	-	-	2,227,575	2,227	-	4,157,773	-	-	4,160,000
Share-based compensation	-	-	-	-	-	-	-	1,694,653	-	-	1,694,653
Net loss	-	-	-	-	-	-	-	-	(6,039,630)	(8,691)	(6,048,321)
Balance, December 31, 2019	80,000	\$ 16,000	160,000	\$ 5,616	5,326,852	\$ 5,327	\$ 100,000	\$60,111,429	\$ (61,216,080)	\$ (81,178)	\$(1,058,886)
Common stock issued for services rendered	-	-	-	-	136,592	136	-	278,144	-	-	278,280
Share-based compensation	-	-	-	-	-	-	-	76,760	-	-	76,760
Net loss	-	-	-	-	-	-	-	-	(3,472,231)	(34,276)	(3,506,507)
Balance, December 31, 2020	<u>80,000</u>	<u>\$ 16,000</u>	<u>160,000</u>	<u>\$ 5,616</u>	<u>5,463,444</u>	<u>\$ 5,463</u>	<u>\$ 100,000</u>	<u>\$60,466,333</u>	<u>\$ (64,688,311)</u>	<u>\$ (115,454)</u>	<u>\$(4,210,353)</u>

See the accompanying notes to the consolidated financial statements

BIOCORRX INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,506,507)	\$ (6,048,321)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation and amortization	77,254	29,413
Amortization of discount on royalty obligation	480,656	358,882
Bad debt expense	-	2,400
Interest expense paid with common stock	-	21,000
Amortization of debt discount	-	783,650
Amortization of right-of-use asset	89,517	67,091
Loss on sale of fixed assets	-	1,902
Stock based compensation	355,040	1,965,703
Gain on settlement of debt	(26,000)	-
Changes in operating assets and liabilities:		
Accounts receivable	250	4,850
Other receivable	(38,211)	(186,668)
Prepaid expenses	55,790	(181,825)
Accounts payable and accrued expenses	483,778	473,490
Deposits	(2,584)	(28,514)
Lease liability	(83,790)	(21,420)
Deferred revenue-grant	65,560	-
Deferred revenue	(102,625)	(178,760)
Net cash used in operating activities	(2,151,872)	(2,937,127)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(9,227)	(122,593)
Proceeds from sale of property and equipment	-	800
Net cash used in investing activities	(9,227)	(121,793)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	-	100,000
Proceeds from common stock subscription and royalty agreement	-	6,000,000
Advances from SBA	5,000	-
Proceeds from EIDL loan	74,300	-
Proceeds from PPP loan	28,000	-
Repayments of notes payable	-	(675,000)
Net cash provided by financing activities	107,300	5,425,000
Net (decrease) increase in cash	(2,053,799)	2,366,080
Cash, beginning of the year	2,645,852	279,772
Cash, end of the year	<u>\$ 592,053</u>	<u>\$ 2,645,852</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ 61,397</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Non cash financing activities:		
Record right to use assets per ASC 842, net of deferred rent	<u>\$ 120,346</u>	<u>\$ 525,798</u>
Record lease liability per ASC 842	<u>\$ 120,346</u>	<u>\$ 526,559</u>
Common stock issued in connection with conversion of notes payable	<u>\$ -</u>	<u>\$ 4,160,000</u>

See the accompanying notes to the consolidated financial statements

BIOCORRX INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 1 - BUSINESS

BioCorRx Inc. (the “Company”), through its subsidiaries, develops and provides innovative treatment programs for substance abuse and related disorders. The BioCorRx® Recovery Program is a non-addictive, medication-assisted treatment (“MAT”) program for substance abuse that includes peer recovery support. The UnCraveRx™ Weight Loss Management Program is a medically assisted weight management program that is combined with a virtual platform application. The full program officially launched October 1, 2019. The Company’s majority owned subsidiary BioCorRx Pharmaceuticals Inc. is 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 (“BICX101”) and implantable naltrexone (“BICX102”) with the goal of future regulatory approval with the Food and Drug Administration. On October 31, 2020, the Company entered into a written management services agreement with Joseph DeSanto MD, Inc. (“Medical Corporation”) under which the Company provides management and other administrative services to the Medical Corporation. These services include billing, collection of accounts receivable, accounting, management and human resource functions. Pursuant to the management services agreement, a management fee equal to 65% of the Medical Corporation’s gross collected monthly revenue. Through this arrangement, the Company is directing the activities that most significantly impact the financial results of the respective Medical Corporation; however, all clinical treatment decisions are made solely by licensed healthcare professionals. The Company has determined that it is the primary beneficiary, and, therefore, consolidate the Medical Corporation as VIE. The Company had not yet provided or performed the services pursuant to the agreement as of December 31, 2020. As of March 1, 2021 the Company began performing services pursuant to the agreement.

On July 28, 2016, BioCorRx Inc. 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 24.2% ownership to officers of BioCorRx Inc. retaining 75.8%. In 2018, BioCorRx Pharmaceuticals, Inc. began operating activities (Note 19).

Effective January 22, 2019, the Company amended its Articles of Incorporation to implement a reverse stock split in the ratio of 1 share for every 100 shares of common stock. As a result, 259,984,655 shares of the Company’s common stock were exchanged for 2,599,847 shares of the Company’s common stock. These consolidated financial statements have been retroactively restated to reflect the reverse stock split (See Note 15).

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.

Paycheck Protection Program (“PPP”) Loan

The Company’s policy is to account for the PPP loan (See Note 12) as debt. The Company will continue to record the loan as debt until either (1) the loan is partially or entirely forgiven and the Company has been legally released, at which point the amount forgiven will be recorded as income or (2) the Company pays off the loan.

Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606. A five-step analysis must be met as outlined in Topic 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. There were no changes to the Company’s revenue recognition policy from the adoption of ASC 606.

[Table of Contents](#)

The Company has elected the following practical expedients in applying ASC 606:

- Unsatisfied Performance Obligations - all performance obligations relate to contracts with a duration of less than one year. The Company has elected to apply the optional exemption provided in ASC 606 and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.
- Contract Costs - all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Company otherwise would have recognized is one year or less in duration.
- Significant Financing Component - the Company does not adjust the promised amount of consideration for the effects of a significant financing component as the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.
- Sales Tax Exclusion from the Transaction Price - the Company excludes from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from the customer.
- Shipping and Handling Activities - the Company elected to account for shipping and handling activities as a fulfillment cost rather than as a separate performance obligation.

The Company's net sales are disaggregated by product category. The sales/access fees consist of product sales, which is recognized upon the transfer of promised goods to customers. The distribution rights income consists of the income recognized from the amortization of distribution agreements entered into for its products. The membership/program fees are generated from the Company's UnCraveRx™ Weight Loss Management Program, which is recognized upon the transfer of promised goods to customers.

The following table presents the Company's net sales by product category for the year ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Sales/access fees	\$ 13,500	\$ 29,150
Distribution rights income	107,169	207,110
Membership/program fees	1,952	3,999
Net sales	<u>\$ 122,621</u>	<u>\$ 240,259</u>

Deferred revenue:

The Company licenses proprietary products and protocols to customers under licensing agreements that allow those customers to access the products and protocols in services they provide to their customers during the term of the license agreement. 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 performance obligations. Performance obligations can include amounts related to initial non-refundable license fees for the use of the Company's products and protocols and additional royalties on covered services.

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.

On October 1, 2019, the Company launched the UnCraveRx™ Weight Loss Management Program. Customers are charged a membership fee and are requested to pay for three training programs at inception. The payment are recorded as deferred revenue until earned.

Table of Contents

The following table presents the changes in deferred revenue, reflected as current and long term liabilities on the Company's consolidated balance sheet:

Balance as of December 31, 2019:		
Short term	\$	134,924
Long term		103,313
Total as of December 31, 2019		238,237
Cash payments received		6,496
Net sales recognized		(109,121)
Balance as of December 31, 2020		135,612
Less short term		63,331
Long term	\$	72,281

During the year ended December 31, 2020, the Company also had \$13,500 in its revenues related to access fees, which were not included in deferred revenue.

Deferred Revenue-Grant

The Company recognizes grant revenues in the period during which the related research and development costs are incurred. The timing and amount of revenue recognized from reimbursement for research and development costs depends upon the specific terms for the contracted work. Such costs are reviewed for multiple performance obligations which can include amounts related to contracted work performed or as milestones have been achieved.

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, the fair value of other equity and debt instruments, fair value of intangible assets, useful lives of assets and allowance for doubtful accounts.

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 against the allowance 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 \$0 as of December 31, 2020 and 2019.

Fair Value of Financial Instruments

The Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to consolidated financial statements when the fair value is different than the carrying value of these financial instruments. The estimated fair value of cash, accounts receivable, grant receivable, accounts payable and accrued expenses, and notes payable approximate their carrying amounts due to the relatively short maturity of these instruments. The carrying value of lease liability and royalty obligation also approximates fair value since these instruments bear market rates of interest. None of these instruments are held for trading purposes.

See Note 15 and 16 for stock based compensation and other equity instruments.

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 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.

The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of the assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. No impairments was recognized for the year ended December 31, 2020 and 2019.

Intangible Assets

Intangible assets with finite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment was recognized for the year ended December 31, 2020 and 2019, respectively.

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 of 5 to 15 years. Expenditures for maintenance and repairs are expensed as incurred. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition is reflected in earnings.

Leases

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use assets (“ROU assets”) and short-term and long-term lease liabilities are included on the face of the consolidated balance sheet.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component. For lease agreements with terms less than 12 months, the Company has elected the short-term lease measurement and recognition exemption, and it recognizes such lease payments on a straight-line basis over the lease term.

Net Loss Per Share

The Company accounts for net 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.

Table of Contents

Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during each year. It excludes the dilutive effects of any potentially issuable common shares. The effect of common stock equivalents is anti-dilutive with respect to losses and therefore basic and dilutive is the same.

Diluted net loss per share is calculated by including any potentially dilutive share issuances in the denominator. The following securities are excluded from the calculation of weighted average diluted shares at December 31, 2020 and 2019, respectively, because their inclusion would have been anti-dilutive.

	<u>2020</u>	<u>2019</u>
Shares underlying options outstanding	828,631	822,797
Shares underlying warrants outstanding	72,500	72,500
Shares underlying convertible notes outstanding	-	-
Convertible preferred stock outstanding	240,000	240,000
	<u>1,141,131</u>	<u>1,135,297</u>

Advertising

The Company follows the policy of charging the costs of advertising to selling, general and administrative expense as incurred. The Company charged to operations \$443,175 and \$436,205 as advertising costs for the years ended December 31, 2020 and 2019, respectively.

Grant Income

On January 17, 2019, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from the National Institutes of Health (“NIH”) in support of BICX102 from the National Institute on Drug Abuse. The grant provides for (i) \$2,842,430 in funding during the first year and (ii) \$2,831,838 during the second year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. Grant payments received prior to the Company’s performance of work required by the terms of the research grant are recorded as deferred income and recognized as grant income once work is performed and qualifying costs are incurred. \$4,491,972 in grant funds were received and (i) \$4,464,626 was recorded as grant income including accrued revenues of \$224,879 related to the grant, (ii) \$65,560 were recorded as deferred income and (iii) \$186,665 was recorded as payment on accounts receivable during the year ended December 31, 2020.

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 \$4,273,815 and \$1,125,098 for the years ended December 31, 2020 and 2019, respectively.

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 at the grant date using the stock price observed in the trading market (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.

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, 2020 and 2019, the Company has not recorded any unrecognized tax benefits.

Royalty Obligations, net

The Company accounted for royalty obligations as debt in accordance with ASC 470-10-25 and derived a debt discount, which is amortized using the effective interest method over the expected life of the arrangement, which is 15 years. The Company has no obligation to repay the then outstanding balance if during the expected life of 15 years the treatment is discontinued. In order to record the discount of the liability, the Company fair valued the royalty and the difference between fair value of the royalty obligation and the gross projected future payments was \$7,171,200 and was recorded as non-cash interest expense over the life of the liability and offset to additional paid in capital at inception.

Recent Accounting Pronouncements

There are various 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, 2020, the Company had cash of \$592,053 and working capital deficit of \$2,077,449. During the year ended December 31, 2020, the Company used net cash in operating activities of \$2,151,872. 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 for the next twelve-month period since the date of the financial statements were issued.

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.

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

On March 27, 2020, the Coronavirus Aid Relief, and Economic Security ("CARES") Act was signed into law to provide economic relief in the early wake of the COVID-19 pandemic. The Company applied for both the Economic Injury Disaster Loan ("EIDL") and Paycheck Protection Program ("PPP"), which were created under the CARES Act and administrated by the U.S. Small Business Administration ("SBA"). On April 28, 2020, the Company received \$5,000 from SBA as an advance on the EIDL. On May 22, 2020, the Company received a PPP loan of \$28,000 from Citizens Business Bank. On July 17, 2020, the Company received an EIDL of \$74,300. The Company believes that its current cash on hand will not be sufficient to fund its projected operating requirements for the next twelve months following the filing of this report.

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.

NOTE 4 - PREPAID EXPENSES

The Company's prepaid expenses consisted of the following at December 31, 2020 and 2019:

	2020	2019
Prepaid insurance	\$ 8,152	\$ 81,475
Prepaid subscription services	78,641	127,208
Research and development	65,560	-
Other prepaid expenses	5,140	4,600
	<u>\$ 157,493</u>	<u>\$ 213,283</u>

NOTE 5 - PROPERTY AND EQUIPMENT

The Company's property and equipment consisted of the following at December 31, 2020 and 2019:

	2020	2019
Office equipment	\$ 43,503	\$ 43,503
Computer equipment	5,544	5,544
Manufacturing equipment	101,200	98,373
Leasehold improvement	42,288	35,888
	<u>192,535</u>	<u>183,308</u>
Less accumulated depreciation	(63,930)	(35,008)
	<u>\$ 128,605</u>	<u>\$ 148,300</u>

Depreciation expense charged to operations amounted to \$28,922 and \$15,959, respectively, for the year ended December 31, 2020 and 2019, respectively.

NOTE 6 - LEASES*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. On January 1, 2019, upon adoption of ASC Topic 842, the Company recorded right to use assets of \$25,465, lease liability of \$26,229 and eliminated deferred rent of \$764.

On February 14, 2019, the Company extended the term of its lease for an additional 63 months beginning July 1, 2019 (at expiry of the original lease). The extended term expires on September 30, 2024. The extended lease has escalating payments from \$5,522 per month to \$6,552 per month. On February 14, 2019, the Company reassessed the value of right to use assets and lease liability of \$299,070.

On July 15, 2019, the Company and its landlord agreed that the Company would move to a larger space within the building that currently houses its principal executive offices. The Company extended the term of its lease for an additional 63 months beginning November 1, 2019. The extended term expires on January 31, 2025. The extended lease has escalating payments from \$9,505 per month to \$11,018 per month. On November 1, 2019, the Company accounted for the modification as a separate lease contract and recorded right to use assets and lease liability of \$201,263.

On June 16, 2020, the Company entered into a lease agreement, whereby the Company agreed to lease office space in Costa Mesa, California for a term of 5 years. Due to COVID-19, the Company was not able to move in or take possession until 30 days after shelter in place has been lifted in Orange County, CA. The Company will owe monthly rental payments ranging from \$2,286 to \$2,584 over the term of the lease. On September 20, 2020, the Company took possession of the office space and recorded right to use assets and lease liability of \$120,346.

As of December 31, 2020, the Company had a balance of \$620,679 attributed to their right of use assets.

[Table of Contents](#)

Lease liability is summarized below:

	December 31, 2020
Total lease liability	\$ 541,695
Less: short term portion	106,290
Long term portion	<u>\$ 435,405</u>

Maturity analysis under these lease agreements are as follows:

2021	\$ 145,813
2022	150,266
2023	154,771
2024	159,420
2025 and beyond	31,690
Less: Present value discount	(100,265)
Lease liability	<u>\$ 541,695</u>

Lease expense for the year ended December 31, 2020 and 2019 was comprised of the following:

	2020	2019
Operating lease expense	<u>\$ 118,316</u>	<u>\$ 78,034</u>
	<u>\$ 118,316</u>	<u>\$ 78,034</u>

During the year ended December 31, 2020 and 2019, the Company paid \$105,121 and \$32,367 lease expense in cash, respectively.

Weighted-average remaining lease term and discount rate for operating leases are as follows:

	2020	2019
Weighted-average remaining lease term	4.1	4.9
Weighted-average discount rate	8%	8%

NOTE 7 - INTELLECTUAL PROPERTY/ LICENSING RIGHTS

On August 20, 2018, the Company purchased all the worldwide rights of Naltrexone Implants formula(s) with exception of New Zealand and Australia from Trinity Compound Solutions, Inc for \$10,000 and 20,000 shares of its common stock for an aggregate purchase price of \$236,000. The Company started to amortize the intellectual property corresponding to the launch of the UnCraveRx™ Weight Loss Management Program in October 2019, and recorded \$47,160 and \$11,990 of amortization expense during the year ended December 31, 2020 and 2019, respectively. Amortization is computed on straight-line method based on estimated useful lives of 5 years. As of December 31, 2020 and 2019, the accumulated amortization of the intellectual property was \$59,150 and \$11,990, respectively.

The future amortization of the intellectual property are as follows:

Year	Amount
2021	\$ 47,160
2022	47,160
2023	47,160
2024	35,370
	<u>\$ 176,850</u>

[Table of Contents](#)

On October 12, 2018 the Company's majority owned subsidiary, BioCorRx Pharmaceuticals Inc. acquired six patent families for sustained delivery platforms for the local delivery of biologic and small molecule drugs for an aggregate purchase price of \$15,200. Amortization is computed on straight-line method based on estimated useful lives of 13 years. During the years ended December 31, 2020 and 2019, the Company recorded amortization expense of \$1,172 and \$1,464, respectively. As of December 31, 2020 and 2019, the accumulated amortization of these patents was \$2,636 and \$1,464, respectively.

The future amortization of the patents are as follows:

Year	Amount
2021	\$ 1,169
2022	1,169
2023	1,169
2024	1,169
2025 and after	7,888
	<u>\$ 12,564</u>

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Accounts payable	\$ 1,180,703	\$ 709,353
Interest payable on notes payable	1,138,157	1,138,157
Interest payable on notes payable, related parties	155,768	125,903
Deferred insurance	5,930	53,967
Interest payable on EIDL loan	1,290	-
Interest payable on PPP loan	179	-
Accrued expenses	8,131	-
	<u>\$ 2,490,158</u>	<u>\$ 2,027,380</u>

NOTE 9 - NOTES PAYABLE

As of December 31, 2020 and 2019, the Company had an advance from a third party. The advance bears no interest and is due on demand. The balance outstanding as of December 31, 2020 and 2019 was \$21,480.

The Company had notes payable outstanding during 2019 that were paid off prior to December 31, 2019.

During the year ended December 31, 2020 and 2019, the Company amortized \$0 and \$127,419, respectively, of the debt discount to current period interest expense.

The interest expense during the year ended December 31, 2020 and 2019 were \$0 and \$8,110, respectively.

NOTE 10 - CONVERTIBLE NOTES PAYABLE

On June 10, 2016, the Company issued to BICX Holding Company, LLC a \$2,500,000 senior secured convertible promissory note due March 3, 2020 and bearing interest at 8% per annum due annually beginning June 10, 2018. On March 3, 2017 the convertible promissory note was subsequently amended and was convertible into 42.43% of the Company's total authorized common stock. The Company also received an additional investment of \$1,660,000 from the holder. The note was convertible into a fixed number of shares of common stock equal to 42.43% (2,227,575 shares) of the total authorized common stock as of March 3, 2017 ("Closing"). On September 30, 2019, the convertible promissory note was converted to 2,227,575 shares of the Company's common stock, and the principal balance of the convertible note payable was reduced to \$0. Upon converting the convertible note payable to common stock in September 2019, the Company and BICX Holding Company, LLC entered into a conversion agreement in which future interest through March 2020 on the convertible note payable was accelerated, and the Company agreed to pay \$1,138,157 in interest within a twelve month period of an intended public offering. The interest is recorded in Accounts payable and accrued expenses on the consolidated balance sheet at December 31, 2019.

[Table of Contents](#)

In connection with the conversion agreement, the Company and BICX Holding Company, LLC entered into a Lock-Up Agreement (“Lock-Up Agreement”) pursuant to which the Investor will not sell, or otherwise dispose of the Conversion Shares, during the period commencing on October 1, 2019 and ending six (6) months following the initial closing of the Company’s intended public offering of its securities to raise gross proceeds to the Company of at least \$10,000,000 (subject to adjustment in the Company’s sole discretion) (“Public Offering”). In the event that the intended public offering is terminated or abandoned prior to closing then the lock-up shall expire upon the later of the date which is six (6) months from September 30, 2019 or thirty (30) days from the date of such termination or abandonment.

In accordance with the conversion agreement, the Company cannot enter into any agreement to issue or announce the issuance or proposed issuance of any shares of common stock or common stock equivalents at an issuance price below \$2.00 per share.

During the year ended December 31, 2020 and 2019, the Company amortized \$0 and \$656,231 of the debt discount to current period interest expense. The interest expense during the year ended December 31, 2020 and 2019 were \$0 and \$389,330 and includes the accelerated interest noted above.

NOTE 11 - NOTES PAYABLE-RELATED PARTIES

As of December 31, 2020 and 2019, the Company had advances from Kent Emry (Chairman of the Company). The balance outstanding as of December 31, 2020 and 2019 was \$1,500.

On January 26, 2018, the Company issued to Joe Galligan (majority shareholder of the Company) one unsecured promissory notes of \$125,000 bearing interest at 8% per annum with both principal and initially interest due July 26, 2018. In connection with the note issuance, the Company issued 50,000 shares of the Company’s common stock to Joe Galligan. The fair value of the common stock at the date of issuance of \$12,750 was recorded as a debt discount and is amortized as interest expense over the term of the note. During 2019 and 2020 the note was extended three times, ultimately rendering the note due on demand. The balance outstanding as of December 31, 2020 and 2019 was \$125,000.

On January 22, 2013, the Company issued an unsecured promissory note payable to Kent Emry (Chairman of the Company) 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 principal and interest. The note holder subsequently became an officer of the Company. The balance outstanding as of December 31, 2020 and 2019 was \$163,610.

The interest expense during the year ended December 31, 2020 and 2019 were \$29,865 and \$29,783, respectively. As of December 31, 2020 and 2019, the accumulated interest on related parties notes payable was \$155,768 and \$125,903, respectively, and was included in accounts payable and accrued expenses on the balance sheet.

NOTE 12 - PAYCHECK PROTECTION PROGRAM LOAN

On May 14, 2020 the Company executed a promissory note evidencing an unsecured loan in the amount of \$28,000 under the PPP, which was established under the CARES Act and is administered by SBA. The Loan has been made through Citizens Business Bank (“Lender”).

The PPP Loan has a two-year term and bears interest at a rate of 1.00% per annum. Monthly principal and interest payments are deferred for six months. Beginning seven months from the date of the PPP Loan, the Company is required to make monthly payments of principal and interest of approximately \$1,575 to the Lender.

On June 5, 2020, President Trump signed into law the “Paycheck Protection Program Flexibility Act of 2020 (PPPFA),” which amended the PPP to give borrowers up to 10 months to apply for the full forgiveness of the note.

The PPP Loan contains customary events of default relating to, among other things, payment defaults, providing materially false and misleading representations to the SBA or Lender, or breaching the terms of the PPP Loan documents. The occurrence of an event of default may result in the immediate repayment of all amounts outstanding, collection of all amounts owing from the Company, or filing suit and obtaining judgment.

[Table of Contents](#)

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. However, no assurance is provided that forgiveness for any portion of the PPP Loan will be obtained. The company has applied for forgiveness of all of loan granted under the PPP and forgiveness of PPP loan been granted effective March 22, 2021.

As of December 31, 2020, the accumulated interest on the PPP Loan was \$179. \$12,555 of the principal will due by December 31, 2021, and the full principal will due by May 13, 2022.

NOTE 13 - ECONOMIC INJURY DISASTER LOAN

On July 17, 2020, the Company executed the standard loan documents required for securing a loan from SBA under its Economic Injury Disaster Loan assistance program in light of the impact of the COVID-19 pandemic on the Company's business. Pursuant to the loan agreement, the principal amount of the EIDL Loan is \$74,300, with proceeds to be used for working capital purposes. The EIDL loan is secured by the tangible and intangible personal property of the Company.

In accordance with the terms of the note: (i) interest accrues at the rate of 3.75% per annum, (ii) installment payments, including principal and interest, of \$363 monthly, will begin Twelve (12) months from the date of the promissory Note, (iii) the balance of principal and interest will be payable thirty (30) years from the date of the promissory note and (iv) SBA is granted a continuing security interest in and to any and all tangible and intangible personal property of the Company to secure payment and performance of all debts, liabilities and obligations of Borrower to SBA.

On April 28, 2020, the Company received \$5,000 from the SBA as an advance on the EIDL, and the advance was forgiven during the current period.

The interest expense during the year ended December 31, 2020 was \$1,290. As of December 31, 2020, the accumulated interest on EIDL Loan was \$1,290.

The future principal payments are as follows:

Year	Amount
2021	\$ -
2022	279
2023	1,608
2024	1,661
2025	1,732
2026 and after	69,020
	<u>\$ 74,300</u>

NOTE 14 - ROYALTY OBLIGATIONS, NET

In March 2019, the Company entered into two Subscription and Royalty Agreements ("Subscription and Royalty Agreements"). One was with Louis and Carolyn Lucido CRT LLC, managed by Mr. Louis Lucido, a member of the Company's Board of Directors ("Board"), and the other one was with the J and R Galligan Revocable Trust, managed by Mr. Joseph Galligan, a majority shareholder of the Company. Pursuant to the Subscription and Royalty Agreements: (i) Each party would purchase shares of the Company's common stock, par value \$0.001 per share ("Common Stock"), in the aggregate amount of \$3,000,000 at a purchase price of \$15.00 per share ("Purchase Price"), for a total of 200,000 shares of Common Stock; and (ii) the Company shall pay each (a) a total of \$37.50 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the first (1st) day that the first unit of the treatment is sold ("Initial Sales Date") and ending on the third (3rd) anniversary of the Initial Sales Date; and (b) a total of \$25.00 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the day following the third (3rd) anniversary of the Initial Sales Date and ending on the fifteenth (15th) anniversary of the Initial Sales Date ("Royalty").

Under the Lucido agreement, the Company will use no less than 65% of the proceeds of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement exclusively to develop, launch and expand the Company's weight loss program ("Business") including sales and marketing activities directly related to the Business, and shall be free to use up to 35% of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement for general working capital and administration, and for further product development. As of December 31, 2020 Lucido has granted the Company permission to utilize more than 35% of restricted funds for general working capital.

[Table of Contents](#)

With the prior written consent of Mr. Lucido, the Company may use more than 35% of the aggregate Purchase Price for general working capital and administration, and for further product development. Under the second agreement, the Company will have complete discretion as to the exact amount of the aggregate purchase price to be allocated to the development and expansion of the Business.

The Company accounted for this transaction as debt in accordance with ASC 470-10-25 and derived a debt discount, which is amortized using the effective interest method over the expected life of the arrangement, which is 15 years. The Company has no obligation to repay the then outstanding balance if during the expected life of 15 years the treatment is discontinued. In order to record the discount of the liability, the Company fair valued the royalty and the difference between fair value of the royalty obligation and the gross projected future payments was \$7,171,200 and was recorded as non-cash interest expense over the life of the liability and offset to additional paid in capital at inception.

During the year ended December 31, 2020 and 2019, the Company amortized \$480,656 and \$358,882 as interest expense, respectively.

NOTE 15 - STOCKHOLDERS' DEFICIT

Effective January 22, 2019, the Company amended its Articles of Incorporation to implement a reverse stock split in the ratio of 1 share for every 100 shares of common stock. As a result, 259,984,655 shares of the Company's common stock were exchanged for 2,599,847 shares of the Company's common stock. These consolidated financial statements have been retroactively restated to reflect the reverse stock split.

Convertible Preferred stock

The Company is authorized to issue 600,000 shares of preferred stock with no par value. As of December 31, 2020 and 2019, the Company had 80,000 shares of Series A preferred stock and 160,000 shares of Series B preferred stock issued and outstanding.

As of December 31, 2020 and 2019 each share of Series A preferred stock is entitled to one thousand (1,000) votes and is convertible into one share of common stock. 30,000 shares of Series A Preferred Stock are owned by management. The Series A Preferred Stock is not entitled to dividends and there are no liquidation rights associated with Series A. Each share of Series A Preferred Stock may be converted, at the option of the holder each share of Series A Preferred Stock may be converted equal to one (1) fully paid and nonassessable share of Common Stock, par value \$0.001.

As of December 31, 2020 and 2019 each share of Series B stock is entitled to two thousand (2,000) votes and is convertible into one share of common stock. 120,000 shares of Series B Preferred Stock are owned by management. The Series B Preferred Stock is not entitled to dividends and there are no liquidation rights associated with Series B. Each share of Series B Preferred Stock may be converted, at the option of the holder each share of Series B Preferred Stock may be converted equal to one (1) fully paid and nonassessable share of Common Stock, par value \$0.001.

Common stock

Year ended December 31, 2019

During the year ended December 31, 2019, the Company issued an aggregate of 75,017 shares of its common stock for services rendered valued at \$271,050 based on the underlying market value of the common stock at the date of issuance, among which 29,111 shares valued at \$100,000 were issued to the board of directors for board compensation.

During the year ended December 31, 2019, the Company issued 3,842 shares of its common stock to pay for interest expense valued at \$21,000 based on the underlying market value of the common stock at the date of issuance.

In January 2019, the Company issued 849 round-up shares for the Reverse Stock Split.

In February 2019, the Company issued 22,222 shares of its common stock valued at \$100,000 in connection with the February 2019 common stock subscription.

In March 2019, the Company issued an aggregate of 400,000 shares of its common stock under proceeds related to the Subscription and Royalty Agreements. Subsequently in April 2019, the Company received the proceeds of \$6,000,000.

In September 2019, the Company issued an aggregate of 2,227,575 shares of its common stock to convert the convertible note with an amount of \$4,160,000.

Year ended December 31, 2020

During the year ended December 31, 2020, the Company issued an aggregate of 136,592 shares of its common stock for services rendered valued at \$278,280 based on the underlying market value of the common stock at the date of issuance, among which 59,670 shares valued at \$100,000 were issued to the board of directors for board compensation.

As of December 31, 2020 and 2019, the Company had 5,463,444 shares and 5,326,852 shares of common stock issued and outstanding, respectively.

NOTE 16 - STOCK OPTIONS AND WARRANTS

Options

On November 13, 2014, our Board of Directors authorized and approved the adoption of the Plan effective November 13, 2014 (“2014 Stock Option Plan”) under which an aggregate of 20% (290,879 shares) of the issued and outstanding shares may be issued. The plan shall terminate ten years after the plan’s adoption by the board of directors. We granted an aggregate 145,000 stock options. As of December 31, 2020, an aggregate total of 145,879 can still be granted under the plan.

On June 15, 2016, our board of Directors authorized and approved the adoption of the Equity Incentive Plan effective June 15, 2016 (“2016 Equity Incentive Plan”) under which an aggregate of 656,250 shares may be issued. The plan shall terminate ten years after the plan’s adoption by the board of directors. We granted an aggregate of 330,350 stock options. As of December 31, 2020, an aggregate total of 325,900 options can still be granted under the plan.

On May 15, 2018, the Board of Directors approved and adopted the BioCorRx Inc. 2018 Equity Incentive Plan (“2018 Stock Option Plan”) under which an aggregate of 450,000 shares may be issued. The plan shall terminate ten years after the plan’s adoption by the board of directors. The company has granted an aggregate of 363,281 stock options. As of December 31, 2020, an aggregate total of 86,719 can still be granted under the plan.

During the year ended December 31, 2020, the Board of Directors approved the grant of 15,834 stock options to consultants valued at \$22,246. The term of the options ranges from three to five years, and the vesting period of the options ranges from immediately to one year.

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 was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options.

In applying the Black-Scholes option pricing model, the Company used the following assumptions:

	<u>2020</u>	<u>2019</u>
Risk-free interest rate	0.27%-0.29%	2.36% - 2.58%
Expected term (years)	3-5	1.00 - 5.00
Expected volatility	112.97%- 137.27%	99.85% - 143.11%
Expected dividends	0.00	0.00

[Table of Contents](#)

The following table summarizes the stock option activity for the year ended December 31, 2020 and 2019:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2019	791,850	8.09	7.7	1,188,065
Grants	53,280	6.52	2.5	-
Exercised	-	-	-	-
Expired	(1,500)	20.00	-	-
Forfeited	(20,833)	5.75	-	-
Outstanding at December 31, 2019	822,797	\$ 8.03	6.5	\$ 244,603
Grants	15,834	2.53	3.5	-
Exercised	-	-	-	-
Expired	(10,000)	15.00	-	-
Forfeited	-	-	-	-
Outstanding at December 31, 2020	828,631	7.84	5.8	-
Exercisable at December 31, 2020	819,742	\$ 7.90	5.8	\$ -

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 \$0.95 as of December 31, 2020, 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, 2020:

Options Outstanding			Options Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options	Weighted Average Remaining Life In Years
\$0.01-2.50	337,850	5.4	331,600	5.5
2.51-5.00	43,334	4.1	41,112	4.2
5.01 and up	447,447	6.3	447,030	6.3
	828,631	5.8	819,742	5.8

The stock-based compensation expense related to option grants was \$76,760 and \$1,694,653 during the year end December 31, 2020 and 2019, respectively.

As of December 31, 2020, stock-based compensation related to options of \$11,850 remains unamortized and is expected to be amortized over the weighted average remaining period of 7.9 months.

Warrants

The outstanding Warrants contain provisions, often referred to as "down-round protection" that has led to adjustments of the exercise price and number of underlying warrant shares with respect to future issuances by the Company of its securities, including its common stock or convertible securities or debt securities.

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)	
\$ 20.00	10,000	0.91	\$ 20	10,000	0.91	
100.00	62,500	0.38	100	62,500	0.38	
	<u>72,500</u>	<u>0.46</u>	<u>\$ 89.0</u>	<u>72,500</u>	<u>0.46</u>	

The following table summarizes the warrant activity for the year ended December 31, 2020:

	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding at January 1, 2019	85,250	\$ 79.40
Issued	-	-
Exercised	-	-
Expired	(12,750)	25.00
Outstanding at December 31, 2019	72,500	\$ 89.00
Issued	-	-
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2020	72,500	\$ 89.00

NOTE 17 - RELATED PARTY TRANSACTIONS

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 13, 2018, there was no formal agreement between the parties and the amount of remuneration is \$14,583 per month. During the year ended December 31, 2020 and 2019, the Company incurred \$0 and \$250,000, respectively, as consulting fees and bonuses. The agreement provides for a base salary of \$175,000 an auto allowance and mobile phone stipend. As of January 1, 2020, the Company will pay Ms. Lourdes Felix an annual base salary of \$190,000 in place of consulting fees and will be paid in accordance with the Company’s normal payroll schedule. Executive’s base salary shall be subject to review by the Board of Directors.

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. Until June 13, 2018, there was no formal agreement between the parties and the amount of remuneration is \$15,833 per month. During the year ended December 31, 2020 and 2019, the Company incurred \$0 and \$265,000, respectively, as consulting fees and bonuses. The agreement provides for a base salary of \$190,000 an auto allowance and mobile phone stipend. As of February 26, 2020, the Company will pay Mr. Granier an annual base salary of \$215,000 in place of consulting fees and will be paid in accordance with the Company’s normal payroll schedule. Executive’s base salary shall be subject to review by the Board of Directors.

The Company has an arrangement with Mr. Tom Welch, VP of Operations. Until June 13, 2018 there was no formal agreement between the parties and the amount of remuneration is \$12,500 per month. During the year ended December 31, 2020 and 2019, the Company incurred \$0 and \$150,000, respectively, as consulting fees and bonuses. The agreement provides for a base salary of \$150,000 an auto allowance and mobile phone stipend. As of February 26, 2020 the company will pay Mr. Welch an annual base salary of \$165,000 in place of consulting fees and will be paid in accordance with the Company’s normal payroll schedule. Executive’s base salary shall be subject to review by the Board of Directors.

The Company has an arrangement with Joseph Galligan, a holder of between 5% and 10% of the Company’s shares of common stock, related to his compensation for his role as a senior advisor. Until January 22, 2019 there was no formal arrangement between the parties and the amount of remuneration is \$6,250 per month. During the year ended December 31, 2020 and 2019, the Company incurred \$0 and \$68,750, respectively, as consulting fees. As of February 26, 2020, the Company will pay Mr. Joe Galligan an annual base salary of \$75,000 in place of consulting fees and will be paid in accordance with the Company’s normal payroll schedule.

[Table of Contents](#)

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 current or former officers of the Company, with the Company retaining 75.8%. In 2018, BioCorRx Pharmaceuticals, Inc. began limited operations and there was no operation prior to that.

In March 2019, the Company entered into two Subscription and Royalty Agreements (“Subscription and Royalty Agreements”). One was with Louis and Carolyn Lucido CRT LLC, managed by Mr. Louis Lucido, a member of the Company’s Board of Directors (“Board”), and the other one was with the J and R Galligan Revocable Trust, managed by Mr. Joseph Galligan, a majority shareholder of the Company. The Company received an aggregate gross proceeds of \$6,000,000 in April 2019 and \$210 royalty was due at December 31, 2020 and 2019 under these two Subscription and Royalty Agreements.

As of December 31, 2020 and 2019, the Company’s related party payable was \$686,068 and \$391,209 respectively, which comprised of compensation payable and interest payable to related parties.

Effective March 1, 2019, the Board appointed five directors. In connection with the appointment to the Board, the Company entered into a Director Agreement with each directors pursuant to which each of them will receive a quarterly cash stipend of \$15,000 in compensation for services and shall be issued, upon the last day of each fiscal quarter, provided the director is a member of the Board as of such date, the number of shares of the Company’s common stock equivalent to \$5,000. During the year ended December 31, 2020, the Company issued 59,670 shares of common stock valued at \$100,000 to directors.

NOTE 18 - CONCENTRATIONS

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash 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, 2020 included 29% and 58% (aggregate of 87%) from two customers of the Company’s total revenues.

The Company’s revenues earned from sale of products and services for the year ended December 31, 2019 included 33%, 21%, 17%, and 15% (aggregate of 86%) from four customers of the Company’s total revenues.

At December 31, 2020, one customer accounted for 100% of the Company’s total accounts receivable with an amount of \$500, and one customer accounted for 100% of the Company’s total accounts receivable with an amount of \$750 at December 31, 2019.

NOTE 19 - 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, the newly formed sub issued 24.2% ownership to current or former officers of the Company with the Company retaining 75.8%. From inception through December 31, 2017, there were no significant transactions. There were certain licensing rights with a carrying value of \$250,000 and no significant liabilities in BioCorRx Pharmaceuticals, Inc. In 2018, BioCorRx Pharmaceuticals, Inc. began operations.

A reconciliation of the BioCorRx Pharmaceuticals, Inc. non-controlling loss attributable to the Company:

Net loss attributable to the non-controlling interest for the year ended December 31, 2020:

Net loss	\$	(141,638)
Average Non-controlling interest percentage of profit/losses		24.2%
Net loss attributable to the non-controlling interest	\$	<u>(34,276)</u>

Net loss attributable to the non-controlling interest for the year ended December 31, 2019:

Net loss	\$	(35,914)
Average Non-controlling interest percentage of profit/losses		24.2%
Net loss attributable to the non-controlling interest	\$	<u>(8,691)</u>

Table of Contents

The following table summarizes the changes in non-controlling interest for the year ended December 31, 2020:

Balance, December 31, 2019	(81,178)
Net loss attributable to the non-controlling interest	(34,276)
Balance, December 31, 2020	<u>\$ (115,454)</u>

The following table summarizes the changes in non-controlling interest for the year ended December 31, 2019:

Balance, December 31, 2018	\$ (72,487)
Net loss attributable to the non-controlling interest	(8,691)
Balance, December 31, 2019	<u>(81,178)</u>

NOTE 20 - COMMITMENTS AND CONTINGENCIES

Lucido Subscription and Royalty Agreement

On March 28, 2019, the Company entered into a Subscription and Royalty Agreement (“Lucido Subscription and Royalty Agreement”) with Louis and Carolyn Lucido CRT LLC, managed by Mr. Louis Lucido, a member of the Company’s Board of Directors (“Board”).

Pursuant to the Lucido Subscription and Royalty Agreement: (i) Mr. Lucido purchased shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”), in the aggregate amount of \$3,000,000 at a purchase price of \$15.00 per share (“Purchase Price”), for a total of 200,000 shares of Common Stock; and (ii) the Company shall pay Lucido (a) a total of \$37.50 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the first (1st) day that the first unit of the treatment is sold (“Initial Sales Date”) and ending on the third (3rd) anniversary of the Initial Sales Date; and (b) a total of \$25.00 from the gross revenue derived from each of its weight loss treatments sold in the United States starting on the day following the third (3rd) anniversary of the Initial Sales Date and ending on the fifteenth (15th) anniversary of the Initial Sales Date (“Royalty”). The Company will use no less than 65% of the proceeds of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement exclusively to develop, launch and expand the Company’s weight loss program (“Business”) including sales and marketing activities directly related to the Business, and shall be free to use up to 35% of the aggregate Purchase Price of the Lucido Subscription and Royalty Agreement for general working capital and administration, and for further product development. With the prior written consent of Mr. Lucido, the Company may use more than 35% of the aggregate Purchase Price for general working capital and administration, and for further product development. As of December 31, 2020 Lucido has granted the Company permission to utilize more than 35% of restricted funds for general working capital.

The Company issued 200,000 common shares to Lucido on March 28, 2019 and recorded the fair value of the shares in equity. The Company recorded a liability for the Royalty when the obligation began upon the receipt of proceeds in April 2019.

Galligan Subscription and Royalty Agreement

On April 1, 2019, the Company entered into a Subscription and Royalty Agreement (“Galligan Subscription and Royalty Agreement”) and, together with the Lucido Subscription and Royalty Agreement, (“Agreements”) with the J and R Galligan Revocable Trust, managed by Mr. Joseph Galligan, a holder of between 5% and 10% of the Company’s shares of common stock. Although the Galligan Subscription and Royalty Agreement was dated March 27, 2019, it did not become effective until it was fully executed on April 1, 2019. The terms and conditions of the Galligan Subscription and Royalty Agreement (including the amount of shares of Common Stock purchased, the Purchase Price, and the terms of the Royalty) are substantially the same as the Lucido Subscription and Royalty Agreement except that the Company will have complete discretion as to the exact amount of \$3,000,000 of the Galligan Subscription and Royalty Agreement to be allocated to the development and expansion of the Business.

The Company issued 200,000 common shares to Galligan on March 28, 2019 and recorded the fair value of the shares in equity. The Company recorded a liability for the Royalty when the obligation began upon the receipt of proceeds in April 2019.

[Table of Contents](#)

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 (“Treatment”).

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. The remaining total consideration is \$1,531,926 as of December 31, 2020. 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. The amount of royalty due for the year ended December 31, 2019 was \$3,503. As of December 31, 2019, \$85,805 was owed to Alpine Creek, which was paid subsequently in January 2020. As of December 31, 2020, the amount of royalty due and owed is \$91.

On any other proprietary implant distribution, that excludes the “treatment”, for alcohol and opioid addiction and for which no other payment is due, the Company shall pay 2.5% of the Company’s gross profit for implant distribution not to exceed \$100 per sale. As of December 31, 2020 and 2019, the amount of royalty due was \$0.

On or about January 1, 2021, Mr. Galligan acquired from Alpine Creek the rights to the royalty agreement by and between the Company and Alpine Creek.

BICX Holding Company LLC

Effective September 30, 2019, the Company entered into a Conversion Agreement (“Conversion Agreement”) with BICX Holding Company LLC (“BICX”), an entity controlled by Alpine Creek, pursuant to which the parties agreed to the conversion (“Conversion”) of the Senior Secured Convertible Promissory Note in the principal amount of \$4,160,000 (“Note”), which was issued by the Company to the Investor on June 10, 2016, into 2,227,575 shares of the Company’s common stock (“Conversion Shares”).

In connection with the Conversion Agreement, the Company and BICX entered into a Lock-Up Agreement (“Lock-Up Agreement”) pursuant to which the Investor will not sell, or otherwise dispose of the Conversion Shares, during the period commencing on October 1, 2019 and ending six (6) months following the initial closing of the Company’s intended public offering of its securities to raise gross proceeds to the Company of at least \$10,000,000 (subject to adjustment in the Company’s sole discretion) (“Public Offering”). In the event that the Public Offering is terminated or abandoned prior to closing then the lock-up shall expire upon the later of the date which is six (6) months from September 30, 2019 or thirty (30) days from the date of such termination or abandonment.

In accordance with the Conversion Agreement, the Company cannot, through September 29, 2021, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of common stock or common stock equivalents at an issuance price below \$2.00 per share.

Pursuant to the Conversion Agreement, BICX has agreed that the Total Interest Payment (as defined in the Conversion Agreement) that would have been due under the Note, in the amount of \$1,138,157, will be reflected on the Company’s financial statements as an amount due and owing to the Investor to be repaid within twelve (12) months of the closing of the Public Offering, or if the Public Offering is terminated or abandoned prior to closing, then on or before such date that is no later than twelve (12) months from the date of such termination or abandonment (see Note 10).

Charles River Laboratories, Inc.

On May 24, 2019, the Company entered into a Master Services Agreement (“MSA”) with Charles River Laboratories, Inc. (“Charles River”). Pursuant to the MSA, Charles River will be conducting studies with regard to BICX102. Studies will be conducted pursuant to Statements of Work entered into by the Company and Charles River.

On May 30, 2019, the Company and Charles River entered into two separate Statements of Work pursuant to which Charles River is conducting a total of six studies. The Company will pay Charles River the total amended consideration of \$3,024,476 for these six studies.

The remaining commitment to Charles River is \$499,445.

Sinclair Research Center LLC

On February 18, 2020, the Company entered into a Master Services Agreement (“MSA”) with Sinclair Research Center LLC (“Sinclair”). Pursuant to the MSA, Sinclair will be conducting studies with regard to BICX102. Studies will be conducted pursuant to Statements of Work entered into by the Company and Sinclair.

On February 20, 2020, the Company and Sinclair entered into a Statement of Work pursuant to which Sinclair is conducting one study. The total consideration the Company will pay Sinclair for the study is \$894,600.

On May 8, 2020, the Company entered into a Statement of Work Amendment No. 2 pursuant to which Sinclair is providing additional services for the study. The total consideration the Company will pay Sinclair for Amendment No. 2 is \$314,600.

On June 4, 2020, the Company entered into a Statement of Work Amendment No. 3 pursuant to which Sinclair is providing additional services for the study. The total consideration the Company will pay Sinclair for Amendment No. 3 is \$41,600.

The remaining commitment to Sinclair is \$178,920.

Agreements

As of December 31, 2020, the Company has entered into four consulting agreements. In compensation for services: (i) one consultant shall receive a remuneration amount of \$10,000-\$12,500 per month with an earn out potential of 1% of the Company’s majority owned subsidiary, BioCorRx Pharmaceuticals based on certain factors; (ii) one consultant shall receive common stock equivalent to \$1,375 on the last day of each month; (iii) one consultant shall receive common stock equivalent to \$6,667 on the last day of each month; and (iv) one consultant shall receive a remuneration amount of \$5,500 per month.

As of December 31, 2020, the Company has entered into two scientific advisory board agreements. In compensation for services, each advisory board member shall receive common stock equivalent to \$5,000 on the last day of such quarter when meetings are held. There was one meeting held during the year ended December 31, 2020.

On October 30, 2020, the Company entered into a twelve (12) month restricted stock agreement with one employee. Pursuant to which the employee shall be issued, upon the last day of each month, the number of shares of the Company’s common stock equivalent to \$2,500 as determined based on the average closing price on the three trading days immediately preceding the last day of such month.

During 2019, the Company entered into a contract manufacturing agreement for an estimated total cost of \$578,500 to be paid over time. For the year ended December 31, 2020 and 2019, the Company incurred \$393,980 and \$234,852 as research and development expenses. There is no remaining consideration as of December 31, 2020.

NOTE 21 - INCOME TAXES

The components of the income tax provisions for 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Current provision:		
Federal	\$ -	\$ -
State	-	-
Deferred benefit:		
Federal	-	-
State	-	-
Change in valuation allowance	-	-
Total Provision	\$ -	\$ -

[Table of Contents](#)

The difference between the income tax provision and income taxes computed using the U. S. federal income tax rate of 21% consisted of the following:

	2020	2019
Provision at statutory rate	21.0%	21.0%
State taxes, net of federal benefit	6.98%	6.98%
Nondeductible and other items	(0.04)%	(0.07)%
Change in valuation allowance	(27.94)%	(27.91)%
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, 2020 and 2019 are as follows:

	2020	2019
Deferred tax assets:		
Allowance for doubtful debt	\$ 7,598	\$ 7,598
Stock options issued for services	1,731,729	1,632,377
Net operating loss carryforward	5,405,023	4,766,552
Other	84,081	19,516
Total deferred tax assets	<u>7,228,431</u>	<u>6,426,043</u>
Deferred tax liabilities:		
Royalty obligation	(573,541)	(708,046)
Other	-	(42,915)
Total deferred tax liabilities	<u>(573,541)</u>	<u>(750,961)</u>
Deferred tax asset	6,654,890	5,675,082
Valuation allowance	<u>(6,654,890)</u>	<u>(5,675,082)</u>

During the years ended December 31, 2020 and 2019, the Company recorded a valuation allowance equal to its net deferred tax assets. The Company determined that due to a recent history of net losses, that at this time, sufficient uncertainty exists regarding the future realization of these deferred tax assets through future taxable income. If, in the future, the Company believes that it is more likely than not that these deferred tax benefits will be realized, the valuation allowances will be reduced or eliminated. With a full valuation allowance, any change in the deferred tax asset or liability is fully offset by a corresponding change in the valuation allowance. At December 31, 2020 and 2019, the Company provided a valuation allowance on its net deferred tax assets of \$6,654,890 and \$5,675,082, respectively.

The Company has Federal net operating losses ("NOLs") of approximately \$9.3 million which begin to expire in the years beginning in 2033 and \$10 million that do not expire. 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 2031 and state tax credits that may be carried forward indefinitely.

At December 31, 2020 and 2019, the Company had no material unrecognized tax benefits and no adjustments to liabilities or operations were required. The Company does not expect that its unrecognized tax benefits will materially increase within the next twelve months. The Company recognizes interest and penalties related to uncertain tax positions in interest expense. As of December 31, 2020, and 2019, the Company has not recorded any provisions for accrued interest and penalties related to uncertain tax positions.

In certain cases, the Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant tax authorities. The Company files federal and state income tax returns in jurisdictions with varying statutes of limitations. The 2017 through 2020 tax years generally remain subject to examination by federal and state tax authorities.

NOTE 22 - SUBSEQUENT EVENTS

On or about January 1, 2021, Mr. Galligan acquired from Alpine Creek the rights to that certain royalty agreement by and between the Company and Alpine Creek.

On February 16, 2021 the Company entered into a Subscription Agreement (“Lucido Subscription”) with Louis C Lucido and Carolyn M. Lucido, or their Successors, as Trustee of the Lucido Family Trust, Dated May 23, 2017, Mr. Louis Lucido Trustee, in the amount of \$1,125,000. Mr. Lucido is a member of the Company’s Board of Directors. Pursuant to the subscription agreement Mr. Lucido purchased units of the Company’s securities at a price per unit of \$2.00. Each unit consists of one share of the Company’s common stock and issued an aggregate of 562,00 shares of its common stock.

On February 16, 2021 the Company entered into a Subscription Agreement (“Galligan Subscription”) with The J and R Galligan Revocable Trust, managed by Mr. Joseph Galligan, in the amount of \$1,125,000. Mr. Galligan is a member of the Company’s Board of Directors. Pursuant to the subscription agreement Mr. Galligan purchased units of the Company’s securities at a price per unit of \$2.00. Each unit consists of one share of the Company’s common stock and issued an aggregate of 562,500 shares of its common stock.

On February 16, 2021, the Board appointed Mr. Joseph Galligan to the Board, effective February 16, 2021. In connection with Mr. Galligan’s appointment to the Board, the Company entered into a Director Agreement pursuant to which Mr. Galligan will receive a quarterly cash stipend of \$15,000 in compensation for his service and shall be issued, upon the last day of each fiscal quarter, provided the director is a member of the Board as of such date, the number of shares of the Company’s common stock equivalent to \$5,000 as determined based on the average closing price on the three trading days immediately preceding the last day of such quarter.

As of March 30, 2021 the Company issued an aggregate of 9,483 shares of its common stock for consulting services and one employee valued at \$17,491.

**DESCRIPTION OF REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Set forth below is the description of the common stock, par value \$0.001 per share (the "Common Stock") of BioCorRx Inc. ("we" or "our"). The following description summarizes the most important terms of these securities. This summary does not purport to be complete and is qualified in its entirety by the provisions of our Amended and Restated Articles of Incorporation, as amended (the "Articles"), and our Amended and Restated Bylaws, copies of which have been previously filed with the Securities and Exchange Commission and are incorporated by reference into the Annual Report on Form 10-K for the year ended December 31, 2020. You should refer to our Articles, Bylaws and the applicable provisions of the Nevada Revised Statutes, Chapter 78 (the "Nevada Code"), for a complete description.

The Common Stock is the only class of our securities currently registered under Section 12 of the Securities Exchange Act of 1934. Our Common Stock is quoted on the OTCQB under the symbol "BICX."

Authorized Common Stock

Our authorized Common Stock consists of 750,000,000 shares.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our Common Stock are entitled to receive dividends out of funds legally available if our Board of Directors, in its discretion, determines to declare and pay dividends and then only at the times and in the amounts that our Board of Directors may determine.

Voting Rights

Holders of our Common Stock are entitled to one vote for each share held on all matters properly submitted to a vote of stockholders on which holders of Common Stock are entitled to vote. We have not provided for cumulative voting for the election of directors in our Articles. The directors are elected by a plurality of the outstanding shares entitled to vote on the election of directors. On all other matters the affirmative vote of a majority of the voting power of the shares present or represented by proxy at the meeting and entitled to vote on the subject matter constitutes the act of the stockholders, except as otherwise expressly provided by the Nevada Code.

No Preemptive or Similar Rights

Our Common Stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our Common Stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Transfer Agent and Registrar

VStock Transfer LLC is the transfer agent and registrar with respect to the Common Stock.

**CERTIFICATION OF CHIEF EXECUTIVE 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: March 31, 2021

By: /s/ Lourdes Felix
Lourdes Felix
Chief Executive Officer and Director (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: March 31, 2021

By: /s/ Lourdes Felix
Lourdes Felix
Chief Financial Officer and Director (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, 2020 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: March 31, 2021

By: /s/ Lourdes Felix
Lourdes Felix
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, 2020 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: March 31, 2021

By: /s/ Lourdes Felix

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