

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, 2022

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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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, 2022 was \$2,386,815 based on the closing price of \$2.50 per share of common stock of BioCorRx, Inc. as quoted on the OTCQB Marketplace on that date.

As of March 30, 2023, there were 7,737,418 shares of registrant's common stock outstanding.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our Management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We file reports with the Securities and Exchange Commission ("SEC"). The SEC maintains an Internet site ([www.sec.gov](http://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 ("Share Exchange") 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 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, \$0.001 par value per share, to seven hundred fifty million (750,000,000) shares of common stock (\$0.001 par value per share) and six hundred thousand (600,000) shares of preferred stock (\$0.001 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 (BICX104) 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.

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.

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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 15 licensed providers throughout the United States that offer the BioCorRx Recovery Program and 12 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 BICX104 for the same indications.

In August 2017, the Company announced that it had decided to seek U.S. Food and Drug Administration (the "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 provided 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 provided 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. On August 27, 2021, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$3,453,367 in funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. On March 31, 2022, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$99,431 in additional funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. Grant receivables were \$130,152 and \$56,359 as of December 31, 2022 and 2021, respectively. Deferred revenues related to the grant were \$0 as of December 31, 2022 and 2021. \$1,789,496 and \$835,924 were recorded as grant income during the years ended December 31, 2022 and 2021, respectively.

The UnCraveRx® Weight Loss Management Program is a comprehensive 3-month medically assisted weight management program that helps to reduce food cravings combined with on-demand virtual lifestyle support, fitness and nutrition.

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.

### Treatment Philosophy

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

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*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 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.

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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.

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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.

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 JAJAMA. 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 BICX104 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.

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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.

FDA approval is required for BICX104.

### ***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 tested the intellectual property during the third quarter of 2021 and determined that, based on its qualitative assessment, that it is more likely than not that the fair value of the intellectual property is less than the carrying value, and thus recorded \$141,480 impairment loss during the year ended December 31, 2021, which brings the carrying value of the intellectual property to \$0.

### **MATERIAL AGREEMENTS**

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 (the “Treatment”).

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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, 2022. 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, 2022 and 2021, 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. On or about January 1, 2021, Mr. Joseph Galligan, a holder of between 5% and 10% of the Company's shares of common stock and, as of February 16, 2021, a member of the Board, acquired from Alpine Creek the rights to the subscription and royalty agreement by and between the Company and Alpine Creek. As of December 31, 2022 and 2021, there are no payments due.

On March 28, 2019, the Company entered into a Subscription and Royalty Agreement (the "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 (the "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 (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 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 (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"). 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 (the "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. The Company received consent of Mr. Lucido to use more than 35% of the aggregate Purchase Price for general working capital and administration, and for further product development.

On April 1, 2019, the Company entered into a Subscription and Royalty Agreement (the "Galligan Subscription and Royalty Agreement" and, together with the Lucido Subscription and Royalty Agreement, the "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 and, as of February 16, 2021, a member of the Board. 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.

On May 24, 2019, the Company entered into a Master Services Agreement (the "MSA") with Charles River Laboratories, Inc. ("Charles River"). Pursuant to the MSA, Charles River conducted studies with regard to BICX102. Studies were 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 was 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 \$28,936 as of December 31, 2022.

On January 11, 2022, the Company entered into a Master Clinical Trial Agreement (the "MCTA") with Memorial Research Medical Clinic dba Orange County Research Center (the "OCRC"). Researchers at the OCRC will perform Phase 1 clinical trial with BICX104. The total consideration the Company will pay MCTA for the Phase 1 clinical trial is \$657,640.

Pursuant to a Task Order entered into in February 2022 the first payment owed to the OCRC equaling approximately \$145,000 will be invoiced monthly as services are rendered. As of December 31, 2022, \$70,138 were due to OCRC.

The MCTA will terminate upon either party giving 30 days' written notice (provided, in the case of the OCRC, it has performed all Task Orders or they have been terminated by the Company for good cause). The Company can suspend a clinical trial for any reason and the OCRC can suspend a clinical trial if it deems, using good medical judgment, it is appropriate to do so.

The total consideration paid to OCRC as of December 31, 2022 is \$393,776.

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.

#### **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.***

We have incurred significant losses since our inception and have not demonstrated an ability to generate sufficient revenues from the sales of our products and services to achieve profitable operations. For the year ended December 31, 2022, the Company had a loss from operations of \$4,376,832 and negative cash flows from operations of \$2,041,773. Our audited consolidated financial statements for the year ended December 31, 2022 were prepared under the assumption that we would continue our operations as a going concern. Our independent registered public accounting firm has included a "going concern" explanatory paragraph in its report on our financial statements for the year ended December 31, 2022.

The Company anticipates that it will continue to incur operating losses as it executes its development plans for 2023, as well as other potential strategic and business development initiatives. In addition, the Company has had and expects to have negative cash flows from operations, at least into the near future. 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. There can be no assurance that profitable operations could ever be achieved, or if achieved, could be sustained on a continuing basis.

If we cannot successfully continue as a going concern, our stockholders may lose their entire investment.

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, 2022, we recorded a net loss applicable to common shareholders of \$4,369,413, or (\$0.61) per share, as compared with \$5,278,381, or (\$0.81) per share, of the corresponding year in 2021. 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 30, 2023, 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” and “CFO”, respectively), 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, 2022, the Company recognized grant income of \$1,789,496 as compared to \$835,924 for the comparable year last year. We feel grant income may potentially be a significant portion of our other income in fiscal year 2023 based on: the transition and commencement to clinical trial implementation phase ("UH3") in 2021. Approximately \$3.5 million for the second phase of the grant was awarded on September 1, 2021 under award number UG3DA047925 awarded by National Institute on Drug Abuse (NIDA), part of National Institutes of Health (NIH). 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. 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 BICX104, 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**

***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 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 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 COVID-19 will be offset by increased sales in subsequent periods. Although the magnitude of the impact of the COVID-19 outbreak on our business and operations remains uncertain, the continued spread of the 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.**

- (1) The Company initiated litigation in 2019 based on a claim that Pellecome and Dr. Orbeck utilized the Company's confidential information to advance their own weight loss product.

The Company dismissed this litigation without prejudice in July 2021.

On March 30, 2022, the court entered judgment in favor of Pellecome as an individual defendant whereby the Company was ordered to pay Pellecome total costs and attorneys' fees of \$235,886. Pursuant to the judgment, this amount is accruing interest at the rate of ten percent (10%) per annum from October 6, 2021 (the date of the original award of attorneys' fees by the court which was followed by a number of filings by each party through February 2022).

The Company has not yet paid any amount to Pellecome. On May 27, 2022, the Company filed a notice of appeal with California Superior Court for Orange County regarding the March 30, 2022 judgment entered in favor of Pellecome. On February 2, 2023, the Company filed a motion requesting the California Superior Court for Orange County reverse and remand its prior ruling, including reversing the granting of Pellecome \$222,932.55 in attorney's fees. While the Company cannot predict the outcome of this matter, the Company has accrued \$322,000 as a loss contingency for this matter.

**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, 2023, 7,737,418 shares of our common stock were issued and outstanding.

**Holders**

As of March 30, 2023, there were approximately 144 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, 2022, there were no repurchases of the Company's common stock by the Company.

#### **Recent Sales of Unregistered Securities**

The shares of common stock listed below were issued pursuant to the exemption from the registration requirements of the Securities Act of 1933, as amended, afforded by Section 4(a)(2) thereof for the sale of securities not involving a public offering:

During the year ended December 31, 2022, the Company issued an aggregate of 111,443 shares of its common stock for services rendered valued at \$243,430 based on the underlying market value of the common stock at the date of issuance, among which 56,345 shares valued at \$100,000 were issued to the board of directors for board compensation.

During the year ended December 31, 2022, the Company issued an aggregate of 229,886 shares of its common stock pursuant to the Lucido 2022 Subscription Agreement and the Galligan 2022 Subscription Agreement. The common shares were recorded at a price of \$4.35 per shares for gross proceeds to the Company of \$1,000,000.

During the year ended December 31, 2022, the Company issued an aggregate of 110,619 shares of its common stock pursuant to the DeCsepel 2022 Subscription Agreement. The common shares were recorded at a price of \$2.26 per shares for gross proceeds to the Company of \$250,000.

During the year ended December 31, 2022, the Company issued an aggregate of 485,220 shares of its common stock in connection with conversion of promissory notes and accounts payable. The 485,220 shares of common stock were valued at an aggregate value of \$1,062,632, resulting in \$198,939 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt.

During the year ended December 31, 2022, the Company issued 82,500 shares as additional consideration for the issuance of a promissory note. The 82,500 shares of common stock were valued at an aggregate value of \$167,641.

#### **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 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 (BICX104) 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.

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 15 licensed providers throughout the United States that offer the BioCorRx Recovery Program and 12 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 BICX104 for the same indications.

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In August 2017, the Company announced that it had decided to seek U.S. Food and Drug Administration (the “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 provided 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 provided 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. On August 27, 2021, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$3,453,367 in funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. On March 31, 2022, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$99,431 in additional funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. Grant receivables were \$130,152 and \$56,359 as of December 31, 2022 and 2021, respectively. Deferred revenues related to the grant were \$0 as of December 31, 2022 and 2021. \$1,789,496 and \$835,924 were recorded as grant income during the years ended December 31, 2022 and 2021, respectively.

The UnCraveRx® Weight Loss Management Program is a comprehensive 3-month medically assisted weight management program that helps to reduce food cravings combined with on-demand virtual lifestyle support, fitness and nutrition.

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

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 January 3, 2022, the Company entered into a Subscription Agreement (the “Lucido 2022 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 January 3, 2022 and signed on January 4th, it did not become effective until the aggregate purchase price owed pursuant to the Lucido Subscription Agreement was paid in cash to the Company on January 12, 2022. Pursuant to the Lucido 2022 Subscription Agreement, Mr. Lucido purchased shares of the Company’s common stock, par value \$0.001 per share, in the aggregate amount of \$500,000 at a purchase price of \$4.35 per share, for a total of 114,943 shares of Common Stock. The aggregate Purchase Price owed pursuant to the Lucido 2022 Subscription Agreement was paid in cash to the Company on January 12, 2022.

On January 3, 2022, the Company entered into a Subscription Agreement (the “Galligan 2022 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 January 3, 2022 and signed on January 11th, it did not become effective until the aggregate purchase price owed pursuant to the Galligan Subscription Agreement was paid in cash to the Company on January 19, 2022. The terms and conditions of the Galligan 2022 Subscription Agreement (including the number of shares of common stock purchased and the purchase price) are substantially the same as the Lucido 2022 Subscription Agreement.

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On May 5, 2022, the Company entered into a Subscription Agreement (the “DeCsepel 2022 Subscription Agreement”) with David DeCsepel, a consultant of the Company. Pursuant to the DeCsepel 2022 Subscription Agreement, Mr. DeCsepel purchased shares of the Company’s common stock, par value \$0.001 per share, in the aggregate amount of \$250,000 at a purchase price of \$2.26 per share, for a total of 110,619 shares of common stock. The aggregate purchase price owed pursuant to the DeCsepel 2022 Subscription Agreement was paid in cash to the Company on May 6, 2022. Simultaneously, the Company issued a warrant that entitles David DeCsepel to purchase 165,929 common stock at an exercise price of \$6.00, expiring 3 years from the date of issuance in connection with the sale of common stock.

On August 2, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido for \$300,000 with principal and interest due August 2, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$76,890. On September 21, 2022, the Company entered into an Exchange Agreement (the “Louis Exchange Agreement”) with Mr. Lucido, pursuant to which Mr. Lucido agreed to exchange of the promissory note then outstanding of \$300,000, the accrued interest on the promissory note of \$2,055, and the unpaid service fees of \$215,000 into the Company’s 290,480 shares of common stock.

The Company has applied for forgiveness of all of loan granted under the Paycheck Protection Program (“PPP”) Loan and forgiveness of PPP loan was granted effective August 22, 2022.

On September 20, 2022, the Company received \$20,000 advances from Louis C Lucido, a member of the Company’s Board of Directors. The balance outstanding as of December 31, 2022 was \$20,000.

On September 21, 2022, the Company entered into an Exchange Agreement (the “Joseph Exchange Agreement”) with Joseph J Galligan, a member of the Company’s Board, pursuant to which Mr. Joseph Galligan agreed to exchange of the promissory note then outstanding of \$125,000, the accrued interest on the promissory note of \$46,548, and the unpaid service fees of \$175,090 into the Company’s 194,740 shares of common stock.

On October 6, 2022, the Company issued an unsecured promissory note payable to a third party for \$100,000 with principal and interest due October 6, 2023, with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,125. The balance outstanding as of December 31, 2022 was \$100,000. The interest expense during the year ended December 31, 2022 was \$2,979. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 25%. As additional consideration for the loan the Company issued 16,500 shares of common stock and valued at \$31,350, which was recognized as debt discount. During the year ended December 31, 2022, the Company amortized \$7,472 of debt discount as interest expense.

On November 1, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido for \$300,000 with principal and interest due November 1, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. The balance outstanding as of December 31, 2022 was \$300,000. The interest expense during the year ended December 31, 2022 was \$2,507. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$59,400, which was recognized as debt discount. During the year ended December 31, 2022, the Company amortized \$9,927 of debt discount as interest expense.

On December 8, 2022, the Company received \$55,000 advances from Louis C Lucido, a member of the Company’s Board of Directors. The balance outstanding as of December 31, 2022 was \$55,000.

Results of Operations

Year ended December 31, 2022 Compared with Year ended December 31, 2021

	<u>2022</u>	<u>2021</u>
Revenues, net	\$ 213,841	\$ 48,272
Total operating expenses	(4,911,836)	(5,558,379)
Interest expense – related parties	(935,806)	(546,260)
Interest expense, net	(150,969)	(19,424)
Loss on settlement of debt	(198,939)	-
Loss on contingency	(322,000)	-
Grant income	1,789,496	835,924
Other miscellaneous income	139,381	29,229
Net loss	(4,376,832)	(5,210,638)
Non-controlling interest	7,419	2,384
Dividend attributable to down round feature of warrants	-	(70,127)
Net loss attributable to BioCorRx Inc.	<u>\$ (4,369,413)</u>	<u>\$ (5,278,381)</u>

*Revenues*

Total net revenues for the year ended December 31, 2022 were \$213,841 compared with \$48,272 for the year ended December 31, 2021, reflecting an increase of 343%. Sales/access fees for the year ended December 31, 2022 and 2021 were \$14,360 and \$1,500, respectively, reflecting an increase of \$12,860. The primary reason for the increase in 2022 is directly related to the increased number of patients treated at licensed clinics. Project support income for the year ended December 31, 2022 and 2021 were \$150,578 and \$0, respectively, reflecting an increase of \$150,578. The project support income is generated from administrative support to Biotechnology research customers, which is recognized upon the transfer of promised goods to customers. The primary reason for the increase in 2022 is directly related to the development of the new revenue stream during 2022. Distribution rights income for the year ended December 31, 2022 and 2021 were \$37,293 and \$35,481, respectively, reflecting an increase of \$1,812. The primary reason for the increase in distribution rights income was due to a new license entered during 2022. Membership/program fees for the year ended December 31, 2022 and 2021 were \$11,610 and \$11,291, respectively. The primary reason for the increase in 2022 was due to the increased customers of the Company's UnCraveRx™ Weight Loss Management Program launched in October 2019.

*Total Operating Expenses*

Total operating expenses for the year ended December 31, 2022 and 2021 were \$4,911,836 and \$5,558,379, respectively, reflecting a decrease of \$646,543.

The reasons for the decrease in 2022 are primarily due to (i) a decrease of \$263,010 in accounting and legal fees due to less legal services used in 2022, from \$779,518 for the year ended December 31, 2021 to \$516,508 for the year ended December 31, 2022; (ii) a decrease of \$146,449 in research and development expense and conclusion of the preclinical studies of BICX102, from \$1,605,907 for the year ended December 31, 2021 to \$1,459,458 for the year ended December 31, 2022; (iii) a decrease of \$141,480 impairment expense, from \$141,480 for the year ended December 31, 2021 to \$0 for the year ended December 31, 2022, (iv) a decrease of \$100,952 in advertising expense, from \$426,917 for the year ended December 31, 2021 to \$325,965 for the year ended December 31, 2022, (v) a decrease of \$52,084 in payroll expense, from \$983,389 for the year ended December 31, 2021 to \$931,305 for the year ended December 31, 2022, and (vi) a decrease of \$43,476 in consulting expense, from \$775,648 for the year ended December 31, 2021 to \$732,173 for the year ended December 31, 2022, partially offset by an increase of \$144,993 in stock-based compensation related to both directors and service providers due to new issuance of stock options in 2022, from \$209,515 for the year ended December 31, 2021 to \$354,508 for the year ended December 31, 2022.

*Interest Expense - Related Parties*

Interest expense - related parties for the years ended December 31, 2022 and 2021 were \$935,806 and \$546,260, respectively. The increase is mainly due to (i) the issuance of note payable with a stated interest rate of 25% per annum, (ii) the issuance of two note payables with a stated interest rate of 5% per annum, (iii) the issuance of shares as additional consideration for the issuance of a promissory note (see Note 10), and (iv) the issuance of warrants in connection with loan default.

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### *Interest Expense*

Interest expense for the years ended December 31, 2022 and 2021 were \$150,969 and \$19,424, respectively. The increase is mainly due to (i) the issuance of note payable with a stated interest rate of 25% per annum, (ii) the issuance of note payable with a stated interest rate of 12.5% per annum, (iii) the issuance of shares as additional consideration for the issuance of a promissory note (see Note 10), and (iv) the issuance of warrants in connection with loan default.

### *Loss on Settlement of Debt*

Loss on settlement of debt for the years ended December 31, 2022 and 2021 were \$198,939 and \$0, respectively. During 2022, the Company issued an aggregate of 485,220 shares of its common stock in connection with conversion of promissory notes and accounts payable (see Note 10). The 485,220 shares of common stock were valued at an aggregate value of \$1,062,632, resulting in \$198,939 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt.

### *Loss on Contingency*

The Company initiated litigation in 2019 based on a claim that Pellecome and Dr. Orbeck utilized the Company's confidential information to advance their own weight loss product. The Company dismissed this litigation without prejudice in July 2021. On March 30, 2022, the court entered judgment in favor of Pellecome as an individual defendant whereby the Company was ordered to pay Pellecome total costs and attorneys' fees of \$235,886. Pursuant to the judgment, this amount is accruing interest at the rate of ten percent (10%) per annum from October 6, 2021 (the date of the original award of attorneys' fees by the court which was followed by a number of filings by each party through February 2022). The Company has not yet paid any amount to Pellecome. On May 27, 2022, the Company filed a notice of appeal with California Superior Court for Orange County regarding the March 30, 2022 judgment entered in favor of Pellecome. During the year ended December 31, 2022, the Company recognized \$322,000 as loss on contingency.

### *Grant Income*

During the year ended December 31, 2022, the Company recognized grant income of \$1,789,496 as compared to \$835,924 for the comparable period last year. The larger grant income in 2022 was due on May 7, 2021, the FDA cleared the Company's Investigational New Drug Application (IND) application for BICX104. On August 27, 2021, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$3,453,367 in funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. The funds are available to reimburse the Company for certain incurred direct costs and 17% of indirect costs. 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.

### *Other Miscellaneous Income*

Other miscellaneous income for the years ended December 31, 2022 and 2021 were \$139,381 and \$29,229, respectively. The increase is mainly due to the forgiveness of the PPP loan on August 22, 2022.

### *Net Loss*

For the year ended December 31, 2022, the Company experienced a net loss of \$4,376,832 compared with a net loss of \$5,210,638 for the year ended December 31, 2021. The decrease in net loss is primarily due to the decreased operating expenses.

## Liquidity and Capital Resources

As of December 31, 2022, the Company had cash of \$68,615. The following table provides a summary of the Company's net cash flows from operating, investing, and financing activities.

	<u>2022</u>	<u>2021</u>
Net cash used in operating activities	\$ (2,041,773)	\$ (3,537,658)
Net cash used in investing activities	-	(49,997)
Net cash provided by financing activities	<u>2,024,550</u>	<u>3,081,440</u>
Net decrease in cash	(17,223)	(506,215)
Cash, beginning of year	85,838	592,053
Cash, end of year	<u>\$ 68,615</u>	<u>\$ 85,838</u>

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. During years ended December 31, 2022 and 2021, the Company received \$1,250,000 and \$2,250,000, respectively, proceeds from common stock subscription agreement.

On September 9, 2021, the Company issued an unsecured promissory note payable to one third party for \$200,000 due June 8, 2022, with a stated interest rate of 25% per annum. The balance outstanding as of December 31, 2022 and 2021 is \$200,000. If the Company fails to make any payment due under the terms of the promissory note, the Company shall issue a warrant to the third party to which the number of common shares that the third party has the right to purchase equals 48,309 common shares. The warrant shall have a term of three years with an exercise price of \$4.14 and shall be equitably adjusted to offset the effect of any stock splits and similar events. During the year ended December 31, 2022, the Company issued the warrant that entitles the third party to purchase 48,309 common shares due to the loan default.

On September 9, 2021, the Company issued an unsecured promissory note payable to Kent Emry for \$500,000 due June 8, 2022, with a stated interest rate of 25% per annum. The balance outstanding as of December 31, 2022 and 2021 is \$500,000. If the Company fails to make any payment due under the terms of the promissory note, the Company shall issue a warrant to Kent Emry to which the number of common shares that Kent Emry has the right to purchase equals 119,617 common shares. The warrant shall have a term of three years with an exercise price of \$4.14 and shall be equitably adjusted to offset the effect of any stock splits and similar events. During the year ended December 31, 2022, the Company issued the warrant that entitles Kent Emry to purchase 119,617 common shares due to the loan default.

On August 2, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido for \$300,000 with principal and interest due August 2, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$76,890. On September 21, 2022, the Company entered into an Exchange Agreement (the "Louis Exchange Agreement") with Mr. Lucido, pursuant to which Mr. Lucido agreed to exchange of the promissory note then outstanding of \$300,000, the accrued interest on the promissory note of \$2,055, and the unpaid service fees of \$215,000 into the Company's 290,480 shares of common stock.

The Company has applied for forgiveness of all of loan granted under the PPP and forgiveness of PPP loan been granted effective August 22, 2022.

On September 20, 2022, the Company received \$20,000 advances from Louis C Lucido, a member of the Company's Board of Directors. The balance outstanding as of December 31, 2022 was \$20,000.

On September 21, 2022, the Company entered into an Exchange Agreement (the "Joseph Exchange Agreement") with Joseph J Galligan, a member of the Company's Board, pursuant to which Mr. Joseph Galligan agreed to exchange of the promissory note then outstanding of \$125,000, the accrued interest on the promissory note of \$46,548, and the unpaid service fees of \$175,090 into the Company's 194,740 shares of common stock.

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On October 6, 2022, the Company issued an unsecured promissory note payable to a third party for \$100,000 with principal and interest due October 6, 2023, with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,125. The balance outstanding as of December 31, 2022 was \$100,000. The interest expense during the year ended December 31, 2022 was \$2,979. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 25%. As additional consideration for the loan the Company issued 16,500 shares of common stock and valued at \$31,350, which was recognized as debt discount. During the year ended December 31, 2022, the Company amortized \$7,472 of debt discount as interest expense.

On November 1, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido for \$300,000 with principal and interest due November 1, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. The balance outstanding as of December 31, 2022 was \$300,000. The interest expense during the year ended December 31, 2022 was \$2,507. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$59,400, which was recognized as debt discount. During the year ended December 31, 2022, the Company amortized \$9,927 of debt discount as interest expense.

On December 8, 2022, the Company received \$55,000 advances from Louis C Lucido, a member of the Company's Board of Directors. The balance outstanding as of December 31, 2022 was \$55,000.

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 \$2,041,773 for the year ended December 31, 2022 compared to \$3,537,658 used in operating activities for the year ended December 31, 2021. The decrease was primarily due to a decrease in net loss and an increase in operating liabilities.

### *Net Cash Flow from Investing Activities*

Net cash used in investing activities for the year ended December 31, 2022 was \$0 compared to \$49,997 used in investing activities for the year ended December 31, 2021. The decrease was primarily due to purchase on equipment and costs on software development during the year ended December 31, 2021.

### *Net Cash Flow from Financing Activities*

Net cash provided by financing activities decreased by \$1,056,890, from \$3,081,440 provided by financing activities for the year ended December 31, 2021 to \$2,024,550 cash provided by financing activities for the year ended December 31, 2022.

The Company issued 340,505 shares of common stock for proceeds of \$1,250,000 during the year ended December 31, 2022. On September 20, 2022, the Company received \$20,000 advances from Mr. Lucido. On August 2, 2022, the Company issued an unsecured promissory note payable to Mr. Lucido for \$300,000 with principal and interest due August 2, 2023, with a stated interest rate of 5% per annum. On October 6, 2022, the Company issued an unsecured promissory note payable to a third party for \$100,000 with principal and interest due October 6, 2023, with a stated interest rate of 12.5% per annum. On November 1, 2022, the Company issued an unsecured promissory note payable to Mr. Lucido for \$300,000 with principal and interest due November 1, 2023, with a stated interest rate of 5% per annum. On December 8, 2022, the Company received \$55,000 advances from Mr. Lucido.

The Company issued 1,125,000 shares of common stock for proceeds of \$2,250,000 during the year ended December 31, 2021. The Company also received \$131,440 from Citizens Business Bank as the second tranche loan under the PPP loan during the year ended December 31, 2021. The Company has applied for forgiveness of all of the loan granted under the PPP and forgiveness of the PPP has been granted effective August 22, 2022. On September 9, 2021, the Company issued an unsecured promissory note payable to Kent Emry (member of the Company's Board of Directors) for \$500,000 due June 8, 2022, with a stated interest rate of 25% per annum. On September 9, 2021, the Company issued an unsecured promissory note payable to one third party for \$200,000 due June 8, 2022, with a stated interest rate of 25% per annum.

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### 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, 2022, the Company had a working capital deficit of \$(5,046,882), and an accumulated deficit of \$74,336,105. 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 and Estimates

Management's discussion and analysis of financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these consolidated financial statements requires our management to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates are based on management's historical and industry experience and on various other assumptions that are believed to be reasonable under the circumstances. On a regular basis, we evaluate these accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results may differ from our estimates, and such differences could be material.

A full discussion of our significant accounting policies is contained in Note 2 to our consolidated financial statements, which is included in Item 8 – "Financial Statements and Supplementary Data" of this report. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our financial results. These estimates require our most difficult, subjective or complex judgments because they relate to matters that are inherently uncertain. We have reviewed these critical accounting policies and estimates and related disclosures with our Audit Committee.

### 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.

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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 project support income is generated from administrative support to Biotechnology research customers, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Sales/access fees	\$ 14,360	\$ 1,500
Project support income	150,578	-
Distribution rights income	37,293	35,481
Membership/program fees	11,610	11,291
Net sales	<u>\$ 213,841</u>	<u>\$ 48,272</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.

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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 payments 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, 2021:	
Short term	\$ 34,981
Long term	37,301
Total as of December 31, 2021	72,282
Net sales recognized	(34,981)
Balance as of December 31, 2022	37,301
Less short term	33,256
Long term	\$ 4,045

## 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.

## 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. On August 27, 2021, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$3,453,367 in funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. On March 31, 2022, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$99,431 in additional funding during the third 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. Grant receivables were \$122,652 and \$56,359 as of December 31, 2022 and 2021, respectively. Deferred revenues related to the grant were \$0 as of December 31, 2022 and 2021. \$1,789,496 and \$835,924 were recorded as grant income for the years ended December 31, 2022 and 2021, respectively. The F&A indirect costs were \$253,208 and \$272,681 as of December 31, 2022 and 2021, respectively. The grant provides for \$516,218 in funding for F&A indirect costs. The remaining facilities and administrative indirect cost over allocation is \$9,671 as of December 31, 2022. The Company will credit over allocation of the F&A indirect cost rate.

## 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, 2022 and 2021, the Company has not recorded any unrecognized tax benefits.

Variable Interest Entity

The Company evaluates all interests in the VIE for consolidation. When the Company's interests are determined to be variable interests, an assessment is made on whether the Company is deemed to be the primary beneficiary of the VIE. The primary beneficiary of a VIE is required to consolidate the VIE. Accounting Standards Codification ("ASC") 810, Consolidation, defines the primary beneficiary as the party that has both (i) the power to direct the activities of the VIE that most significantly impact its economic performance, and (ii) the obligation to absorb losses and the right to receive benefits from the VIE which could be potentially significant. Variable interests are considered in making this determination. Where both of these factors are present, the Company is deemed to be the primary beneficiary and the Company consolidates the VIE.

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 straight-line 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.**

There are no reportable events under this item for the year ended December 31, 2022.

**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, 2022, 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 annual report.

*Management's Report on Internal Controls Over Financial Reporting*

As required by SEC rules and regulations implementing Section 404 of the Sarbanes-Oxley Act, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company,
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect errors or misstatements in our financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting at December 31, 2022. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on our assessments and those criteria, management determined that we did not maintain effective internal control over financial reporting as of December 31, 2022, due to the material weakness in our internal control over the financial reporting process.

Management has implemented remediation steps to improve our internal control over financial reporting. Specifically, we expanded and improved our review process for complex securities and related accounting standards. We plan to further improve this process by enhancing access to accounting literature, identification of third-party professionals with whom to consult regarding complex accounting applications and implementing additional layers of reviews in the financial close process.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to our status as an emerging growth company under the JOBS Act.

*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, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B - Other Information.**

None.

**Item 9C – Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

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, 2023 are set forth below:

<b>Name</b>	<b>Age</b>	<b>Positions</b>
Lourdes Felix, Chief Executive Officer since November 9, 2020 and Chief Financial Officer since October 1, 2012;	55	Chief Executive Officer, Chief Financial Officer and Director
Kent Emry, Director	55	Director
Luisa Ingargiola	55	Director
Louis Lucido	74	Director
Joseph J. Galligan	63	Director
Brady Granier	50	Director
Harsha Murthy	66	Director

***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.

***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 Aerial Systems Inc, 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 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.

***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 started 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.

***Harsha Murthy, Director***

Mr. Harsha Murthy is an experienced pharmaceuticals/finance executive with expertise in pharmaceutical operations, strategy, deal origination, strategic partnerships, and finance. Currently, Mr. Murthy is a managing partner of Consummate Capital LLC, a New York City-based private equity investment and advisory firm that sources and structures the acquisition of generic and branded pharmaceutical products for its clients. Mr. Murthy is also the Executive Chairman of the Board of Directors of Resilia Pharmaceuticals, Inc., a dermatology company based in Atlanta, Georgia. Previously, Mr. Murthy was a co-Founder and Managing Partner of Konanda Pharma Partners, a private equity fund investing in mature branded pharmaceuticals. Prior to Konanda, he served as the Executive Vice President and Corporate Head of Strategic Planning and Business Development for King Pharmaceuticals, Inc. Prior to that, Mr. Murthy was Vice President of Business Strategy and Administration at Eyetech Pharmaceuticals, one of the most successful biotech companies in history, and was a Managing Director at GE Capital's Structured Finance Group. Mr. Murthy has also served on a number of boards for pharma, biotech, corporate and non-profit organizations, including Electrolux Corporation, MedDEV Inc., Validus Pharmaceuticals, New York City Digital Health Technology Breakthrough Network, Rx Bandz, Inc., and the Aplastic Anemia & MDS International Foundation. Murthy received a B.A. degree summa cum laude from Duke University and a J.D. from Stanford Law School.

Mr. Murthy has been a Director of BioCorRx Inc. since January 20, 2023. The Board believes that Mr. Murthy's pharmaceutical and financial 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, 2022 were made on a timely basis other than with respect to: (i) three late Form 4s on behalf of Joseph Galligan reporting the issuances of shares of Common Stock; (ii) three late Form 4s on behalf of Lourdes Felix reporting the issuances of shares of Common Stock; (iii) three late Form 4s on behalf of Kent Emry reporting the issuances of shares of Common Stock; (iv) three late Form 4s on behalf of Luisa Ingargiola reporting the issuances of shares of Common Stock and one Form 4 that has not yet been filed; (v) four late Form 4s on behalf of Louis Lucido reporting the issuance or purchase 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 Orangetown Avenue, Suite 500, Anaheim, CA 92806.

## **Board Composition, Committees, and Independence**

Our board of directors currently consists of five (5) members. Our board of directors has determined that Luisa Ingargiola, Louis Lucido, Joseph Galligan, Kent Emry and Harsha Murthy 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 two most highly compensated executive officer other than the Principal Executive Officer during fiscal years 2022 and 2021 (collectively, “Named Executive Officers”).

<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>
(1) Brady Granier, President and Director	2022	215,000	0	0	0	0	0	60,000	275,000
	2021	215,000	0	5,000	0	0	0	60,000	280,000
(2) Lourdes Felix, CEO, CFO and Director	2022	190,000	0	20,000	0	0	0	60,000	270,000
	2021	190,000	0	20,000	0	0	0	60,000	270,000
Thomas Welch, Executive Vice President	2022	165,000	0	0	0	0	0	0	165,000
Thomas Welch, Executive Vice President	2021	165,000	0	0	0	0	0	0	165,000

(1) Director of the Company receives a quarterly cash stipend of \$15,000 and shares of the Company’s common stock equivalent to a total aggregate of \$5,000 in compensation in 2021 for their services.

(2) Director of the Company receives a quarterly cash stipend of \$15,000 and a quarterly 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, 2022.

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	359,583	3.6	359,583	3.6
2.51-5.00	50,474	3.0	50,474	3.0
5.01 and up	385,000	4.5	385,000	4.5
	<u>795,057</u>	<u>4.0</u>	<u>795,057</u>	<u>4.0</u>

**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	2022	20,000	0	60,000	80,000
	2021	20,000	0	60,000	80,000
Louis C. Lucido, Director since March 1, 2019	2022	20,000	0	60,000	80,000
	2021	20,000	0	60,000	80,000
Luisa Ingargiola, Director since March 1, 2019	2022	20,000	0	60,000	80,000
	2021	20,000	0	60,000	80,000
Joseph J. Galligan(1)	2022	20,000	0	106,500	126,500
	2021	17,500	0	130,000	147,500

(1) Mr. Galligan was appointed as a member of the board of directors on February 16, 2021. Mr. Galligan receives an annual base salary of \$18,042 for his role as senior advisor.

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

The following table sets forth, as of March 21, 2023, 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) 28.79%	-	-	-	-	2,227,575	*
Named Executive Officers and Directors								
Brady Granier	398,034	(6) 4.95%	10,000 (10,000,000 votes)	12.5%	40,000 (80,000,000 votes)	25%	90,091,977	22.10%
Lourdes Felix	327,073	(7) 4.09%	10,000 (10,000,000 votes)	12.5%	40,000 (80,000,000 votes)	25%	90,060,073	22.09%
Kent Emry	175,492	(8) 2.26%	10,000 (10,000,000 votes)	12.5%	40,000 (80,000,000 votes)	25%	90,145,492	22.11%
Thomas Welch	247,850	(9) 3.11%	10,000 (10,000,000 votes)	12.5%	40,000 (80,000,000 votes)	25%	90,025,850	22.08%
Luisa Ingargiola	35,072	(5) *	-	-	-	-	35,072	*
Louis Lucido	1,292,390	(5) 16.70%	-	-	-	-	1,292,390	*
Joseph Galligan	1,153,005	(10) 14.90%	-	-	-	-	1,153,005	*
Total of Named Executive Officers and Directors	3,628,916	42.38%	40,000 (40,000,000 votes)	50%	160,000 (320,000,000 votes)	100%	362,803,859	88.98%

\* less than 1%

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- (1) Applicable percentage ownership is based on 7,737,418 shares of common stock outstanding as of March 21, 2023.
- (2) The figures in this column do not include options or warrants owned.
- (3) Applicable percentage of voting equity is based on 407,737,418 shares of voting equity outstanding as March 21, 2023.
- (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 or in a brokerage account.
- (6) This figure consists of: (i) 91,977 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; (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 and (v) 11,250 Stock Options to purchase 11,250 fully vested shares of our common stock at an exercise price of \$4.01 per share granted on February 11, 2022 and expiring February 10, 2027 (vi) 4,224 Stock Options to purchase 4,224 fully vested shares of our common stock at an exercise price of \$3.55 per share granted on March 31, 2022 and expiring March 30, 2027 (vii) 6,276 Stock Options to purchase 6,276 fully vested shares of our common stock at an exercise price of \$2.39 per share granted on June 30, 2022 and expiring June 30, 2027 (viii) 7,350 Stock Options to purchase 7,350 fully vested shares of our common stock at an exercise price of \$2.04 per share granted on September 30, 2022 and expiring September 30, 2027 (ix) 15,957 Stock Options to purchase 15,957 fully vested shares of our common stock at an exercise price of \$.94 per share granted on December 31, 2022 and expiring December 31, 2027.
- (7) This figure consists of: (i) 60,073 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) 145,492 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) 1,153,005 shares of common stock held of record; and (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, 2026.

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

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

**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**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	135,000	8.57	145,879
Equity compensation plans not approved by security holders	739,058	7.34	1,048,562
<b>Total</b>	<b>874,058</b>	<b>7.53</b>	<b>1,194,441</b>

**2022 Equity Incentive Plan**

On April 22, 2022, the Board of Directors approved and adopted the BioCorRx Inc. 2022 Omnibus Securities and Incentive Plan (the “2022 Plan”), which provides for the grant of distribution equivalent rights, incentive share options (“2022 Incentive Share Options”), non-qualified share options (“2022 Non-Qualified Share Options”), performance unit awards, restricted share awards, restricted share unit awards, share appreciation rights, tandem share appreciation rights, unrestricted share awards any combination of the foregoing to the Company’s employees, directors and consultants who are natural persons who provide services to the Company not related to capital raising or promoting or maintaining a market for the Company’s common stock.

The maximum number of the Company’s shares of common stock, par value \$0.001 per share, initially reserved and available for issuance under the 2022 Plan is 695,000 shares. The sum of the grant date fair value of equity-based awards and the amount of any cash-based compensation granted to a non-employee director during any calendar year shall not exceed \$300,000.

To the extent that the aggregate Fair Market Value (determined at the time the respective 2022 Incentive Share Option is granted) of common stock with respect to which 2022 Incentive Share Options are exercisable for the first time by an individual during any calendar year under all plans of the Company and any parent corporation or subsidiary corporation thereof which provide for the grant of Incentive Share Options exceeds \$100,000, the portion of such 2022 Incentive Share Options that exceeds such threshold shall be treated as Non-Qualified Share Options. 2022 Incentive Share Options shall be granted to employees only. No 2022 Incentive Share Option shall be granted to an employee if, at the time the 2022 Incentive Share Option is granted, such employee is a 10% shareholder, unless (i) at the time such 2022 Incentive Share Option is granted the option price is at least 110% of the Fair Market Value of the common stock subject to the 2022 Incentive Share Option, and (ii) such 2022 Incentive Share Option by its terms is not exercisable after the expiration of 5 years from the date of grant. No 2022 Incentive Share Option shall be granted more than 10 years from the date on which the 2022 Plan is approved by the Board.

**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.

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- (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, 2021, 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.

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. 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.

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”).

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, 2022. 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, 2022 and 2021, 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. On or about January 1, 2021, Mr. Joseph Galligan, a holder of between 5% and 10% of the Company’s shares of common stock and, as of February 16, 2021, a member of the Board, acquired from Alpine Creek the rights to the subscription and royalty agreement by and between the Company and Alpine Creek. As of December 31, 2022 and 2021, there are no payments due.

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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.

On April 1, 2019, the Company entered into a Subscription and Royalty Agreement (the “Galligan Subscription and Royalty Agreement” and, together with the Lucido Subscription and Royalty Agreement, the “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 and, as of February 16, 2021, a member of the Board. 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. As of December 31, 2022 and 2021, there are no payments due.

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.

The Company issued to Joseph Galligan one unsecured promissory notes of \$125,000 bearing interest at 8% per annum with both principal and initially interest due July 26, 2018. During 2019 and 2020 the note was extended three times, ultimately rendering the note due on demand. On September 21, 2022, the Company entered into the Joseph Exchange Agreement, pursuant to which Mr. Joseph Galligan agreed to exchange of the promissory note then outstanding of \$125,000, the accrued interest on the promissory note of \$46,548, and the unpaid service fees of \$175,090 into the Company’s 194,740 shares of common stock. The balance outstanding as of December 31, 2022 and 2021 was \$0 and \$125,000, respectively.

On September 9, 2021, the Company issued an unsecured promissory note payable to Kent Emry for \$500,000 with principal and interest due June 8, 2022, with a stated interest rate of 25% per annum. The balance outstanding as of December 31, 2022 and 2021 is \$500,000. If the Company fails to make any payment due under the terms of the promissory note, the Company shall issue a warrant to Kent Emry to which the number of common shares that Kent Emry has the right to purchase equals 119,617 common shares. The warrant shall have a term of three years with an exercise price of \$4.14 and shall be equitably adjusted to offset the effect of any stock splits and similar events. During year ended December 31, 2022, the Company issued the warrant that entitles Kent Emry to purchase 119,617 common shares due to the loan default. The fair value of the warrant on June 8, 2022 was \$214,975, which the Company recognized as interest expense - related party.

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On September 22, 2021, the Company and BioCorRx Pharmaceuticals, Inc. entered into a Inter-Company License Agreement whereby the Company granted to BioCorRx Pharmaceuticals an exclusive, perpetual and sub-licensable license to use all patented or unpatented inventions, discoveries and other intellectual property owned by the Company related to BICX101, BICX102, BICX104 and any other naltrexone pellets (implants) being developed or that will be developed for FDA approval and commercialization in support of products in the fields of substance use disorder, weight loss and other indications identified including but not limited to pain management, obsessive compulsive disorders, and other addictive behaviors.

The licensing fee is payable by BioCorRx Pharmaceuticals starting in the calendar year of the first commercial sale of licensed products and is the percentage of gross sales (less certain amounts) equal to the Company's ownership interest in BioCorRx Pharmaceuticals. In addition, the Company will invoice BioCorRx Pharmaceuticals for certain management, administrative and corporate services, and facilities and equipment that the Company will provide to BioCorRx Pharmaceuticals. Expenses will be allocated based on actual utilization or appropriate and reasonable methods for the relevant expense.

In January 2022, the Company entered into two Subscription Agreements. One was with Louis and Carolyn Lucido CRT LLC, managed by Mr. Louis Lucido, a member of the Company's Board of Directors, and the other one was with the J and R Galligan Revocable Trust, managed by Mr. Joseph Galligan, a member of the Company's Board of Directors. Mr. Lucido and Mr. Galligan purchased shares of common stock, in the aggregate amount of \$1,000,000 at a purchase price of \$4.35 per share, for a total of 229,886 shares of common stock.

On August 2, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido, a member of the Company's Board of Directors, for \$300,000 with principal and interest due August 2, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$76,890. On September 21, 2022, the Company entered into the Louis Exchange Agreement, pursuant to which Mr. Lucido agreed to exchange of the promissory note then outstanding of \$300,000, the accrued interest on the promissory note of \$2,055, and the unpaid service fees of \$215,000 into the Company's 290,480 shares of common stock.

On September 20, 2022, the Company received \$20,000 advances from Louis C Lucido, a member of the Company's Board of Directors. The balance outstanding as of December 31, 2022 was \$20,000.

On November 1, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido for \$300,000 with principal and interest due November 1, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$59,400.

On December 8, 2022, the Company received \$55,000 advances from Louis C Lucido, a member of the Company's Board of Directors. The balance outstanding as of December 31, 2022 was \$55,000.

### **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, 2022 and 2021, including review of our interim financial statements were: (i) \$92,400 paid to Friedman LLP and \$17,325 paid to Marcum LLP and: (i) \$118,650 paid to Friedman LLP respectively.

Audit Related Fees. We incurred fees to our independent registered public accounting firm of \$-0- and \$26,250 for audit related fees during the fiscal years ended December 31, 2022 and 2021, 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, 2022 and 2021.

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	
<a href="#">3.1</a>	<a href="#">Amended and Restated Articles of Incorporation, filed May 7, 2014.</a>	8-K	3.2	07/06/2016	
<a href="#">3.2</a>	<a href="#">Certificate of Amendment to the Articles of Incorporation, filed July 5, 2016.</a>	8-K	3.1	07/06/2016	
<a href="#">3.3</a>	<a href="#">Certificate of Amendment to Articles of Incorporation, dated May 10, 2018.</a>	8-K	3.1	05/16/2018	
<a href="#">3.4</a>	<a href="#">Certificate of Amendment to Articles of Incorporation, filed January 16, 2019.</a>	8-K	3.1	01/18/2019	
<a href="#">3.5</a>	<a href="#">Amended and Restated Bylaws, effective as of May 13, 2016.</a>	8-K	3.2	05/20/2016	
<a href="#">4.1</a>	<a href="#">Certificate of Designation, filed July 1, 2014, as corrected July 7, 2014.</a>	8-K	4.1	07/06/2016	
<a href="#">4.2</a>	<a href="#">Certificate of Designation, filed November 23, 2016.</a>	8-K	4.1	11/30/2016	
<a href="#">4.3</a>	<a href="#">Description of securities registered under Section 12 of the Exchange Act of 1934</a>				<input checked="" type="checkbox"/>
<a href="#">4.4</a>	<a href="#">Form of Warrant to purchase Common Stock, dated May 5, 2022</a>	8-K	4.1	05/12/2022	
<a href="#">1</a>	<a href="#">8% Senior Secured Convertible Promissory Note, dated June 10, 2016, issued by the Company to BICX Holding Company LLC.</a>	8-K	10.2	06/21/2016	
<a href="#">10.2</a>	<a href="#">Senior Secured Convertible Note Purchase Agreement by and among the Company and BICX Holding Company LLC, dated June 10, 2016.</a>	8-K	10.3	06/21/2016	
<a href="#">10.3</a>	<a href="#">Security Agreement by and among the Company and BICX Holding Company LLC, dated June 10, 2016.</a>	8-K	10.4	06/21/2016	
<a href="#">10.4</a>	<a href="#">Development, Commercialization and License Agreement, dated July 28, 2016.</a>	8-K	10.5	08/03/2016	
<a href="#">10.5</a>	<a href="#">First Amendment to Senior Secured Convertible Note Purchase Agreement by and between the Company and BICX Holding Company LLC, dated March 3, 2017.</a>	8-K	10.6	03/09/2017	
<a href="#">10.6</a>	<a href="#">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.</a>	8-K	10.1	07/06/2017	

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<a href="#">10.7</a>	<a href="#">Distributor Agreement with CereCare, LLC, dated December 8, 2017.</a>	8-K	10.1	12/14/2017	
<a href="#">10.8*</a>	<a href="#">Form of BioCorRx Inc. 2018 Equity Incentive Plan.</a>	8-K	10.1	05/21/2018	
<a href="#">10.9*</a>	<a href="#">Executive Management Bonus Plan effective June 13, 2018.</a>	8-K	10.1	06/15/2018	
<a href="#">10.10*</a>	<a href="#">Executive Service Agreement by and between the Company and Brady Granier, dated June 13, 2018.</a>	8-K	10.2	06/15/2018	
<a href="#">10.11*</a>	<a href="#">Executive Service Agreement by and between the Company and Lourdes Felix, dated June 13, 2018.</a>	8-K	10.3	06/15/2018	
<a href="#">10.12*</a>	<a href="#">Form of Director Agreement.</a>	8-K	10.1	02/22/2019	
<a href="#">10.13*</a>	<a href="#">Form of Director Agreement.</a>	8-K	10.1	03/07/2019	
<a href="#">10.14</a>	<a href="#">Royalty Agreement by and between BioCorRx Inc. and Alpine Creek Capital Partners LLC</a>	8-K	10.1	12/17/2015	
<a href="#">10.15</a>	<a href="#">Inter-Company License Agreement by and between BioCorRx Inc. and BioCorRx Pharmaceuticals, Inc., effective September 2, 2021</a>				<input checked="" type="checkbox"/>
<a href="#">10.16*</a>	<a href="#">BioCorRx Inc. 2022 Omnibus Securities and Incentive Plan</a>	8-K	10.1	04/28/2022	
<a href="#">10.17</a>	<a href="#">Form of Subscription Agreement by and between BioCorRx Inc. and the Purchaser initially effective May 6, 2022</a>	8-K	10.1	05/12/2022	
<a href="#">10.18*</a>	<a href="#">Form of Murthy Director Agreement</a>	8-K	10.1	01/23/2023	
<a href="#">10.19*</a>	<a href="#">Form of Indemnification Agreement</a>	8-K	10.2	01/23/2023	
<a href="#">21.1</a>	<a href="#">List of Subsidiaries.</a>	S-1	21.1	08/24/2018	
<a href="#">31.1</a>	<a href="#">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)).</a>				<input checked="" type="checkbox"/>
<a href="#">31.2</a>	<a href="#">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)).</a>				<input checked="" type="checkbox"/>
<a href="#">32.1+</a>	<a href="#">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.+</a>				<input checked="" type="checkbox"/>
<a href="#">32.2+</a>	<a href="#">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.+</a>				<input checked="" type="checkbox"/>
<a href="#">101.INS</a>	<a href="#">XBRL Instance Document</a>				<input checked="" type="checkbox"/>
<a href="#">101.SCH</a>	<a href="#">XBRL Taxonomy Extension Schema Document</a>				<input checked="" type="checkbox"/>
<a href="#">101.CAL</a>	<a href="#">XBRL Taxonomy Extension Calculation Linkbase Document</a>				<input checked="" type="checkbox"/>
<a href="#">101.DEF</a>	<a href="#">XBRL Taxonomy Extension Definition Linkbase Document</a>				<input checked="" type="checkbox"/>
<a href="#">101.LAB</a>	<a href="#">XBRL Taxonomy Extension Label Linkbase Document</a>				<input checked="" type="checkbox"/>
<a href="#">101.PRE</a>	<a href="#">XBRL Taxonomy Extension Presentation Linkbase Document</a>				<input checked="" type="checkbox"/>

\* 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.

**Item 16. - Form 10-K Summary.**

None

**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, 2023

By: /s/ Lourdes Felix  
Lourdes Felix  
Chief Executive 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/ Lourdes Felix</u> Lourdes Felix	Chief Executive Officer, Chief Financial Officer, and Director (Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)	March 31, 2023
<u>/s/ Brady Granier</u> Brady Granier	President and Director	March 31, 2023
<u>/s/ Kent Emry</u> Kent Emry	Director	March 31, 2023
<u>/s/ Luisa Ingargiola</u> Luis Ingargiola	Director	March 31, 2023
<u>/s/ Louis Lucido</u> Louis Lucido	Director	March 31, 2023
<u>/s/ Joseph J. Galligan</u> Joseph J. Galligan	Director	March 31, 2023
<u>/s/ Harsha Murthy</u> Harsha Murthy	Director	March 31, 2023

BIOCORRX, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
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<a href="#">Consolidated Statements of Operations for the Years Ended December 31, 2022 and 2021</a>	F-4
<a href="#">Consolidated Statements of Deficit for the Years Ended December 31, 2022 and 2021</a>	F-5
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2022 and 2021</a>	F-6
<a href="#">Notes to Consolidated Financial Statements</a>	F-7

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of

BioCorRx Inc.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheet of BioCorRx Inc. (the "Company") as of December 31, 2022 the related consolidated statements of income operations, statement of deficit and cash flows for the year ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

**Explanatory Paragraph – Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 3, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. 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 financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

**Critical Audit Matters**

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

/s/ Marcum LLP

We have served as the Company's auditor since 2019 (such date takes into account the acquisition of certain assets of Friedman LLP by Marcum LLP effective September 1, 2022)

Marlton, New Jersey  
March 31, 2023

**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 sheet of BioCorRx Inc. (the "Company") as of December 31, 2021, the related consolidated statements of operations, deficit and cash flows for the year ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

**Explanatory Paragraph – Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 3, 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 financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

/s/ Friedman LLP

We served as the Company's auditor from 2019 to 2022.

Marlton, New Jersey  
March 31, 2022

**BIOCORRX INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 and 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Current assets:		
Cash	\$ 68,615	\$ 85,838
Accounts receivable	35,378	1,500
Grant receivable	130,152	56,359
Prepaid expenses	82,765	84,629
Total current assets	316,910	228,326
Property and equipment, net	76,572	102,843
Right to use assets	270,406	384,921
Other assets:		
Patents, net	10,206	11,385
Software development costs	47,980	47,980
Deposits, long term	44,520	44,520
Total other assets	102,706	103,885
Total assets	\$ 766,594	\$ 819,975
<b>LIABILITIES AND DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued expenses, including related party payables of \$1,077,088 and \$1,014,892, respectively	\$ 3,907,954	\$ 3,188,560
Deferred revenue, short term	33,256	34,981
Lease liability, short term	134,343	119,733
Notes payable, net of debt discount of \$23,878 and \$0, respectively	297,602	221,480
Notes payable, related parties, net of debt discount of \$49,473 and \$0, respectively	990,637	790,110
Paycheck Protection Program loan, short term	-	31,580
Total current liabilities	5,363,792	4,386,444
Long term liabilities:		
Paycheck Protection Program loan, long term	-	99,860
Economic Injury Disaster loan, long term	73,850	74,300
Royalty obligation - net of discount of \$5,376,790 and \$5,854,226, related parties	3,345,310	2,867,874
Lease liability, long term	181,328	315,672
Deferred revenue, long term	4,045	37,301
Total liabilities	8,968,325	7,781,451
Commitments and contingencies (Note 19)		
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, 2022 and 2021	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, 2022 and 2021	5,616	5,616
Common stock, \$0.001 par value; 750,000,000 shares authorized, 7,718,636 and 6,698,968 shares issued and outstanding as of December 31, 2022 and 2021, respectively	7,719	6,699
Common stock subscribed	100,000	100,000
Additional paid in capital	66,130,296	62,994,739
Accumulated deficit	(74,336,105)	(69,966,692)
Total deficit attributable to BioCorRx, Inc.	(8,076,474)	(6,843,638)
Non-controlling interest	(125,257)	(117,838)
Total deficit	(8,201,731)	(6,961,476)
Total liabilities and deficit	\$ 766,594	\$ 819,975

See the accompanying notes to the consolidated financial statements

**BIOCORRX INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenues, net	\$ 213,841	\$ 48,272
Operating expenses:		
Cost of implants and other costs	15,279	5,881
Research and development	1,459,458	1,605,907
Selling, general and administrative	3,409,649	3,740,783
Impairment of intellectual property	-	141,480
Depreciation and amortization	27,450	64,328
Total operating expenses	4,911,836	5,558,379
Loss from operations	(4,697,995)	(5,510,107)
Other income (expenses):		
Interest expense – related parties	(935,806)	(546,260)
Interest expense, net	(150,969)	(19,424)
Loss on settlement of debt	(198,939)	-
Loss on contingency	(322,000)	-
Grant income	1,789,496	835,924
Other miscellaneous income	139,381	29,229
Total other income (expenses), net	321,163	299,469
Net loss before provision for income taxes	(4,376,832)	(5,210,638)
Income taxes	-	-
Net loss	(4,376,832)	(5,210,638)
Non-controlling interest	7,419	2,384
Dividend attributable to down round feature of warrants	-	(70,127)
Net loss attributable to BioCorRx Inc.	\$ (4,369,413)	\$ (5,278,381)
Net loss per common share, basic and diluted	\$ (0.61)	\$ (0.81)
Weighted average number of common shares outstanding, basic and diluted	7,198,312	6,491,067

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, 2020	80,000	\$ 16,000	160,000	\$ 5,616	5,463,444	\$ 5,463	\$ 100,000	\$ 60,466,333	\$ (64,688,311)	\$ (115,454)	\$ (4,210,353)
Common stock issued in connection with subscription agreement	-	-	-	-	1,125,000	1,125	-	2,248,875	-	-	2,250,000
Common stock issued in connection with exercise of warrants	-	-	-	-	47,086	47	-	(47)	-	-	-
Common stock issued for services rendered	-	-	-	-	63,438	64	-	200,736	-	-	200,800
Share-based compensation	-	-	-	-	-	-	-	8,715	-	-	8,715
Recognition of down round feature	-	-	-	-	-	-	-	70,127	(70,127)	-	-
Net loss	-	-	-	-	-	-	-	-	(5,208,254)	(2,384)	(5,210,638)
Balance, December 31, 2021	80,000	16,000	160,000	5,616	6,698,968	6,699	100,000	62,994,739	(69,966,692)	(117,838)	(6,961,476)
Common stock issued in connection with subscription agreement	-	-	-	-	340,505	341	-	1,249,659	-	-	1,250,000
Common stock issued for services rendered	-	-	-	-	111,443	111	-	243,319	-	-	243,430
Warrants issued in connection with loan default	-	-	-	-	-	-	-	86,821	-	-	86,821
Warrants issued in connection with loan default – related party	-	-	-	-	-	-	-	214,975	-	-	214,975
Common stock issued in connection with conversion of promissory notes and accounts payable	-	-	-	-	485,220	485	-	1,062,147	-	-	1,062,632
Common stock issued in connection with issuance of promissory notes	-	-	-	-	82,500	83	-	167,557	-	-	167,640
Share-based compensation	-	-	-	-	-	-	-	111,079	-	-	111,079
Net loss	-	-	-	-	-	-	-	-	(4,369,413)	(7,419)	(4,376,832)
Balance, December 31, 2022	<u>80,000</u>	<u>\$ 16,000</u>	<u>160,000</u>	<u>\$ 5,616</u>	<u>7,718,636</u>	<u>\$ 7,719</u>	<u>\$ 100,000</u>	<u>\$ 66,130,296</u>	<u>\$ (74,336,105)</u>	<u>\$ (125,257)</u>	<u>\$ (8,201,731)</u>

See the accompanying notes to the consolidated financial statements

**BIOCORRX INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (4,376,832)	\$ (5,210,638)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation and amortization	27,450	64,328
Amortization of discount on royalty obligation	477,436	477,436
Amortization of debt discount	17,399	-
Impairment of intellectual property	-	141,480
Amortization of right-of-use asset	114,515	104,615
Stock based compensation	354,509	209,515
Loss on contingency	322,000	-
Loss on settlement of debt	198,939	-
Gain on settlement of debt	(133,424)	(28,229)
Noncash interest for debt discount	378,686	-
Changes in operating assets and liabilities:		
Accounts receivable	(33,878)	(1,000)
Grant receivable	(73,793)	168,520
Prepaid expenses	1,864	72,864
Accounts payable and accrued expenses	838,071	698,631
Lease liability	(119,734)	(106,290)
Deferred revenue-grant	-	(65,560)
Deferred revenue	(34,981)	(63,330)
Net cash used in operating activities	<u>(2,041,773)</u>	<u>(3,537,658)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	-	(2,017)
Purchase of intellectual property	-	(47,980)
Net cash used in investing activities	<u>-</u>	<u>(49,997)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from common stock subscription and royalty agreement	1,250,000	2,250,000
Payment to Economic Injury Disaster loan	(450)	-
Proceeds from Paycheck Protection Program loan	-	131,440
Proceeds from notes payable	100,000	200,000
Proceeds from notes payable – related party	675,000	500,000
Net cash provided by financing activities	<u>2,024,550</u>	<u>3,081,440</u>
Net decrease in cash	(17,223)	(506,215)
Cash, beginning of the year	<u>85,838</u>	<u>592,053</u>
Cash, end of the year	<u>\$ 68,615</u>	<u>\$ 85,838</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Common stock issued in connection with issuance of promissory notes	<u>\$ 167,641</u>	<u>\$ -</u>
Common stock issued in connection with conversion of promissory notes and accounts payable	<u>\$ 1,062,632</u>	<u>\$ -</u>
Recognition of down round feature	<u>\$ -</u>	<u>\$ 70,127</u>
Common stock issued in connection with exercise of warrants	<u>\$ -</u>	<u>\$ 47</u>

See the accompanying notes to the consolidated financial statements

**BIOCORRX INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**NOTE 1 - BUSINESS**

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 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 with the goal of future regulatory approval with the Food and Drug Administration. On May 7, 2021, the U.S. Food and Drug Administration (FDA) cleared the Company's Investigational New Drug Application (IND) application for its implantable naltrexone (BICX104) candidate. 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, has consolidated the Medical Corporation as variable interest entity ("VIE"). The medical corporation: (i) had not yet generated any revenues and (ii) had no significant assets or liabilities since inception through December 31, 2022.

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. with the Company retaining 75.8%. In 2018, BioCorRx Pharmaceuticals, Inc. began operating activities (Note 18).

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The consolidated financial statements include the accounts of: (i) BioCorRx Inc. and its wholly owned subsidiary, Fresh Start Private, Inc., (ii) its majority owned subsidiary, BioCorRx Pharmaceuticals, Inc., and (iii) and the Medical Corporation ("VIE") (Collectively, "the Company") under which the Company provides management and other administrative services pursuant to the management services agreement in which the Company is the primary beneficiary. 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 11) 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 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.

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 project support income is generated from administrative support to Biotechnology research customers, which is recognized upon the transfer of promised services 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Sales/access fees	\$ 14,360	\$ 1,500
Project support income	150,578	-
Distribution rights income	37,293	35,481
Membership/program fees	11,610	11,291
Net sales	<u>\$ 213,841</u>	<u>\$ 48,272</u>

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*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 payments 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, 2021:	
Short term	\$ 34,981
Long term	37,301
Total as of December 31, 2021	<u>72,282</u>
Net sales recognized	<u>(34,981)</u>
Balance as of December 31, 2022	37,301
Less short term	33,256
Long term	\$ 4,045

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.

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, 2022 and 2021, respectively.

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 the 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 14 and 15 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 were recognized for years ended December 31, 2022 and 2021.

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. \$0 and \$141,480 impairment were recognized for year ended December 31, 2022 and 2021, respectively.

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Software Development Costs

The Company has adopted the provision of ASC 985-20-25, Costs of Software to Be Sold, Leased or Marketed, whereby costs incurred to establish the technological feasibility of a computer software product to be sold, leased or marketed are research and development costs. Research costs are expensed as incurred; costs of producing product masters incurred subsequent to establishing technological feasibility are capitalized; and costs incurred when the product is available for general release to the customers are expensed as incurred. Upgrades and enhancements are capitalized if they result in added functionality which enables the software to perform tasks it was previously incapable of performing.

On July 1, 2021, the Company began development of a proprietary cloud based app that will be marketed and commercialized, for \$7,980. The app was not placed in use as of December 31, 2022.

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 sheets.

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 over the respective lease term 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.

Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during each period. It excludes the dilutive effects of any potentially issuable common shares. 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, 2022 and 2021, respectively, because their inclusion would have been anti-dilutive.

	<u>2022</u>	<u>2021</u>
Shares underlying options outstanding	874,058	815,351
Shares underlying warrants outstanding	333,855	-
Convertible preferred stock outstanding	240,000	240,000
	<u>1,447,913</u>	<u>1,055,351</u>

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations \$25,965 and \$426,917 as advertising costs for the years ended December 31, 2022 and 2021, 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. On August 27, 2021, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$3,453,367 in funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. On March 31, 2022, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$99,431 in additional funding during the third 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. Grant receivables were \$122,652 and \$56,359 as of December 31, 2022 and 2021, respectively. Deferred revenues related to the grant were \$0 as of December 31, 2022 and 2021. \$1,789,496 and \$835,924 were recorded as grant income for the years ended December 31, 2022 and 2021, respectively. The F&A indirect costs were \$253,208 and \$272,681 as of December 31, 2022 and 2021, respectively. The grant provides for \$516,218 in funding for F&A indirect costs. The remaining facilities and administrative indirect cost over allocation is \$9,671 as of December 31, 2022. The Company will credit the F&A indirect cost rate.

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 \$1,459,458 and \$1,605,907 for the years ended December 31, 2022 and 2021, 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.

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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, 2022 and 2021, the Company has not recorded any unrecognized tax benefits.

### Variable Interest Entity

The Company evaluates all interests in the VIE for consolidation. When the Company's interests are determined to be variable interests, an assessment is made on whether the Company is deemed to be the primary beneficiary of the VIE. The primary beneficiary of a VIE is required to consolidate the VIE. Accounting Standards Codification ("ASC") 810, Consolidation, defines the primary beneficiary as the party that has both (i) the power to direct the activities of the VIE that most significantly impact its economic performance, and (ii) the obligation to absorb losses and the right to receive benefits from the VIE which could be potentially significant. Variable interests are considered in making this determination. Where both of these factors are present, the Company is deemed to be the primary beneficiary and the Company consolidates the VIE.

### Non-Controlling Interest

A non-controlling interest should be allocated its share of net income or loss, and its respective share of each component of other comprehensive income, in accordance with ASC 810-10-45-20. Due to a management fee equal to 65% of the Medical Corporation's gross collected monthly revenue, 65% of the Medical Corporation's earnings was allocated to the Company, and 35% to the non-controlling interest. Due to the Company's retaining 75.8% ownership of BioCorRx Pharmaceuticals, Inc., 75.8% of BioCorRx Pharmaceuticals, Inc.'s earnings was allocated to the Company, and 24.2% to the non-controlling interest.

### 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 straight line 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

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40) ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2022 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company adopted ASU 2020-06 on January 1, 2022. The adoption of ASU 2020-06 did not have an impact on the Company's financial statements. Management does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the impairment model by requiring entities to use a forward-looking approach on expected losses to estimate credit losses on certain financial instruments, including trade receivables and available-for-sale debt securities. The new guidance was originally due to become effective for the Company beginning in the first quarter of 2020, however the FASB in November 2019 issued ASU 2019-10 which moved the effective date for smaller reporting companies to the first quarter of 2023. The Company is currently evaluating the potential impact that this standard may have on its consolidated financial statements.

There are other 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, 2022, the Company had cash of \$68,615 and working capital deficit of \$5,046,882. During the year ended December 31, 2022, the Company used net cash in operating activities of \$2,041,773. 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.

During the year ended December 31, 2022, the Company entered into three subscription agreements pursuant to which the Company issued an aggregate of 340,505 shares of common stock for gross proceeds of \$1,250,000.

During the year ended December 31, 2022, the Company issued two notes payables to Louis C Lucido, a member of the Company's Board of Directors, for an aggregate principal of \$600,000 with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 66,000 shares of common stock and valued at \$136,290. On September 21, 2022, the Company entered into an Exchange Agreement (the "Louis Exchange Agreement") with Mr. Lucido, pursuant to which Mr. Lucido agreed to exchange of one promissory note then outstanding of \$300,000, the accrued interest on the promissory note of \$2,055, and the unpaid service fees of \$215,000 into the Company's 290,480 shares of common stock.

During the year ended December 31, 2022, the Company received an aggregate of \$75,000 advances from Mr. Lucido. The balance outstanding as of December 31, 2022 was \$75,000.

The Company has applied for forgiveness of all of the loan granted under the PPP and forgiveness of the PPP has been granted effective August 22, 2022.

On September 21, 2022, the Company entered into an Exchange Agreement (the "Joseph Exchange Agreement") with Joseph J Galligan, a member of the Company's Board, pursuant to which Mr. Joseph Galligan agreed to exchange of the promissory note then outstanding of \$125,000, the accrued interest on the promissory note of \$46,548, and the unpaid service fees of \$175,090 into the Company's 194,740 shares of common stock.

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On October 6, 2022, the Company issued an unsecured promissory note payable to a third party for \$100,000 with principal and interest due October 6, 2023, with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,125. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 25%. As additional consideration for the loan the Company issued 16,500 shares of common stock and valued at \$31,350.

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, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Prepaid insurance	\$ 4,284	\$ 3,680
Prepaid subscription services	49,901	79,455
Prepaid research and development	7,480	-
Other prepaid expenses	21,100	1,494
	<u>\$ 82,765</u>	<u>\$ 84,629</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

The Company’s property and equipment consisted of the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Office equipment	\$ 45,519	\$ 45,519
Computer equipment	5,544	5,544
Manufacturing equipment	101,200	101,200
Leasehold improvement	42,288	42,288
	<u>194,551</u>	<u>194,551</u>
Less accumulated depreciation	(117,979)	(91,708)
	<u>\$ 76,572</u>	<u>\$ 102,843</u>

Depreciation expense charged to operations amounted to \$26,271 and \$27,778, respectively, for the years ended December 31, 2022 and 2021.

**NOTE 6 – LEASES**

*Operating leases*

Prior to 2020, the Company entered into several lease amendments with landlord whereby the Company agreed to lease office space in Anaheim, California. The current term expires on January 31, 2025. The current lease has escalating payments from \$9,905 per month to \$11,018 per month. The Company recorded an aggregate value of right to use assets and lease liability of \$500,333.

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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.

Lease liability is summarized below:

	December 31, 2022	December 31, 2021
Total lease liability	\$ 315,671	\$ 435,405
Less: short term portion	134,343	119,733
Long term portion	<u>\$ 181,328</u>	<u>\$ 315,672</u>

Maturity analysis under these lease agreements are as follows:

2023	\$ 154,771
2024	159,420
2025	31,690
Less: Present value discount	(30,210)
Lease liability	<u>\$ 315,671</u>

Lease expense for the years ended December 31, 2022 and 2021 was comprised of the following:

	2022	2021
Operating lease expense	\$ 144,978	\$ 144,057
	<u>\$ 144,978</u>	<u>\$ 144,057</u>

During the years ended December 31, 2022 and 2021, the Company paid \$150,196 and \$143,447 lease expense in cash, respectively.

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

	2022	2021
Weighted-average remaining lease term	2.1	3.1

**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. Amortization is computed on straight-line method based on estimated useful lives of 5 years. During the years ended December 31, 2022 and 2021, the Company recorded amortization expense of the intellectual property of \$0 and \$35,370, respectively. The Company tested the intellectual property during 2021 and determined that, based on its qualitative assessment, that it is more likely than not that the fair value of the intellectual property is less than the carrying value, and thus recorded \$141,480 impairment loss, which brings the carrying value of the intellectual property to \$0.

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, 2022 and 2021, the Company recorded amortization expense of \$1,179 and \$1,180, respectively. As of December 31, 2022, the accumulated amortization of these patents was \$4,994.

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The future amortization of the patents are as follows:

Year	Amount
2023	1,169
2024	1,169
2025	1,169
2026	1,169
2027 and after	5,530
	<u>\$ 10,206</u>

**NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Accounts payable	\$ 2,013,250	\$ 1,776,905
Interest payable on notes payable	1,206,753	1,153,773
Interest payable on notes payable, related parties	332,567	224,592
Deferred insurance	-	2,561
Accrual of loss on contingency	322,000	-
Interest payable on EIDL loan	5,860	4,076
Interest payable on PPP loan	-	983
Accrued expenses	27,524	25,670
	<u>\$ 3,907,954</u>	<u>\$ 3,188,560</u>

**NOTE 9 – NOTES PAYABLE**

As of December 31, 2022 and 2021, 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, 2022 and 2021 is \$21,480.

On September 9, 2021, the Company issued an unsecured promissory note payable to one third party for \$200,000 with principal and interest due June 8, 2022, with a stated interest rate of 25% per annum. The balance outstanding as of December 31, 2022 and 2021 is \$200,000. The interest expense during the years ended December 31, 2022 and 2021 were \$50,000 and \$15,616, respectively. If the Company fails to make any payment due under the terms of the promissory note, the Company shall issue a warrant to the third party to which the number of common shares that the third party has the right to purchase equals 48,309 common shares. The warrant shall have a term of 3 years with an exercise price of \$4.14 and shall be equitably adjusted to offset the effect of any stock splits and similar events. During the year ended December 31, 2022, the Company issued the warrant that entitles the third party to purchase 48,309 common shares due to the loan default. The fair value of the warrant on June 8, 2022 was \$86,821, which the Company recognized as interest expense.

On October 6, 2022, the Company issued an unsecured promissory note payable to a third party for \$100,000 with principal and interest due October 6, 2023, with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,125. The balance outstanding as of December 31, 2022 was \$100,000. The interest expense during the year ended December 31, 2022 was \$2,979. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 25%. As additional consideration for the loan the Company issued 16,500 shares of common stock and valued at \$31,350, which was recognized as debt discount. During the year ended December 31, 2022, the Company amortized \$,472 of debt discount as interest expense.

The outstanding notes payables as of December 31, 2022 and 2021 were summarized as below:

	2022	2021
Advances from a third party	\$ 21,480	\$ 21,480
Promissory note payable dated September 9, 2021	200,000	200,000
Promissory note payable dated October 6, 2022, net of debt discount of \$23,878 and \$0, respectively	76,122	-
	<u>\$ 297,602</u>	<u>\$ 221,480</u>

#### NOTE 10 - NOTES PAYABLE-RELATED PARTIES

As of December 31, 2022 and 2021, the Company had advances from Kent Emry (Chairman of the Company). The balance outstanding as of December 31, 2022 and 2021 was \$1,500.

The Company issued to Joe Galligan (a holder of between 10% and 15% of the Company's shares of common stock who became a member of the Board on February 16, 2021) one unsecured promissory notes of \$125,000 bearing interest at 8% per annum with both principal and initially interest due July 26, 2018. During 2019 and 2020 the note was extended three times, ultimately rendering the note due on demand. On September 21, 2022, the Company entered into the Joseph Exchange Agreement, pursuant to which Mr. Joseph Galligan agreed to exchange of the promissory note then outstanding of \$125,000, the accrued interest on the promissory note of \$46,548, and the unpaid service fees of \$175,090 into the Company's 194,740 shares of common stock. The balance outstanding as of December 31, 2022 and 2021 was \$0 and \$125,000, respectively.

On January 22, 2013, the Company issued an unsecured promissory note payable to Kent Emry (Chairman of the Board) for \$00,000 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 balance outstanding as of December 31, 2022 and 2021 was \$163,610.

On September 9, 2021, the Company issued an unsecured promissory note payable to Kent Emry for \$00,000 with principal and interest due June 8, 2022, with a stated interest rate of 25% per annum. The balance outstanding as of December 31, 2022 and 2021 is \$500,000. The interest expense during the years ended December 31, 2022 and 2021 were \$125,000 and \$39,041, respectively. If the Company fails to make any payment due under the terms of the promissory note, the Company shall issue a warrant to Kent Emry to which the number of common shares that Kent Emry has the right to purchase equals 119,617 common shares. The warrant shall have a term of three years with an exercise price of \$4.14 and shall be equitably adjusted to offset the effect of any stock splits and similar events. During the year ended December 31, 2022, the Company issued the warrant that entitles Kent Emry to purchase 119,617 common shares due to the loan default. The fair value of the warrant on June 8, 2022 was \$14,975, which the Company recognized as interest expense - related party.

On August 2, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido, a member of the Company's Board of Directors, for \$300,000 with principal and interest due August 2, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$76,890. On September 21, 2022, the Company entered into the Louis Exchange Agreement, pursuant to which Mr. Lucido agreed to exchange of the promissory note then outstanding of \$300,000, the accrued interest on the promissory note of \$2,055, and the unpaid service fees of \$215,000 into the Company's 290,480 shares of common stock.

On September 20, 2022, the Company received \$20,000 advances from Louis C Lucido, a member of the Company's Board of Directors. The balance outstanding as of December 31, 2022 was \$20,000.

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On November 1, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido for \$00,000 with principal and interest due November 1, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. The balance outstanding as of December 31, 2022 was \$300,000. The interest expense during the year ended December 31, 2022 was \$,507. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$59,400, which was recognized as debt discount. During the year ended December 31, 2022, the Company amortized \$,927 of debt discount as interest expense.

On December 8, 2022, the Company received \$55,000 advances from Louis C Lucido, a member of the Company's Board of Directors. The balance outstanding as of December 31, 2022 was \$55,000.

The interest expense – related parties during the years ended December 31, 2022 and 2021 were \$35,806 and \$546,260, respectively, which includes the amortization of royalty obligations as interest expense of \$477,436 and \$477,436, respectively (see Note 13). As of December 31, 2022 and 2021, the accumulated interest on related parties notes payable was \$332,567 and \$224,592, respectively, and was included in accounts payable and accrued expenses on the balance sheet.

The outstanding notes payables to related parties as of December 31, 2022 and 2021 were summarized as below:

	<u>2022</u>	<u>2021</u>
Advances from Kent Emry	\$ 1,500	\$ 1,500
Advances from Louis C Lucido	75,000	-
Promissory note payable to Joe Galligan	-	125,000
Promissory notes payables to Kent Emry	663,610	663,610
Promissory note payable to Louis C Lucido, net of debt discount of \$49,473 and \$0, respectively	250,527	-
	<u>\$ 990,637</u>	<u>\$ 790,110</u>

**NOTE 11 - PAYCHECK PROTECTION PROGRAM LOAN**

On May 14, 2020, the Company executed a promissory note evidencing an unsecured loan in the amount of \$8,000 under the PPP, which was established under the CARES Act and is administered by the U.S. Small Business Administration ("SBA"). The Loan has been made through Citizens Business Bank ("Lender").

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. The Company has applied for forgiveness of all of loan granted under the PPP and forgiveness of PPP loan been granted effective March 17, 2021. The Company recognized a gain from the forgiveness of the PPP loan that is included in other miscellaneous income on the statement of operations.

On April 9, 2021 the Company received \$131,440 from Citizens Business Bank as the second tranche loan under the PPP Loan. The maximum term of the PPP Loan is five - years and bears interest at a rate of 1.00% per annum. Monthly principal and interest payments are deferred for sixteen months. 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. The Company has applied for forgiveness of all of the loan granted under the PPP and forgiveness of the PPP has been granted effective August 22, 2022. The Company recognized a gain from the forgiveness of the PPP loan that is included in other miscellaneous income on the statement of operations.

The interest expense during the years ended December 31, 2022 and 2021 were \$,000 and \$1,034, respectively. As of December 31, 2022 and 2021, the accumulated interest on PPP Loan was \$0 and \$983, respectively

**NOTE 12 - 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 Economic Injury Disaster Loan ("EIDL") 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 Thirty (30) months from the date of the promissory Note, (iii) the balance of principal and interest will be payable over 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 prior period.

The interest expense during the years ended December 31, 2022 and 2021 was \$2,786 and \$2,786, respectively. As of December 31, 2022 and 2021, the accumulated interest on EIDL Loan was \$5,860 and \$4,076, respectively.

During the year ended December 31, 2022, the Company made principal payment of \$450 and interest payment of \$1,003.

The future principal payments are as follows:

Year	Amount
2023	-
2024	-
2025	-
2026	16
2027	1,598
2028 and after	72,236
	<u>\$ 73,850</u>

**NOTE 13 - ROYALTY OBLIGATIONS, NET**

In March 2019, the Company entered into two Subscription and Royalty Agreements (the "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 and the other one was with the J and R Galligan Revocable Trust, managed by Mr. Galligan, a holder of between 10% and 15% of the Company's shares of common stock and a member of the Company's Board of Directors. 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 (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 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 (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").

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 straight line 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 years ended December 31, 2022 and 2021, the Company amortized \$477,436 and \$477,436, respectively, as interest expense.

**NOTE 14 - STOCKHOLDERS' EQUITY /(DEFICIT)**

Convertible Preferred stock

The Company is authorized to issue 600,000 shares of preferred stock with no par value. As of December 31, 2022 and 2021, 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, 2022 and 2021 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, 2022 and 2021 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, 2021*

During the year ended December 31, 2021, the Company issued an aggregate of 63,438 shares of its common stock for services rendered valued at \$200,800 based on the underlying market value of the common stock at the date of issuance, among which 31,392 shares valued at \$102,500 were issued to the board of directors for board compensation.

During the year ended December 31, 2021, the Company issued an aggregate of 1,125,000 shares of its common stock pursuant to the subscription agreements described in Note 16. The common shares were recorded at a price of \$2.00 per shares for gross proceeds to the Company of \$2,250,000.

During the year ended December 31, 2021, the Company issued an aggregate of 47,086 shares of its common stock in connection with cashless exercise of warrants.

*Year ended December 31, 2022*

During the year ended December 31, 2022, the Company issued an aggregate of 11,443 shares of its common stock for services rendered valued at \$43,430 based on the underlying market value of the common stock at the date of issuance, among which 56,345 shares valued at \$100,000 were issued to the board of directors for board compensation.

During the year ended December 31, 2022, the Company issued an aggregate of 229,886 shares of its common stock pursuant to the Lucido 2022 Subscription Agreement and the Galligan 2022 Subscription Agreement. The common shares were recorded at a price of \$4.35 per shares for gross proceeds to the Company of \$1,000,000.

During the year ended December 31, 2022, the Company issued an aggregate of 10,619 shares of its common stock pursuant to the DeCsepel 2022 Subscription Agreement. The common shares were recorded at a price of 2.26 per shares for gross proceeds to the Company of \$250,000.

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During the year ended December 31, 2022, the Company issued an aggregate of 485,220 shares of its common stock in connection with conversion of promissory notes and accounts payable (see Note 10). The 485,220 shares of common stock were valued at an aggregate value of \$1,062,632, resulting in \$198,939 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt.

During the year ended December 31, 2022, the Company issued 82,500 shares as additional consideration for the issuance of a promissory note (see Note 10). The 82,500 shares of common stock were valued at an aggregate value of \$167,641.

As of December 31, 2022 and 2021, the Company had 7,718,636 shares and 6,698,968 shares of common stock issued and outstanding, respectively.

**NOTE 15 - 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, 2022, 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, 2022, 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 380,008 stock options. As of December 31, 2022, an aggregate total of 69,992 options can still be granted under the plan.

On April 22, 2022, the Board of Directors approved and adopted the BioCorRx Inc. 2022 Equity Incentive Plan (2022 Stock Option Plan) under which an aggregate of 695,000 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 42,330 stock options. As of December 31, 2022, an aggregate total of 652,670 options can still be granted under the plan.

During the year ended December 31, 2022, the Company approved the grant of 14,000 stock options to three consultants valued at \$31,374. The term of the options was three years, and the vesting period of is among one to two years.

During the year ended December 31, 2022, the Company approved the grant of 45,057 stock options to one director valued at \$92,973. The term of the options was five years, and the options vested immediately.

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.

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In applying the Black-Scholes option pricing model, the Company used the following assumptions in 2022:

Risk-free interest rate	0.91%-4.06%
Expected term (years)	3.00 – 5.00
Expected volatility	129.95%-148.85%
Expected dividends	0.00

The following table summarizes the stock option activity for the years ended December 31, 2022 and 2021:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2021	828,631	\$ 7.84	5.8	\$ -
Expired	(13,280)	7.15	-	-
Outstanding at December 31, 2021	815,351	\$ 7.85	4.9	\$ 795,115
Expired	(350)	1.60	-	-
Grants	59,057	3.07	4.1	-
Outstanding at December 31, 2022	874,058	7.53	3.9	559
Exercisable at December 31, 2022	866,766	\$ 7.55	3.9	\$ 559

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 \$0.975 as of December 31, 2022, 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, 2022:

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	367,083	3.6	367,083	3.6
2.51-5.00	62,808	2.6	62,808	2.6
5.01 and up	444,167	4.4	436,875	4.4
	874,058	3.9	866,766	3.9

The stock-based compensation expense related to option grants were \$111,079 and \$8,715 during the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022, stock-based compensation related to options of \$ 3,269 remains unamortized and is expected to be amortized over the weighted average remaining period of 17 months.

Warrants

On May 5, 2022, the Company entered into a Subscription Agreement (the "DeCsepel 2022 Subscription Agreement") with David DeCsepel, a consultant of the Company. Pursuant to the DeCsepel 2022 Subscription Agreement, Mr. DeCsepel purchased shares of the Company's common stock, par value 0.001 per share, in the aggregate amount of \$250,000 at a purchase price of \$2.26 per share, for a total of 110,619 shares of common stock. The aggregate purchase price owed pursuant to the DeCsepel 2022 Subscription Agreement was paid in cash to the Company on May 6, 2022. Simultaneously, the Company issued a warrant that entitles David DeCsepel to purchase 165,929 common stock at an exercise price of \$6.00, expiring 3 years from the date of issuance in connection with the sale of common stock.

During the year ended December 31, 2022, the Company issued a warrant that entitles a third party to purchase 48,309 common shares due to the loan default (see Note 9). The fair value of the warrant on June 8, 2022 was \$86,821, which the Company recognized as interest expense.

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During the year ended December 31, 2022, the Company issued a warrant that entitles Kent Emry (Chairman of the Company) to purchase 19,617 common shares due to the loan default (see Note 10). The fair value of the warrant on June 8, 2022 was \$214,975, which the Company recognized as interest expense - related party.

The fair value of warrants issued due to loan default 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 warrants based on the contractual life of warrants. 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 warrants.

In applying the Black-Scholes option pricing model, the Company used the following assumptions in 2022:

Risk-free interest rate	2.94%
Expected term (years)	3.00
Expected volatility	139.37%
Expected dividends	0.00

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 Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (Years)
\$ 5.06	333,855	2.4	\$ 5.06	333,855	2.4
	333,855	2.4	\$ 5.06	333,855	2.4

The following table summarizes the warrant activity for the years ended December 31, 2022 and 2021:

	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding at January 1, 2021	72,500	\$ 89.00
Issued	-	-
Exercised (1)	10,000	20.00
Expired	(62,500)	100.00
Outstanding at December 31, 2021	-	\$ -
Issued	333,855	5.06
Outstanding at December 31, 2022	333,855	\$ 5.06

(1) Due to the "down-round protection", the warrant exercise price and number of warrants when exercised were adjusted to \$2.00 and 100,000, respectively.

**NOTE 16 - RELATED PARTY TRANSACTIONS**

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 were no operations prior to that.

On September 22, 2021, BioCorRx Inc. and BioCorRx Pharmaceuticals, Inc. entered into a Inter-Company License Agreement whereby the Company granted to BioCorRx Pharmaceuticals an exclusive, perpetual and sub-licensable license to use all patented or unpatented inventions, discoveries and other intellectual property owned by the Company related to BICX101, BICX102, BICX104 and any other naltrexone pellets (implants) being developed or that will be developed for FDA approval and commercialization in support of products in the fields of substance use disorder, weight loss and other indications identified including but not limited to pain management, obsessive compulsive disorders, and other addictive behaviors.

The licensing fee is payable by BioCorRx Pharmaceuticals starting in the calendar year of the first commercial sale of licensed products and is the percentage of gross sales (less certain amounts) equal to the Company's ownership interest in BioCorRx Pharmaceuticals. In addition, the Company will invoice BioCorRx Pharmaceuticals for certain management, administrative and corporate services, and facilities and equipment that the Company will provide to BioCorRx Pharmaceuticals. Expenses will be allocated based on actual utilization or appropriate and reasonable methods for the relevant expense.

On December 10, 2015, the Company entered into a royalty agreement with Alpine Creek Capital Partners LLC ("Alpine Creek"). The Company is in the business of selling a distinct implementation of the BioCorRx Recovery Program, a two-tiered comprehensive MAT program, which includes a counseling program, coupled with its proprietary Naltrexone Implant (the "Treatment"). On or about January 1, 2021, Mr. Galligan, acquired from Alpine Creek the rights to the subscription and royalty agreement by and between the Company and Alpine Creek.

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 holder of between 10% and 15% of the Company's shares of common stock and a member of the Company's Board of Directors and the other one was with the J and R Galligan Revocable Trust, managed by Mr. Galligan, a member of the Company's Board of Directors. The Company received an aggregate gross proceeds of \$6,000,000 in April 2019 and \$210 royalty was due as of December 31, 2022 and 2021, under these two Subscription and Royalty Agreements.

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. 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. Galligan, a holder of between 10% and 15% of the Company's shares of common stock and a member of the Company's Board of Directors. 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.

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On January 3, 2022, the Company entered into a Subscription Agreement (the “Lucido 2022 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. Lucido, a member of the Company’s Board of Directors. Pursuant to the Lucido 2022 Subscription Agreement, Mr. Lucido purchased shares of the Company’s common stock, par value \$ 0.001 per share, in the aggregate amount of \$500,000 at a purchase price of \$4.35 per share, for a total of 114,943 shares of Common Stock. The aggregate Purchase Price owed pursuant to the Lucido 2022 Subscription Agreement was paid in cash to the Company on January 12, 2022.

On January 3, 2022, the Company entered into a Subscription Agreement (the “Galligan 2022 Subscription Agreement”) with The J and R Galligan Revocable Trust, managed by Mr. Galligan, a holder of between 10% and 15% of the Company’s shares of common stock and a member of the Company’s Board of Directors. The terms and conditions of the Galligan 2022 Subscription Agreement (including the number of shares of common stock purchased and the purchase price) are substantially the same as the Lucido 2022 Subscription Agreement. The aggregate Purchase Price owed pursuant to the Galligan 2022 Subscription Agreement was paid in cash to the Company on January 19, 2022.

As of December 31, 2022 and 2021, the Company’s related party payable was \$1,077,088 and \$1,014,892 , which comprised of compensation payable and interest payable to directors.

During the years ended December 31, 2022 and 2021, the Company issued 56,345 and 31,392, respectively, shares of common stock valued at \$100,000 and \$102,500, respectively, to directors.

During the year ended December 31, 2022, the Company approved the grant of 45,057 stock options to one director, for a director’s compensation, valued at \$92,973. The term of the options was five years, and the options vested immediately.

**NOTE 17 - 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, 2022 included 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, 2021 included 72% from one customer of the Company’s total revenues.

At December 31, 2022, two customers accounted for 100% of the Company’s total accounts receivable with an aggregate amount of \$35,378. At December 31, 2021, one customer accounted for 100% of the Company’s total accounts receivable with an amount of \$1,500.

**NOTE 18 - NON-CONTROLLING INTEREST**

On July 28, 2016, the Company formed BioCorRx Pharmaceuticals, Inc., a Nevada Corporation, for the purpose of developing certain business lines. In connection with the formation, the newly formed sub issued 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. In 2018, BioCorRx Pharmaceuticals, Inc. began operations.

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, has consolidated the Medical Corporation as variable interest entity (“VIE”). The medical corporation: (i) had not yet generated any revenues and (ii) had no significant assets or liabilities since inception through December 31, 2022.

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

Net loss attributable to the non-controlling interest for the year ended December 31, 2022:

	<b>BioCorRx Pharmaceuticals, Inc.</b>	<b>Joseph DeSanto MD</b>
Net loss	\$ (18,782)	\$ (8,211)
Average Non-controlling interest percentage of profit/losses	24.2%	35.0%
Net loss attributable to the non-controlling interest	<u>\$ (4,545)</u>	<u>\$ (2,874)</u>

Net loss attributable to the non-controlling interest for the year ended December 31, 2021:

	<b>BioCorRx Pharmaceuticals, Inc.</b>
Net loss	\$ (9,853)
Average Non-controlling interest percentage of profit/losses	24.2%
Net loss attributable to the non-controlling interest	<u>\$ (2,384)</u>

The following table summarizes the changes in non-controlling interest for the year ended December 31, 2022:

Balance, December 31, 2021	\$ (117,838)
Net loss attributable to the non-controlling interest	(7,419)
Balance, December 31, 2022	<u>(125,257)</u>

The following table summarizes the changes in non-controlling interest for the year ended December 31, 2021:

Balance, December 31, 2020	\$ (115,454)
Net loss attributable to the non-controlling interest	(2,384)
Balance, December 31, 2021	<u>(117,838)</u>

**NOTE 19 - COMMITMENTS AND CONTINGENCIES**

Lucido Subscription and Royalty Agreement

On March 28, 2019, the Company entered into a Subscription and Royalty Agreement (the "Lucido Subscription and Royalty Agreement") with Louis and Carolyn Lucido CRT LLC, managed by Mr. Lucido, a holder of between 10% and 15% of the Company's shares of common stock and a member of the Company's Board of Directors.

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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 (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 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 (1 st) day that the first unit of the treatment is sold (the "Initial Sales Date") and ending on the third (3 rd) 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 (3 rd) anniversary of the Initial Sales Date and ending on the fifteenth (15 th) anniversary of the Initial Sales Date (the "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 (the "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. The Company received consent of Mr. Lucido to use more than 35% of the aggregate Purchase Price for general working capital and administration, and for further product development.

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 (the "Galligan Subscription and Royalty Agreement" and, together with the Lucido Subscription and Royalty Agreement, the "Agreements") with the J and R Galligan Revocable Trust, managed by Mr. Galligan, a holder of between 10% and 15% of the Company's shares of common stock and a member of the Company's Board of Directors. 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.

### *Royalty agreement*

#### Alpine Creek Capital Partners LLC

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

In 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, 2022. 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, 2022 and 2021, 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. 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. As of December 31, 2022 and 2021, there are no payments due.

BICX Holding Company LLC

Effective September 30, 2019, the Company entered into a Conversion Agreement (the “Conversion Agreement”) with BICX Holding Company LLC (“BICX”), an entity controlled by Alpine Creek, pursuant to which the parties agreed to the conversion (the “Conversion”) of the Senior Secured Convertible Promissory Note in the principal amount of \$4,160,000 (the “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 (the “Conversion Shares”).

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 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.

Charles River Laboratories, Inc.

On May 24, 2019, the Company entered into a Master Services Agreement (the “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 \$28,936.

Orange County Research Center

On January 11, 2022, the Company entered into a Master Clinical Trial Agreement (the “MCTA”) with Memorial Research Medical Clinic dba Orange County Research Center (the “OCRC”). Researchers at the OCRC will perform Phase 1 clinical trial with BICX104. The total consideration the Company will pay MCTA for the Phase 1 clinical trial is \$657,640.

Pursuant to a Task Order entered into in February 2022 the first payment owed to the OCRC equaling approximately \$45,000 will be invoiced monthly as services are rendered. As of December 31, 2022, \$70,138 were due to OCRC.

The MCTA will terminate upon either party giving 30 days’ written notice (provided, in the case of the OCRC, it has performed all Task Orders or they have been terminated by the Company for good cause). The Company can suspend a clinical trial for any reason and the OCRC can suspend a clinical trial if it deems, using good medical judgment, it is appropriate to do so.

The total consideration paid to OCRC as of December 31, 2022 is \$93,776.

Agreements

As of May 14, 2021, 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 and has earned 1% of the Company’s majority owned subsidiary, BioCorRx Pharmaceuticals as of May 7, 2021 based on FDA clearance of Company’s IND application; consulting agreement terminated in April 2021 (ii) one consultant shall receive common stock equivalent to \$1,375 on the last day of each month; (iii) two consultants shall receive common stock equivalent to \$3,750 on the last day of each month; and (iv) one consultant shall receive a remuneration amount of \$3,500 per month.

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As of December 31, 2022, the Company has entered into one 6-month consulting agreement for services. The consultant shall receive a remuneration amount of \$6,000 due for the fourth, fifth and sixth month of the consulting agreement.

As of December 31, 2022, the Company has entered into six 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. During the year ended December 31, 2022, the Company approved the grant of 4,000 stock options to one consultant valued at \$12,428. The term of the options was three years, and the vesting period of is among one year. There was no meeting held during the year ended December 31, 2022.

During the year ended December 31, 2022, the Company approved the grant of 10,000 stock options to two sales representatives for consulting services valued at \$8,946. The term of the options was three years, and the vesting period of is over two years. Consultants shall also be entitled to receive a performance-based bonus, contingent on achieving certain gross revenue milestones: (i) Company shall grant 10,000 incentive Stock Options upon achievement of U.S. \$500,000 collected gross revenues, (ii) Company shall grant 20,000 incentive Stock Options to the Agent under its Stock Option Plan upon achievement of U.S. \$1,000,000 collected gross revenues, (iii) Company shall grant 30,000 incentive Stock Options to the Agent under its Stock Option Plan upon achievement of U.S. \$1,500,000 collected gross revenues, (iv) Company shall grant 40,000 incentive Stock Options to the Agent under its Stock Option Plan upon achievement of U.S. \$2,000,000 collected gross revenues. The Stock Options shall expire in three (3) years from the date of grant and the exercise price shall be equal to the fair market value of the shares on the date of the grant, the Stock Options shall vest immediately.

The Company initiated litigation in 2019 based on a claim that Pellecome and Dr. Orbeck utilized the Company's confidential information to advance their own weight loss product.

The Company dismissed this litigation without prejudice in July 2021.

On March 30, 2022, the court entered judgment in favor of Pellecome as an individual defendant whereby the Company was ordered to pay Pellecome total costs and attorneys' fees of \$235,886. Pursuant to the judgment, this amount is accruing interest at the rate of ten percent (10%) per annum from October 6, 2021 (the date of the original award of attorneys' fees by the court which was followed by a number of filings by each party through February 2022).

The Company has not yet paid any amount to Pellecome. On May 27, 2022, the Company filed a notice of appeal with California Superior Court for Orange County regarding the March 30, 2022 judgment entered in favor of Pellecome. On February 2, 2023, the Company filed a motion requesting the California Superior Court for Orange County reverse and remand its prior ruling, including reversing the granting of Pellecome \$222,932.55 in attorney's fees. While the Company cannot predict the outcome of this matter, the Company has accrued \$322,000 as a loss contingency for this matter.

**NOTE 20 - INCOME TAXES**

The components of the income tax provisions for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Current provision:		
Federal	\$ -	\$ -
State	-	-
Deferred benefit:		
Federal	-	-
State	-	-
Change in valuation allowance	-	-
Total Provision	<u>\$ -</u>	<u>\$ -</u>

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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:

	<u>2022</u>	<u>2021</u>
Provision at statutory rate	21.00%	21.00%
State taxes, net of federal benefit	5.56%	6.98%
Other	(1.02)%	(8.80)
Nondeductible and other items	(3.27)%	(0.01)%
Change in valuation allowance	(22.27)%	(19.17)%
Total	<u>(0.00)%</u>	<u>(0.00)%</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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Deferred tax assets:		
Allowance for doubtful debt	\$ 7,598	\$ 7,598
Stock options issued for services	1,988,251	1,889,047
Net operating loss carryforward	7,653,663	7,505,674
Section 174 capitalization	367,568	-
Other	681,453	401,357
Total deferred tax assets	<u>10,698,533</u>	<u>9,803,675</u>
Deferred tax liabilities:		
Royalty obligation	(306,334)	(439,938)
Other	(55,447)	-
Total deferred tax liabilities	<u>(361,781)</u>	<u>(439,938)</u>
Deferred tax net	10,336,752	9,363,737
Valuation allowance	<u>(10,336,752)</u>	<u>(9,363,737)</u>

During the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the Company provided a valuation allowance on its net deferred tax assets of \$10,336,752 and \$9,363,737, respectively.

As of December 31, 2022, the Company had federal net operating loss carryforwards of approximately \$21.9 million, of which \$9.3 million, if not utilized, expire by 2029. Federal net operating loss carryforwards totaling approximately \$12.6 million can be carried forward indefinitely. In addition, the Company has state net operating loss carryforwards of approximately \$39.2 million with varying expiration dates as determined by each state. 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.

At December 31, 2022 and 2021, 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, 2022, and 2021, 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 2018 through 2021 tax years generally remain subject to examination by federal and state tax authorities.

**NOTE 21 - SUBSEQUENT EVENTS**

As of March 30, 2023 the Company issued an aggregate of 18,782 shares of its common stock for consulting services and one promissory note valued at \$9,703.

As of March 30, 2023, the Company entered into a \$50,000 unsecured promissory note.

On January 20, 2023, the board of directors of BioCorRx Inc. appointed Mr. Harsha Murthy as a member of the Board.

**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, 2021. 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.

**INTER-COMPANY LICENSE AGREEMENT**

This INTER-COMPANY LICENSE AGREEMENT (this “**Agreement**”) is entered into as of September 2, 2021, by and between BioCorRx Inc, a corporation organized and existing under the laws of the State of Nevada (“**Licensor**”), and BioCorRx Pharmaceuticals Inc, a corporation organized and existing under the laws of the State of Nevada (“**Licensee**” and, together with Licensor, the “**Parties**” and each individually, a “**Party**”).

WHEREAS, Licensor is the owner of or in control of certain know-how, technology and intellectual property relating to the discovery, development, production, distribution, advertising, marketing, commercialization and sale of compounds, substances, products and services related to addiction, substance use disorder and weight loss.

WHEREAS, Licensee desires to retain Licensor to provide certain administrative and management services, development, and commercialization of the Licensed IP and Know-How (see definition below).

WHEREAS, Licensee desires to secure from Licensor and Licensor desires to grant to Licensee pursuant to the terms set forth in this Agreement the right to use and sublicense such know-how, technology and intellectual property owned and/or controlled by Licensor within the Licensed Field (see definition below); and

NOW, THEREFORE, the parties, in consideration of the mutual premises set forth above and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

**1. DEFINITIONS.**

1.1 “**Affiliate**” shall mean any person and/or entity that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the person or entity specified.

1.2 “**Licensed IP and Know-How**” shall mean all patented or unpatented inventions, discoveries, technical data, trade secrets, methods, processes, formulas, apparatus and techniques that are owned or controlled by Licensor and are necessary or useful for the marketing, sale, distribution and support of Licensed Products in Licensed Field. See Exhibit A

1.3 “**Licensed Field**” shall mean application of the Licensed Technology in the fields of substance use disorder, weight loss and other indications identified including but not limited to pain management, obsessive compulsive disorders, and other addictive behaviors.

1.4 “**Licensed Products**” shall mean those products which incorporate or utilize Licensed Technology and those products whose manufacture, use or sale would, in the absence of the license granted by this Agreement, infringe or misappropriate any intellectual property rights embodied in Licensed Technology.

1.5 “**Licensed Technology**” shall mean the Licensed Intellectual Property and the Licensed Know-How.

1.6 “**Net Sales**” shall mean, as applicable, the gross sales price for Licensed Products invoiced by and paid to Licensee or its Sublicensee(s) from any third parties for sales or other transfers or dispositions for consideration of Licensed Products, less Licensee’s or Sublicensee(s):

(i) documented discounts (including customary trade, quantity, or other promotional incentives), retroactive price reductions, charge-back payments and rebates granted; (ii) credits for returns, such as unrecoverable damaged goods or rejections and including Licensed Products returned in connection with recalls or withdrawals; (iii) costs (inclusive of third parties professional service charges) to apply and register Licensed Products with government authorities as required by relevant laws and regulations; (iv) transportation charges including insurance; and (v) any value added taxes or governmental charges, including custom duties, levied on the sale of Licensed Products.

1.7

**SG&A shall mean selling, general and administrative expenses:** the costs of running a business. Includes rent and utility costs, marketing expenditures, computer equipment, managing the Company and employee benefits.

1.8 “**Territory**” shall mean worldwide.

## **2. GRANT OF LICENSES.**

2.1 License to Use Licensed Technology. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee an exclusive, perpetual and sub-licensable license to use Licensed Technology in the research, development, make, have made, marketing, sale (inclusive of importing and exporting), distribution and support of Licensed Products in the Licensed Field and the Licensed Territory.

2.2 Sublicenses. The licenses granted to Licensee pursuant to this **Section 2** and the other rights granted under this Agreement include Licensee’s right to grant further sublicenses, to sublicensee(s) of Licensee’s choice (“**Sublicensee(s)**”), for the purpose of development, make, have made, marketing, sale (inclusive of importing and exporting), distribution and support of Licensed Products in the Licensed Field and the Licensed Territory.

2.3 Reservation of Rights by Licensor. The licenses granted by Licensor in this Agreement are subject to a reserved license by Licensor to use and practice the Licensed Technology in the Licensed Field for Licensor's internal research and development purposes including, without limitation, collaborative arrangements with third parties whereby any and all proprietary interest and information as a result of Licensor's internal research and development and such collaboration are within the scope of and also considered Licensed Technology.

2.4 Technical Support. Licensor agrees to provide reasonable levels of ongoing technical support to Licensee at no cost for Licensee's use of the Licensed Technology in the Licensed Field for production of the Licensed Products. Thereafter, any technical support provided by Licensor to Licensee shall be pursuant to a separate written agreement mutually agreed by the Parties.

### **3. ROYALTIES AND LICENSED IP AND KNOW-HOW.**

3.1 Royalty Obligation. Licensee shall pay a royalty to Licensor as follows until this Agreement expires or is terminated:

Minimum Royalties: Licensee must pay to Licensor a minimum royalty ("Minimum Royalties") of Licensor's ownership interest in BioCorRx Pharmaceutical's Inc per quarter, starting from the calendar year in which there is a first commercial sale of Licensed Products ("FCS"). For the year of FCS, the Minimum Royalties shall be calculated on a pre-royalty EBITDA basis and pro-rated from the month after the first commercial sale invoice is paid for.

"Pre-Royalty EBITDA" means with respect to each reporting period earnings before interest, taxes, depreciation, amortization royalty fees and sublicense income generated from the net sales of the licensee, minus licensee overhead expenses.

"FCS" means, with respect to any royalty, the gross amount invoiced on account of the First Commercial Sale of royalty bearing Licensed Product by Licensee, less the following:

- (i) actual credits, allowances, discounts and rebates to, and chargebacks from third party distributors and wholesalers for defective, spoiled, damaged, out-dated, rejected or returned royalty bearing Licensed Product;
- (ii) actual Federal, State, or local government rebates for royalty bearing Licensed Product;
- (iii) actual freight and insurance costs incurred in transporting such royalty bearing Licensed Product to such Third Parties;

- (iv) actual cash, quantity and trade discounts;
- (v) actual sales, use and value-added taxes and other consumption taxes or governmental charges incurred in connection with the exportation or importation of such royalty bearing Licensed Product;
- (vi) any out of pocket costs for collection and securing of invoiced amounts;
- (vii) a reasonable allowance for bad debt, all in accordance with GAAP, and
- (viii) hard costs to manufacturer or compounding pharmacist. For purposes of determining Net Sales, a sale shall be deemed to have occurred when the sale of the applicable product is delivered, then invoiced. Net Sales for countries outside the U.S. shall be calculated by converting to U.S. currency using the exchange rate in effect on the last business day of each quarter as published in the Wall Street Journal.

3.2 Payment of Royalties. Royalties shall be paid quarterly.

3.3 US Dollars. All payments due by either Party under this Agreement shall be made in U.S. Dollars (whether or not the amount payable is mentioned in U.S. Dollars or in any other currency in this Agreement).

3.4 Licensed IP and Know-How. Licensor shall remain responsible for any and all costs associated with the application and prosecution of the patents for the Licensed IP.

#### **4. COST SHARING AND ALLOCATION OF SHARED COSTS**

4.1 Licensor shall make available to Licensee, during the term of this Agreement certain management, administrative and corporate services, and facilities and equipment (SG&A) mutually determined to be appropriate for Licensor to provide to assist Licensee in conducting its business operations. The Services may include, but are not limited to, management, supervision, financial, accounting, investment, procurement, human resource services, information systems, communications, payroll, employee benefits, and other services as the parties may agree to from time to time. The facilities may include, but are not limited to, office floor space, telephones, furniture, building maintenance, and other Facilities as the parties may agree to from time to time.

4.2 Expenses will be allocated based on actual utilization or appropriate and reasonable methods for the relevant expense. For example:

<b>SG&amp;A Cost Type</b>	<b>Allocation Method</b>
Executive Compensation	Percentage of Sales/Operating Income <sup>1</sup>
Employee Compensation	Percentage of Time Spent/headcount
Rent or Depreciation	Relative Square Footage/Percentage of Usage
Advertising, Accounting, Legal etc.	Any external charges incurred and paid by Licensor on behalf of Licensee shall be charged to Licensee at actual cost

<sup>1</sup> In the event that Licensee has not yet generated “sales” then allocation method: percentage of time/headcount will be applied

4.3 Payment - For each of the foregoing expenses and charges described in this section 4., Licensor shall invoice Licensee on a monthly basis.

**5. RECORDS AND REPORTS**

5.1 Records. Licensee shall keep full, complete and accurate books of account containing all particulars that may be reasonably necessary for determining the royalties payable to Licensor for a period of two (2) years following each calendar year in sufficient detail to enable the accurate determination of royalties hereunder by Licensee. Said books of account shall be kept at Licensee’s principal place of business.

**6. LITIGATION**

6.1 Notice of Infringement. Each Party shall promptly notify the other Party in writing of any suspected infringement(s) or misappropriation(s) of Licensed Technology and shall inform the other Party of any evidence of such infringement(s) or misappropriation(s).

6.2 First Right to Sue. Licensee shall have the first right to institute and prosecute at its own expense suit for infringement(s) or misappropriations of Licensed Technology within the Licensed Field (“First Right to Sue”). Licensee may assign its First Right to Sue to any Sublicensee of its choice. Licensor agrees to join as a party plaintiff in any such lawsuit initiated by Licensee or the Sublicensee assigned with such First Right to Sue, if requested by Licensee, with all costs, attorneys’ fees and expenses to be paid by Licensee. However, if Licensee or such Sublicensee does not institute suit for material infringement(s) within one hundred eighty (180) days of receipt of written notice from Licensor of Licensor’s desire to bring suit for infringement in its own name and on its own behalf, then Licensor may, at its own expense, after good faith negotiations with Licensee and the Sublicensee with the First Right to Sue regarding the appropriateness of such a suit, bring suit or take any other appropriate action. In such event, Licensee agrees to join or shall cause the Sublicensee with the First Right to Sue to join as a party plaintiff in any such lawsuit initiated by Licensor, if requested by Licensor, with all costs, attorneys’ fees and expenses to be paid by Licensor.

6.3 Settlements. Neither Party may settle with an infringer without the prior approval of the other Party if such settlement would affect the rights of the other Party, provided, however, Licensee shall be entitled to settle any claim or suit for infringement related to the Licensed Products by granting the infringing party a sublicense under the terms and conditions of Section 2 of this Agreement.

## **7. CONFIDENTIALITY.**

7.1 Acknowledgments and Covenants. Licensee acknowledges, understands and agrees that: (i) Licensor has expended substantial time, money and effort researching and developing the Licensed Technology; (ii) the Licensed Technology provides Licensor with a significant competitive advantage in the marketplace; (iii) the Licensed Technology, together with all improvements, enhancements and modifications thereto, is the confidential, proprietary and trade and industrial secret information and property of Licensor; (iv) if the Licensed Technology was disclosed or misused, Licensor would suffer substantial irreparable harm and likely lose its competitive advantage in the marketplace; (v) as of the date of this Agreement, Licensee is not aware of any facts or allegations which would, in any way or manner, compromise the confidentiality, propriety and trade and industrial secret status of any of the Licensed Technology; and (vi) Licensee will not make any use of any portion of the Licensed Technology in a manner inconsistent with the provisions of this Agreement.

7.2 Security Measures. Licensee agrees it will use commercially reasonable security measures and efforts to ensure that the Licensed Technology is kept and retained in confidence and secret; however, in no event shall the degree of care exercised by Licensee be any less than the degree of care it employs to maintain and protect the confidentiality of its own confidential or proprietary information.

7.3 No Disclosure. Licensee agrees that it will not disclose or reveal to any other person or entity (except as permitted herein) the Licensed Technology, subject to the provisions of Sections 6.4 and 6.6.

7.4 Permitted Disclosure; Improvements. Licensee agrees that it will only disclose the Licensed Technology to its customers, Sublicensee(s), employees, agents, officers, and directors which have a need to know such information in connection with the purpose of any licenses granted Licensee herein. All rights in and to any inventions, improvements, enhancements and modifications made by Licensee and any customer and Sublicensee of Licensee, including any intellectual property rights therein, are owned by and are hereby transferred to Licensor but shall be within the scope of and considered Licensed Technology.

7.5 Breach or Threatened Breach. In the event of a breach or threatened breach of any of Licensee's duties and obligations under the terms and provisions of this **Section 6**, Licensor shall be entitled, in addition to any other legal or equitable remedies that it may be entitled to (including any rights to damages that such party may suffer), temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach.

7.6 Exceptions. Notwithstanding any other provision of this Agreement, Licensee shall not have any obligations respecting, nor be liable for, the use and disclosure of information relating to the Licensor or the Licensed Technology, if Licensee can prove that the information: (a) was known to the trade or public at the time that the information was disclosed to it; or (b) is or becomes generally known to the trade or public through no fault on the recipient Party's part; or (c) is independently generated after the date of this Agreement by employees of a Party, or on its behalf by its agents, contractors, or consultants, without the use or benefit of any Licensed Technology; or (d) is legally required to be disclosed by Licensee under non-confidential circumstances pursuant to applicable law or legal process only so long as Licensee: (i) first provides Licensor with reasonable advance written notice of any such impending disclosure and/or service of legal process; and (ii) Licensee takes all necessary steps to ensure that Licensed Technology retains its confidential status through the implementation of, among other things, the use and/or entry of appropriate confidentiality agreements and/or protective orders.

## **8. WARRANTIES**

8.1 Licensed Technology. Licensee understands, acknowledges and agrees that Licensor has not made and does not make, and expressly disclaims any and all, representations or warranties (and Licensee expressly waives and releases Licensor from any and all representations or warranties), express or implied, regarding Licensor's and/or Licensee's right to make, use, offer for sale, license, and/or sell any of the rights transferred, granted and/or licensed to Licensee under this Agreement, and/or any goods and/or services employing any of the rights transferred, granted and/or licensed to Licensee under this Agreement, including, but not limited to, any implied warranties of title, claims of superior rights, infringement, right to use, or the like, in or to any of Licensed Technology. Nothing in this Agreement will be construed as:

- (a) A warranty or representation by Licensor as to the validity or scope of any Licensed Patent; or

(b) A warranty or representation that anything made, used, sold, or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents of third parties; or

(c) A requirement that Licensor will file any patent application, secure any patent, or maintain any patent in force; or

(d) An obligation to bring or prosecute actions or suits against third parties for infringement.

8.2 Licensor Liability. Licensee understands, acknowledges and agrees that in no event shall Licensor be liable to Licensee and Sublicensee(s) under this Agreement, and/or any other persons or entities, regardless of the form of a cause of action, whether in contract, tort or under a statute, including, but not limited to, negligence, strict liability, product liability, environmental liability, patent infringement, misappropriation of trade secrets, trademark infringement, copyright infringement, unfair competition, or the like, which in any way arises out of and/or is related to Licensee's, Sublicensee(s)' and/or any other person's and/or entity's, manufacture, use, offer for sale, license, and/or sale of any of the rights granted or licensed to Licensee under this Agreement, and/or any goods and/or services employing any of the rights granted or licensed to Licensee under this Agreement.

## **9. TERMINATION.**

9.1 Termination upon Mutual Agreement. Notwithstanding any other provision of this Agreement, the Parties by mutual consent may terminate this Agreement at any time.

9.2 Termination for Cause. This Agreement shall, unless the Parties otherwise agree, terminate upon the occurrence of any of the following:

(a) If Licensee delays to make any due payment for more than ninety (90) days;

(b) If Licensee breaches the observance or performance of any of the provisions of this Agreement, unless such breach is cured within sixty (60) days after notice in writing of said breach;

(c) The dissolution of Licensee or if Licensee otherwise ceases to do business as an ongoing concern; or

(d) If Licensee makes an assignment of assets or business for the benefit of its creditors, a trustee or receiver is appointed to administer or conduct its business or affairs, it is adjudged in any proceeding to be bankrupt or insolvent or it is unable to pay its debts when said debts become due in the ordinary course of business.

9.3 Effect of Termination. Upon termination of this Agreement for any reason whatsoever:

(a) All amounts unpaid by Licensee shall accrue and immediately become due and payable to Licensor and Licensee's right to use Licensed Technology shall terminate immediately;

(b) Licensee will promptly execute and deliver to Licensor within thirty (30) days following the date of termination all assignment documents and instruments deemed necessary by Licensor to divest Licensee of any and all rights or claims to Licensed Technology under or arising out of this Agreement; and

(c) Licensee shall immediately cease and desist from all use of any of Licensed Technology in case of termination of this Agreement due to reasons attributable to the Licensee, other than that Licensee shall have the right to continue to sell Licensed Products for an additional one hundred and twenty (120) days after the termination of this Agreement

9.3 Survivability. After termination of this Agreement all provisions relating to payment shall survive until completion of required payments. In addition to those provisions and to any provisions which specifically provide for survival beyond termination, **Sections 5 and 6** shall survive indefinitely or until the expiration of any time period specified elsewhere in this Agreement with respect to the provision in question.

**10. INDEPENDENT CONTRACTOR.** This Agreement shall not make or constitute Licensee the legal representative or agent of Licensor, nor shall Licensee have the right or authority to assume, create or incur any liability or obligation of any kind, expressed or implied, against the interest or in the name of Licensor.

**11. NON-WAIVER OF RIGHTS.** Neither Party shall be deemed to have waived or impaired any right, power or option created or reserved by this Agreement (including without limitation, each Party's right to demand compliance with every term herein, or to declare any breach a default and exercise its rights in accordance with the terms hereof) by virtue of: (i) any custom or practice of the Parties at variance with the terms hereof; (ii) any failure, refusal or neglect to exercise any right hereunder, or to insist upon compliance with any term; (iii) any waiver, forbearance, delay, failure or omission to exercise any right or option, whether of the same, similar or different natures, under this Agreement or in any other circumstances; or (iv) the acceptance by either Party of any payment or other consideration from the other following any breach of this Agreement.

**12. NOTICES.** All notices required under this Agreement shall be in writing and may be sent via facsimile or international air courier and shall be deemed to be properly delivered upon receipt by the appropriate Party.

If to Licensor at:  
BioCorRx Inc.  
2390 E. Orangewood Ave #500 Anaheim, CA 92806 Attention: Lourdes Felix

If to Licensee at:  
BioCorRx Pharmaceutical, Inc.  
2390 E. Orangewood Ave #500 Anaheim, CA 92806 Attention: Brady Granier

or to such other address as either Party may from time to time designate to the other Party in writing.

**13. ENTIRE AGREEMENT.** This Agreement and the Exhibits attached hereto constitute the entire agreement between Licensee and Licensor in connection with the subject matter hereof and supersedes all documents and correspondence entered into prior to the date hereof.

**14. AMENDMENT.** This Agreement may only be amended pursuant to a written agreement between the Parties.

**15. CUMULATIVE REMEDIES.** The rights and remedies set forth in this Agreement are in addition to any other rights or remedies which may be granted by law.

**16. SEVERABILITY.** If any obligation or provision of this Agreement or the application thereof shall, to any extent, be invalid or unenforceable, then the remainder of the Agreement or application of such obligation or provision other than that which is held invalid or unenforceable, shall be given full force and effect.

**17. GOVERNING LAW.** The construction, interpretation and performance of this Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

**REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK**

[Signature page only]

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Agreement on the day and year first above set forth.

**BioCorRx Inc.**

By: \_\_\_\_\_  
Name: Lourdes Felix  
Title: CEO

Date: \_\_\_\_\_

**BioCorRx Pharmaceuticals, Inc.**

By: \_\_\_\_\_  
Name: Brady Granier  
Title: CEO

Date: \_\_\_\_\_

**EXHIBIT A**  
**LICENSED IP AND KNOW-HOW**

BICX101, BICX102, BICX104 and any other naltrexone pellets (implants) being developed or will be developed for FDA approval and commercialization



**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, 2023

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, 2023

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, 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, 2022 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, 2023

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, 2022 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, 2023

By: /s/ Lourdes Felix

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