

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2022**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **000-54208**

**BioCorRx Inc.**

(Exact name of registrant as specified in its charter)

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

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 such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 12, 2022, there were 7,086,372 shares of registrant's common stock outstanding.

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This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

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.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIOCORRX INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

|   | <u>June 30,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|---|--------------------------|------------------------------|
|   | (unaudited)              |                              |
| <b>ASSETS</b>   |                          |                              |
| Current assets:   |                          |                              |
| Cash  | \$ 81,761                | \$ 85,838                    |
| Restricted cash   | 29,700                   | -                            |
| Accounts receivable, net  | 12,965                   | 1,500                        |
| Grant receivable  | 117,359                  | 56,359                       |
| Prepaid expenses  | 126,278                  | 84,629                       |
| Total current assets  | <u>368,063</u>           | <u>228,326</u>               |
| Property and equipment, net   | 89,707                   | 102,843                      |
| Right to use assets   | 328,990                  | 384,921                      |
| Other assets:   |                          |                              |
| Patents, net  | 10,795                   | 11,385                       |
| Software development costs  | 47,980                   | 47,980                       |
| Deposits, long term   | 44,520                   | 44,520                       |
| Total other assets  | <u>103,295</u>           | <u>103,885</u>               |
| Total assets  | <u>\$ 890,055</u>        | <u>\$ 819,975</u>            |
| <b>LIABILITIES AND DEFICIT</b>  |                          |                              |
| Current liabilities:  |                          |                              |
| Accounts payable and accrued expenses, including related party payables of \$1,259,458 and \$1,014,892, respectively  | \$ 3,600,419             | \$ 3,188,560                 |
| Deferred revenue, short term  | 34,981                   | 34,981                       |
| Lease liability, short term   | 126,876                  | 119,733                      |
| Notes payable   | 221,480                  | 221,480                      |
| Notes payable, related parties  | 790,110                  | 790,110                      |
| PPP loan, short term  | 21,828                   | 31,580                       |
| Total current liabilities   | <u>4,795,694</u>         | <u>4,386,444</u>             |
| Long term liabilities:  |                          |                              |
| PPP loan, long term   | 109,612                  | 99,860                       |
| EIDL loan, long term  | 74,300                   | 74,300                       |
| Royalty obligation, net of discount of \$5,620,338 and \$5,854,226, related parties   | 3,101,762                | 2,867,874                    |
| Lease liability, long term  | 250,291                  | 315,672                      |
| Deferred revenue, long term   | 19,954                   | 37,301                       |
| Total liabilities   | <u>8,351,613</u>         | <u>7,781,451</u>             |
| Commitments and contingencies   |                          |                              |
| Deficit:  |                          |                              |
| Preferred stock, no par value, 600,000 authorized   |                          |                              |
| Series A convertible preferred stock, no par value; 80,000 designated; 80,000 shares issued and outstanding as of June 30, 2022 and December 31, 2021                         | 16,000                   | 16,000                       |
| Series B convertible preferred stock, no par value; 160,000 designated; 160,000 shares issued and outstanding as of June 30, 2022 and December 31, 2021                       | 5,616                    | 5,616                        |
| Common stock, \$0.001 par value; 750,000,000 shares authorized, 7,082,285 and 6,698,968 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively | 7,082                    | 6,699                        |
| Common stock subscribed   | 100,000                  | 100,000                      |
| Additional paid in capital  | 64,757,084               | 62,994,739                   |
| Accumulated deficit   | (72,227,195)             | (69,966,692)                 |
| Total deficit attributable to BioCorRx, Inc.  | <u>(7,341,413)</u>       | <u>(6,843,638)</u>           |
| Non-controlling interest  | (120,145)                | (117,838)                    |
| Total deficit   | <u>(7,461,558)</u>       | <u>(6,961,476)</u>           |
| Total liabilities and deficit   | <u>\$ 890,055</u>        | <u>\$ 819,975</u>            |

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

|   | Three months ended<br>June 30, |                       | Six months ended<br>June 30, |                       |
|---|--------------------------------|-----------------------|------------------------------|-----------------------|
|   | 2022                           | 2021                  | 2022                         | 2021                  |
| Revenues, net   | \$ 16,002                      | \$ 15,718             | \$ 36,520                    | \$ 25,842             |
| Operating expenses:   |                                |                       |                              |                       |
| Cost of implants and other costs  | 2,725                          | 1,796                 | 4,260                        | 2,428                 |
| Research and development  | 382,952                        | 123,262               | 580,801                      | 781,499               |
| Selling, general and administrative                                     | 981,819                        | 834,726               | 1,920,764                    | 1,745,819             |
| Depreciation and amortization   | 6,862                          | 19,340                | 13,725                       | 38,718                |
| Total operating expenses  | 1,374,358                      | 979,124               | 2,519,550                    | 2,568,464             |
| Loss from operations  | (1,358,356)                    | (963,406)             | (2,483,030)                  | (2,542,622)           |
| Other income (expenses):  |                                |                       |                              |                       |
| Interest expense – related parties, net                                 | (372,118)                      | (125,979)             | (525,618)                    | (248,657)             |
| Interest expense, net   | (100,326)                      | (870)                 | (113,602)                    | (1,500)               |
| Grant income  | 512,981                        | 28,350                | 859,374                      | 118,582               |
| Other miscellaneous income  | -                              | -                     | 66                           | 28,229                |
| Total other income (expense)  | 40,537                         | (98,499)              | 220,220                      | (103,346)             |
| Net loss before provision for income taxes                              | (1,317,819)                    | (1,061,905)           | (2,262,810)                  | (2,645,968)           |
| Income taxes  | -                              | -                     | -                            | -                     |
| Net loss  | (1,317,819)                    | (1,061,905)           | (2,262,810)                  | (2,645,968)           |
| Non-controlling interest  | 1,756                          | 692                   | 2,307                        | 1,468                 |
| Net loss attributable to BioCorRx Inc.                                  | <u>\$ (1,316,063)</u>          | <u>\$ (1,061,213)</u> | <u>\$ (2,260,503)</u>        | <u>\$ (2,644,500)</u> |
| Net loss per common share, basic and diluted                            | <u>\$ (0.19)</u>               | <u>\$ (0.16)</u>      | <u>\$ (0.32)</u>             | <u>\$ (0.42)</u>      |
| Weighted average number of common shares outstanding, basic and diluted | <u>7,026,012</u>               | <u>6,617,970</u>      | <u>6,979,146</u>             | <u>6,320,022</u>      |

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX INC.  
CONDENSED CONSOLIDATED STATEMENT OF DEFICIT  
THREE AND SIX MONTHS ENDED JUNE 30, 2022

|   | Series A<br>Convertible<br>Preferred stock |                  | Series B<br>Convertible<br>Preferred stock |                 | Common stock     |                 | Common<br>stock<br>Subscribed | Additional<br>Paid in<br>Capital | Accumulated<br>Deficit | Non-<br>Controlling<br>Interest | Total                 |
|---|--|------------------|--|-----------------|------------------|-----------------|-------------------------------|----------------------------------|------------------------|---------------------------------|-----------------------|
|   | Shares                                     | Amount           | Shares                                     | Amount          | Shares           | Amount          |                               |                                  |                        |                                 |                       |
| Balance,<br>December 31,<br>2021 (audited)                                | 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<br>issued for services<br>rendered                           | -  | -                | -  | -               | 25,423           | 25              | -                             | 100,005                          | -                      | -                               | 100,030               |
| Common stock<br>issued in<br>connection with<br>subscription<br>agreement | -  | -                | -  | -               | 229,886          | 230             | -                             | 999,770                          | -                      | -                               | 1,000,000             |
| Share-based<br>compensation   | -  | -                | -  | -               | -                | -               | -                             | 52,882                           | -                      | -                               | 52,882                |
| Net loss  | -  | -                | -  | -               | -                | -               | -                             | -                                | (944,440)              | (551)                           | (944,991)             |
| Balance, March<br>31, 2022<br>(unaudited)                                 | 80,000                                     | \$ 16,000        | 160,000                                    | \$ 5,616        | 6,954,277        | \$ 6,954        | \$ 100,000                    | \$ 64,147,396                    | \$ (70,911,132)        | \$ (118,389)                    | \$ (6,753,555)        |
| Common stock<br>issued for services<br>rendered                           | -  | -                | -  | -               | 17,389           | 17              | -                             | 42,508                           | -                      | -                               | 42,525                |
| Common stock<br>issued in<br>connection with<br>subscription<br>agreement | -  | -                | -  | -               | 110,619          | 111             | -                             | 249,889                          | -                      | -                               | 250,000               |
| Warrants issued in<br>connection with<br>loan default                     | -  | -                | -  | -               | -                | -               | -                             | 86,821                           | -                      | -                               | 86,821                |
| Warrants issued in<br>connection with<br>loan default –<br>related party  | -  | -                | -  | -               | -                | -               | -                             | 214,975                          | -                      | -                               | 214,975               |
| Share-based<br>compensation   | -  | -                | -  | -               | -                | -               | -                             | 15,495                           | -                      | -                               | 15,495                |
| Net loss  | -  | -                | -  | -               | -                | -               | -                             | -                                | (1,316,063)            | (1,756)                         | (1,317,819)           |
| Balance, June 30,<br>2022 (unaudited)                                     | <u>80,000</u>                              | <u>\$ 16,000</u> | <u>160,000</u>                             | <u>\$ 5,616</u> | <u>7,082,285</u> | <u>\$ 7,082</u> | <u>\$ 100,000</u>             | <u>\$ 64,757,084</u>             | <u>\$ (72,227,195)</u> | <u>\$ (120,145)</u>             | <u>\$ (7,461,558)</u> |

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX INC.  
 CONDENSED CONSOLIDATED STATEMENT OF DEFICIT  
 THREE AND SIX MONTHS ENDED JUNE 30, 2021

|   | Series A<br>Convertible<br>Preferred stock |                  | Series B<br>Convertible<br>Preferred stock |                 | Common stock     |                 | Common<br>stock<br>Subscribed | Additional<br>Paid in<br>Capital | Accumulated<br>Deficit | Non-<br>Controlling<br>Interest | Total                 |
|---|--|------------------|--|-----------------|------------------|-----------------|-------------------------------|----------------------------------|------------------------|---------------------------------|-----------------------|
|   | Shares                                     | Amount           | Shares                                     | Amount          | Shares           | Amount          |                               |                                  |                        |                                 |                       |
| Balance, December 31, 2020 (audited)                          | 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 for services rendered                     | -  | -                | -  | -               | 26,013           | 26              | -                             | 53,199                           | -                      | -                               | 53,225                |
| Common stock issued in connection with subscription agreement | -  | -                | -  | -               | 1,125,000        | 1,125           | -                             | 2,248,875                        | -                      | -                               | 2,250,000             |
| Share-based compensation                                      | -  | -                | -  | -               | -                | -               | -                             | 5,029                            | -                      | -                               | 5,029                 |
| Net loss  | -  | -                | -  | -               | -                | -               | -                             | -                                | (1,583,287)            | (776)                           | (1,584,063)           |
| Balance, March 31, 2021 (unaudited)                           | 80,000                                     | \$ 16,000        | 160,000                                    | \$ 5,616        | 6,614,457        | \$ 6,614        | \$ 100,000                    | \$ 62,773,436                    | \$ (66,271,598)        | \$ (116,230)                    | \$ (3,486,162)        |
| Common stock issued for services rendered                     | -  | -                | -  | -               | 13,867           | 14              | -                             | 52,986                           | -                      | -                               | 53,000                |
| Share-based compensation                                      | -  | -                | -  | -               | -                | -               | -                             | 3,686                            | -                      | -                               | 3,686                 |
| Net loss  | -  | -                | -  | -               | -                | -               | -                             | -                                | (1,061,213)            | (692)                           | (1,061,905)           |
| Balance, June 30, 2021 (unaudited)                            | <u>80,000</u>                              | <u>\$ 16,000</u> | <u>160,000</u>                             | <u>\$ 5,616</u> | <u>6,628,324</u> | <u>\$ 6,628</u> | <u>\$ 100,000</u>             | <u>\$ 62,830,108</u>             | <u>\$ (67,332,811)</u> | <u>\$ (116,922)</u>             | <u>\$ (4,491,381)</u> |

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|   | Six Months ended<br>June 30, |                |
|---|------------------------------|----------------|
|   | 2022                         | 2021           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                  |                              |                |
| Net loss  | \$ (2,262,810)               | \$ (2,645,968) |
| Adjustments to reconcile net loss to cash flows used in operating activities: |                              |                |
| Depreciation and amortization   | 13,726                       | 38,719         |
| Amortization of discount on royalty obligation                                | 233,888                      | 233,888        |
| Amortization of right-of-use asset  | 55,931                       | 51,097         |
| Stock based compensation  | 210,932                      | 114,940        |
| Gain on forgiveness of debt   | -                            | (28,229)       |
| Warrants issued in connection with loan default                               | 301,796                      | -              |
| Changes in operating assets and liabilities:                                  |                              |                |
| Accounts receivable   | (11,465)                     | 500            |
| Grant receivable  | (61,000)                     | 224,879        |
| Prepaid expenses  | (41,649)                     | 37,744         |
| Accounts payable and accrued expenses   | 411,859                      | (132,991)      |
| Lease liability   | (58,238)                     | (51,641)       |
| Deferred revenue  | (17,347)                     | (45,696)       |
| Deferred revenue-grant  | -                            | (65,560)       |
| Net cash used in operating activities   | (1,224,377)                  | (2,268,318)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                  |                              |                |
| Purchase of equipment   | -                            | (2,017)        |
| Net cash used in investing activities   | -                            | (2,017)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                  |                              |                |
| Proceeds from common stock subscription and royalty agreement                 | 1,250,000                    | 2,250,000      |
| Proceeds from PPP loan  | -                            | 131,440        |
| Net cash provided by financing activities                                     | 1,250,000                    | 2,381,440      |
| Net increase in cash and restricted cash                                      | 25,623                       | 111,105        |
| Cash and restricted cash, beginning of the period                             | 85,838                       | 592,053        |
| Cash and restricted cash, end of period                                       | \$ 111,461                   | \$ 703,158     |
| Cash and restricted cash consist of the following, end of period:             |                              |                |
| Cash  | \$ 81,761                    | \$ 703,158     |
| Restricted cash   | 29,700                       | -              |
|   | \$ 111,461                   | \$ 703,158     |
| Cash and restricted cash consist of the following, beginning of the period:   |                              |                |
| Cash  | \$ 85,838                    | \$ 592,053     |
| Restricted cash   | -                            | -              |
|   | \$ 85,838                    | \$ 592,053     |
| <b>Supplemental disclosures of cash flow information:</b>                     |                              |                |
| Interest paid   | \$ -                         | \$ -           |
| Taxes paid  | \$ -                         | \$ -           |

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX, INC .  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022  
(UNAUDITED)

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 June 30, 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

Interim Financial Statements

The following (a) condensed consolidated balance sheet as of December 31, 2021, which has been derived from audited financial statements, and (b) the unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2022 are not necessarily indicative of results that may be expected for the year ending December 31, 2022. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2021 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 31, 2022.

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) 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.

Restricted Cash

Restricted cash is comprised of subscription proceeds received that will exclusively be used for accrued and projected legal fees from Buchalter. Restricted cash was included in current assets as of June 30, 2022.

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 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 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 three and six months ended June 30, 2022 and 2021:

|                            | Three Months Ended |                  |
|----------------------------|--------------------|------------------|
|                            | June 30,           |                  |
|                            | 2022               | 2021             |
| Sales/access fees          | \$ 3,610           | \$ -             |
| Distribution rights income | 8,721              | 8,722            |
| Membership/program fees    | 3,671              | 6,996            |
| Net sales                  | <u>\$ 16,002</u>   | <u>\$ 15,718</u> |

  

|                            | Six Months Ended |                  |
|----------------------------|------------------|------------------|
|                            | June 30,         |                  |
|                            | 2022             | 2021             |
| Sales/access fees          | \$ 10,560        | \$ -             |
| Distribution rights income | 17,347           | 17,847           |
| Membership/program fees    | 8,613            | 7,995            |
| Net sales                  | <u>\$ 36,520</u> | <u>\$ 25,842</u> |

Deferred revenue

The Company licenses proprietary products and protocols to customers under licensing agreements that allow those customers to access the products and protocols in services they provide to their customers during the term of the license agreement. The timing and amount of revenue recognized from license agreements depends upon a variety of factors, including the specific terms of each agreement. Such agreements are reviewed for multiple performance obligations. Performance obligations can include amounts related to initial non-refundable license fees for the use of the Company's products and protocols and additional royalties on covered services.

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

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

The Company amortizes license fees over the shorter of the economic life of the related contract life or contract terms for each licensee.

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

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The following table presents the changes in deferred revenue, reflected as current and long term liabilities on the Company's unaudited condensed 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            | (17,347)  |
| Balance as of June 30, 2022     | 54,935    |
| Less short term                 | 34,981    |
| Long term                       | \$ 19,954 |

### Deferred Revenue-Grant

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

### Use of Estimates

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

### Accounts Receivable

Accounts receivable are recorded at original invoice amount less an allowance for uncollectible accounts that management believes will be adequate to absorb estimated losses on existing balances. Management estimates the allowance based on collectability of accounts receivable and prior bad debt experience. Accounts receivable balances are written off against the allowance upon management's determination that such accounts are uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Management believes that credit risks on accounts receivable will not be material to the financial position of the Company or results of operations. The allowance for doubtful accounts was \$0 as of June 30, 2022 and December 31, 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 was recognized for the three and six months ended June 30, 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. No impairment was recognized for the three and six months ended June 30, 2022 and 2021.

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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 June 30, 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 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 June 30, 2022 and 2021, respectively, because their inclusion would have been anti-dilutive.

|   | Six months Ended |                     |
|---|------------------|---------------------|
|   | June 30,         |                     |
|   | 2022             | 2021                |
| Shares underlying options outstanding   | 843,004          | \$ 818,631          |
| Shares underlying warrants outstanding  | 333,855          | 15,000              |
| Convertible preferred stock outstanding | 240,000          | 240,000             |
|   | <u>1,416,859</u> | <u>\$ 1,073,631</u> |

### Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations \$15,415 and \$189,045 as advertising costs for the three and six months ended June 30, 2022, respectively. The Company charged to operations \$127,027 and \$205,694 for the three and six months ended June 30, 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 \$117,359 and \$56,359 as of June 30, 2022 and December 31, 2021, respectively. Deferred revenues related to the grant were \$0 as of June 30, 2022 and December 31, 2021. \$512,981 and \$859,374 was recorded as grant income for the three and six months ended June 30, 2022, respectively. \$28,350 and \$118,582 was recorded as grant income for the three and six months ended June 30, 2021, respectively. The F&A indirect costs were \$289,927 and \$272,681 as of June 30, 2022 and December 31, 2021, respectively. The grant provides for \$516,218 in funding for F&A indirect costs. The remaining F&A indirect cost allocation is -\$46,390 as of June 30, 2022. The Company will contact NIH to request an update to 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 \$382,952 and \$580,801 for the three and six months ended June 30, 2022, respectively. The Company incurred research and development expenses of \$23,262 and \$781,499 for the three and six months ended June 30, 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.

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 June 30, 2022 and December 31, 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.

### Recent Accounting Pronouncements

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

### NOTE 3 - GOING CONCERN AND MANAGEMENT’S LIQUIDITY PLANS

As of June 30, 2022, the Company had cash and restricted cash of \$111,461 and working capital deficit of \$4,427,631. During the six months ended June 30, 2022, the Company used net cash in operating activities of \$1,224,377. 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.

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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.

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.

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.

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 June 30, 2022 and December 31, 2021:

|                               | June 30,<br>2022  | December 31,<br>2021 |
|-------------------------------|-------------------|----------------------|
| Prepaid insurance             | \$ 920            | \$ 3,680             |
| Prepaid subscription services | 70,043            | 79,455               |
| Prepaid R&D                   | 29,920            | -                    |
| Other prepaid expenses        | 25,395            | 1,494                |
|                               | <u>\$ 126,278</u> | <u>\$ 84,629</u>     |

NOTE 5 - PROPERTY AND EQUIPMENT

The Company’s property and equipment consisted of the following at June 30, 2022 and December 31, 2021:

|                               | June 30,<br>2022 | December 31,<br>2021 |
|-------------------------------|------------------|----------------------|
| 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 | (104,844)        | (91,708)             |
|                               | <u>\$ 89,707</u> | <u>\$ 102,843</u>    |

Depreciation expense charged to operations amounted to \$6,568 and \$13,136, respectively, for the three and six months ended June 30, 2022. Depreciation expense charged to operations amounted to \$8,965 and \$14,548, respectively, for the three and six months ended June 30, 2021.

NOTE 6 - LEASE

*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.

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:

|                          | <b>June 30,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--------------------------|--------------------------|------------------------------|
| Total lease liability    | \$ 377,167               | \$ 435,405                   |
| Less: short term portion | 126,876                  | 119,733                      |
| Long term portion        | \$ 250,291               | \$ 315,672                   |

Maturity analysis under these lease agreements are as follows:

|                              | <b>Total</b>      |
|------------------------------|-------------------|
| 2022                         | \$ 75,576         |
| 2023                         | 154,771           |
| 2024                         | 159,420           |
| 2025                         | 31,690            |
| Subtotal                     | 421,457           |
| Less: present value discount | (44,290)          |
| Lease liability              | <u>\$ 377,167</u> |

Lease expense for the three and six months ended June 30, 2022 and 2021 was comprised of the following:

|                         | <b>Three Months Ended<br/>June 30,</b> |                  |
|-------------------------|--|------------------|
|                         | <b>2022</b>                            | <b>2021</b>      |
| Operating lease expense | \$ 36,192                              | \$ 35,955        |
|                         | <u>\$ 36,192</u>                       | <u>\$ 35,955</u> |

  

|                         | <b>Six Months Ended<br/>June 30,</b> |                  |
|-------------------------|--------------------------------------|------------------|
|                         | <b>2022</b>                          | <b>2021</b>      |
| Operating lease expense | \$ 72,384                            | \$ 71,910        |
|                         | <u>\$ 72,384</u>                     | <u>\$ 71,910</u> |

During the six months ended June 30, 2022 and 2021, the Company paid \$74,691 and \$72,454 lease expense in cash, respectively.

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

|                                       | <b>June 30,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------|--------------------------|------------------------------|
| Weighted-average remaining lease term | 2.6                      | 3.1                          |
| Weighted-average discount rate        | 8%                       | 8%                           |

NOTE 7 - INTELLECTUAL PROPERTY/ LICENSING RIGHTS

On August 20, 2018, the Company purchased all the worldwide rights of Naltrexone Implants formula(s) with exception of New Zealand and Australia from Trinity Compound Solutions, Inc for \$10,000 and 20,000 shares of its common stock for an aggregate purchase price of \$36,000. 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 three and six months ended June 30, 2022, the Company recorded amortization expense of the intellectual property of \$0. During the three and six months ended June 30, 2021, the Company recorded amortization expense of the intellectual property of \$11,790 and \$23,580, 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.

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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 three and six months ended June 30, 2022, the Company recorded amortization expense of \$295 and \$590, respectively. During the three and six months ended June 30, 2021, the Company recorded amortization expense of \$292 and \$584, respectively. As of June 30, 2022, the accumulated amortization of these patents was \$4,405.

The future amortization of the patents are as follows:

| Year           | Amount           |
|----------------|------------------|
| 2022           | 579              |
| 2023           | 1,169            |
| 2024           | 1,169            |
| 2025           | 1,169            |
| 2026 and after | 6,709            |
|                | <u>\$ 10,795</u> |

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of June 30, 2022 and December 31, 2021:

|  | June 30,<br>2022    | December 31,<br>2021 |
|--|---------------------|----------------------|
| Accounts payable and accrued expenses              | \$ 1,151,188        | \$ 986,605           |
| Related party payable                              | 958,111             | 790,300              |
| Interest payable on notes payable                  | 1,178,568           | 1,153,773            |
| Interest payable on notes payable, related parties | 301,347             | 224,592              |
| Deferred insurance                                 | -                   | 2,561                |
| Interest payable on EIDL loan                      | 5,458               | 4,076                |
| Interest payable on PPP loan                       | 1,652               | 983                  |
| Accrued expenses                                   | 4,095               | 25,670               |
|  | <u>\$ 3,600,419</u> | <u>\$ 3,188,560</u>  |

NOTE 9 - NOTES PAYABLE

As of June 30, 2022 and December 31, 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 June 30, 2022 and December 31, 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 June 30, 2022 and December 31, 2021 is \$200,000. The interest expense during the three and six months ended June 30, 2022 was \$12,466 and \$24,795, 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 six months ended June 30, 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 \$6,821, which the Company recognized as interest expense.

NOTE 10 - NOTES PAYABLE-RELATED PARTIES

As of June 30, 2022 and December 31, 2021, the Company had advances from Kent Emry (Chairman of the Company). The balance outstanding as of June 30, 2022 and December 31, 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. The balance outstanding as of June 30, 2022 and December 31, 2021 was \$125,000.

On January 22, 2013, the Company issued an unsecured promissory note payable to Kent Emry (Chairman of the Board) for \$300,000 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 June 30, 2022 and December 31, 2021 was \$163,610.

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 June 30, 2022 and December 31, 2021 is \$500,000. The interest expense during the three and six months ended June 30, 2022 was \$31,164 and \$61,986, 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 six months ended June 30, 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.

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On August 2, 2022, the Company issued an unsecured promissory note payable to Louis 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 will issue 33,000 shares of common stock and valued at \$76,890.

The interest expense during the three and six months ended June 30, 2022 were \$8,590 and \$76,756, respectively. The interest expense during the three and six months ended June 30, 2021 were \$7,425 and \$14,769, respectively. As of June 30, 2022 and December 31, 2021, the accumulated interest on related parties notes payable was \$01,347 and \$224,592, respectively, and was included in accounts payable and accrued expenses on the balance sheet.

**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 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. However, no assurance is provided that forgiveness for any portion of the PPP Loan will be obtained.

The interest expense during the three and six months ended June 30, 2022 was \$60 and \$669, respectively. The interest expense during the three and six months ended June 30, 2021 was \$299 and \$299, respectively. As of June 30, 2022 and December 31, 2021, the accumulated interest on PPP Loan was \$,652 and \$983, respectively.

The future principal payments are as follows:

| Year           | Amount            |
|----------------|-------------------|
| 2022           | \$ 8,933          |
| 2023           | 25,855            |
| 2024           | 26,115            |
| 2025           | 26,377            |
| 2026 and after | 44,160            |
|                | <u>\$ 131,440</u> |

**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 EIDL Loan is \$74,300, with proceeds to be used for working capital purposes. The EIDL loan is secured by the tangible and intangible personal property of the Company.

In accordance with the terms of the note: (i) interest accrues at the rate of 3.75% per annum, (ii) installment payments, including principal and interest, of \$363 monthly, will begin 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 three and six months ended June 30, 2022 was \$95 and \$1,382, respectively. The interest expense during the three and six months ended June 30, 2021 was \$687 and \$1,382, respectively. As of June 30, 2022 and December 31, 2021, the accumulated interest on EIDL Loan was \$,458 and \$4,076, respectively.

The future principal payments are as follows:

| Year           | Amount           |
|----------------|------------------|
| 2022           | \$ -             |
| 2023           | -                |
| 2024           | -                |
| 2025           | -                |
| 2026           | 16               |
| 2027 and after | 74,284           |
|                | <u>\$ 74,300</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 three and six months ended June 30, 2022, the Company amortized \$118,554 and \$233,888, respectively, as interest expense. During the three and six months ended June 30, 2021, the Company amortized \$118,554 and \$233,888, 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 June 30, 2022 and December 31, 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 June 30, 2022 and December 31, 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 June 30, 2022 and December 31, 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

*Six months ended June 30, 2021*

During the six months ended June 30, 2021, the Company issued an aggregate of 39,880 shares of its common stock for services rendered valued at \$106,225 based on the underlying market value of the common stock at the date of issuance.

During the six months ended June 30, 2021, the Company issued an aggregate of 1,125,000 shares of its common stock under these Subscription Agreements. The common shares were recorded at a price of \$2.00 per shares at the date of the agreements of \$2,250,000.

*Six months ended June 30, 2022*

During the six months ended June 30, 2022, the Company issued an aggregate of 42,812 shares of its common stock for services rendered valued at \$42,555 based on the underlying market value of the common stock at the date of issuance, among which 17,500 shares valued at \$50,000 were issued to the board of directors for board compensation.

During the six months ended June 30, 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 six months ended June 30, 2022, the Company issued an aggregate of 110,619 shares of its common stock pursuant to the DeCsepe 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.

As of June 30, 2022, and December 31, 2021, the Company had 7,082,285 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 June 30 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 June 30, 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 June 30, 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 1,276 stock options. As of June 30, 2022, an aggregate total of 683,724 options can still be granted under the plan.

During the six months ended June 30, 2022, the Company approved the grant of 6,253 stock options to two consultants valued at \$14,644. The term of the options was three years, and the vesting period of is among one to two years.

During the six months ended June 30, 2022, the Company approved the grant of 21,750 stock options to one director valued at \$65,415. 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.

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

|                         |                 |
|-------------------------|-----------------|
| Risk-free interest rate | 0.91%-3.01%     |
| Expected term (years)   | 3.00 - 5.00     |
| Expected volatility     | 129.95%-140.30% |
| Expected dividends      | 0.00            |

The following table summarizes the stock option activity for the six months ended June 30, 2022:

|                                  | Shares  | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|---------|---------------------------------|---|---------------------------|
| Outstanding at December 31, 2021 | 815,351 | \$ 7.85                         | 4.9   | \$ 795,115                |
| Expired                          | (350)   | 1.60                            | -   | -                         |
| Grants                           | 28,003  | 3.93                            | 4.3   | -                         |
| Outstanding at June 30, 2022     | 843,004 | \$ 7.73                         | 4.4   | \$ 166,140                |
| Exercisable at June 30, 2022     | 837,793 | \$ 7.74                         | 4.4   | \$ 166,140                |

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 \$2.50 as of June 30, 2022, which would have been received by the option holders had those option holders exercised their options as of that date.

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The following table presents information related to stock options at June 30, 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        | 343,776           | 4.0                                      | 343,776                       | 4.0                                      |  |
| 2.51-5.00           | 60,061            | 3.1                                      | 59,434                        | 3.2                                      |  |
| 5.01 and up         | 439,167           | 4.9                                      | 434,583                       | 4.9                                      |  |
|                     | 843,004           | 4.4                                      | 837,793                       | 4.4                                      |  |

The stock-based compensation expense related to option grants was \$15,495 and \$68,377 during the three and six months ended June 30, 2022, respectively. The stock-based compensation expense related to option grants was \$3,686 and \$8,715 during the three and six months ended June 30, 2021, respectively.

As of June 30, 2022, stock-based compensation related to options of \$1,683 remains unamortized and is expected to be amortized over the weighted average remaining period of 19 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 six months ended June 30, 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.

During the six months ended June 30, 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            | 2.9   | \$ 5.06                         | 333,855            | 2.9   |
|                      | 333,855            | 2.9   | \$ 5.06                         | 333,855            | 2.9   |

The following table summarizes the warrant activity for the six months ended June 30, 2022:

|                                  |                  |   |
|----------------------------------|------------------|---|
|                                  | Number of Shares | Weighted Average Exercise Price Per Share |
| Outstanding at December 31, 2021 | -                | \$ -                                      |
| Grants                           | 333,855          | 5.06                                      |
| Outstanding at June 30, 2022     | 333,855          | \$ 5.06                                   |
| Exercisable at June 30, 2022     | 333,855          | \$ 5.06                                   |

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 June 30, 2022 and December 31, 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.

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. As of June 30, 2022, the Company classified \$ 29,700 as restricted cash as they will exclusively be used for accrued and projected legal fees from Buchalter per the 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 June 30, 2022 and December 31, 2021, the Company's related party payable was \$1,259,458 and \$1,014,892 , which comprised of compensation payable and interest payable to directors.

During the six months ended June 30, 2022 and 2021, the Company issued 17,500 and 18,782, respectively, shares of common stock valued at \$50,000 and \$52,500, respectively, to directors.

During the six months ended June 30, 2022, the Company approved the grant 21,750 stock options to one director, for a director's compensation, valued at \$65,415 . 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 three months ended June 30, 2022 included 55% from one customer of the Company's total revenues.

The Company's revenues earned from sale of products and services for the six months ended June 30, 2022 included 47% from one customer of the Company's total revenues.

The Company's revenues earned from sale of products and services for the three months ended June 30, 2021 included 55% from one customer of the Company's total revenues.

The Company's revenues earned from sale of products and services for the six months ended June 30, 2021 included 67% from one customer of the Company's total revenues.

At June 30, 2022, one customer accounted for 94% of the Company's total accounts receivable with an amount of \$12,215. 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.

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

Net loss attributable to the non-controlling interest for the three months ended June 30, 2022:

|  |                   |
|--|-------------------|
| Net loss   | \$ (7,257)        |
| Average Non-controlling interest percentage of profit/losses | 24.2%             |
| Net loss attributable to the non-controlling interest        | <u>\$ (1,756)</u> |

Net loss attributable to the non-controlling interest for the six months ended June 30, 2022:

|  |                   |
|--|-------------------|
| Net loss   | \$ (9,533)        |
| Average Non-controlling interest percentage of profit/losses | 24.2%             |
| Net loss attributable to the non-controlling interest        | <u>\$ (2,307)</u> |

The following table summarizes the changes in non-controlling interest for the six months ended June 30, 2022:

|   |                     |
|---|---------------------|
| Balance, December 31, 2021                            | \$ (117,838)        |
| Net loss attributable to the non-controlling interest | (2,307)             |
| Balance, June 30, 2022                                | <u>\$ (120,145)</u> |

Net loss attributable to the non-controlling interest for the three months ended June 30, 2021:

|  |                 |
|--|-----------------|
| Net loss   | \$ (2,860)      |
| Average Non-controlling interest percentage of profit/losses | 24.2%           |
| Net loss attributable to the non-controlling interest        | <u>\$ (692)</u> |

Net loss attributable to the non-controlling interest for the six months ended June 30, 2021:

|  |                   |
|--|-------------------|
| Net loss   | \$ (6,067)        |
| Average Non-controlling interest percentage of profit/losses | 24.2%             |
| Net loss attributable to the non-controlling interest        | <u>\$ (1,468)</u> |

The following table summarizes the changes in non-controlling interest for the six months ended June 30, 2021:

|   |                     |
|---|---------------------|
| Balance, December 31, 2020                            | \$ (115,454)        |
| Net loss attributable to the non-controlling interest | (1,468)             |
| Balance, June 30, 2021                                | <u>\$ (116,922)</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.

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<sup>st</sup>) day that the first unit of the treatment is sold (the “Initial Sales Date”) and ending on the third (3<sup>rd</sup>) 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<sup>rd</sup>) anniversary of the Initial Sales Date and ending on the fifteenth (15<sup>th</sup>) 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 June 30, 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 June 30, 2022 and December 31, 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 June 30, 2022 and December 31, 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.

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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 June 30, 2022, \$46,422 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 June 30, 2022 is \$0,700.

### 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) one consultant 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.

As of June 30, 2022, the Company has entered into one 6-month consulting agreement for services. The consultant shall receive a remuneration amount of \$0,000 due for the fourth, fifth and sixth month of the consulting agreement.

As of June 30, 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 six months ended June 30, 2022, the Company approved the grant of 1,253 stock options to one consultant valued at \$3,893. The term of the options was three years, and the vesting period of is among one year. There was no meeting held during the six months ended June 30, 2022.

During the six months ended June 30, 2022, the Company approved the grant of 5,000 stock options to one sales representative for consulting services valued at \$0,751. The term of the options was three years, and the vesting period of is over two years. Consultant 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. The Company cannot predict the outcome of this matter.

### NOTE 20 - SUBSEQUENT EVENTS

As of August 12, 2022, the Company issued an aggregate of 4,087 shares of its common stock for consulting services and valued at \$9,450.

On August 2, 2022, the Company issued an unsecured promissory note payable to Louis 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 will issue 33,000 shares of common stock and valued at \$76,890.

## ITEM 2. 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 \$117,359 and \$56,359 as of June 30, 2022 and December 31, 2021, respectively. Deferred revenues related to the grant were \$0 as of June 30, 2022 and December 31, 2021. \$512,981 and \$859,374 was recorded as grant income during the three and six months ended June 30, 2022, respectively. \$28,350 and \$118,582 was recorded as grant income during the three and six months ended June 30, 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.

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.

### Results of Operations

#### Three Months ended June 30, 2022 Compared with Three Months ended June 30, 2021

|   | <u>2022</u>           | <u>2021</u>           |
|---|-----------------------|-----------------------|
| Revenues, net                           | \$ 16,002             | \$ 15,718             |
| Total operating expenses                | (1,374,358)           | (979,124)             |
| Interest expense – related parties, net | (372,118)             | (125,979)             |
| Interest expense, net                   | (100,326)             | (870)                 |
| Grant income                            | 512,981               | 28,350                |
| Net loss                                | (1,317,819)           | (1,061,905)           |
| Non-controlling interest                | 1,756                 | 692                   |
| Net loss attributable to BioCorRx Inc.  | <u>\$ (1,316,063)</u> | <u>\$ (1,061,213)</u> |

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### *Revenues*

Total net revenues for the three months ended June 30, 2022 were \$16,002 compared with \$15,718 for the three months ended June 30, 2021, reflecting an increase of 1.8%. Sales/access fees for the three months ended June 30, 2022 and 2021 were \$3,610 and \$0, respectively, reflecting an increase of \$3,610. The primary reason for the increase in 2022 is directly related to the increased number of patients treated at licensed clinics during the second quarter of 2022. Distribution rights income for the three months ended June 30, 2022 and 2021 were \$8,721 and \$8,722, respectively. Membership/program fees for the three months ended June 30, 2022 and 2021 were \$3,671 and \$6,996, respectively. The primary reason for the decrease in 2022 was due to the decreased customers of the Company's UnCraveRx™ Weight Loss Management Program launched in October 2019 during the second quarter of 2022.

### *Total Operating Expenses*

Total operating expenses for the three months ended June 30, 2022 and 2021 were \$1,374,358 and \$979,124, respectively, reflecting an increase of \$395,234. The reasons for the increase in 2022 are primarily due to an increase of \$259,690 in research and development expense, from \$123,262 for the three months ended June 30, 2021 to \$382,952 for the three months ended June 30, 2022, an increase of \$103,699 in accounting and legal fees due to more legal services used in 2022 in connection with other legal matters during the second quarter of 2022, from \$106,293 for the three months ended June 30, 2021 to \$209,993 for the three months ended June 30, 2022, and an increase of \$31,805 in consulting fees due to increased consulting services during the second quarter of 2022, from \$164,552 for the three months ended June 30, 2021 to \$196,357 for the three months ended June 30, 2022.

### *Interest Expense – Related Parties*

Interest expense – related parties for the three months ended June 30, 2022 and 2021 were \$372,118 and \$125,979, respectively. The increase is mainly due to the issuance of note payables with a stated interest rate of 25% per annum and the recognition of the fair value of warrants as interest expense due to loan default.

### *Interest Expense*

Interest expense for the three months ended June 30, 2022 and 2021 were \$100,326 and \$870, respectively. The increase is mainly due to the issuance of note payables with a stated interest rate of 25% per annum and the recognition of the fair value of warrants as interest expense due to loan default.

### *Grant Income*

During the three months ended June 30, 2022, the Company recognized grant income of \$512,981 as compared to \$28,350 for the comparable period last year. The larger grant income in 2022 was due to that 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.

### *Net Loss*

For the three months ended June 30, 2022, the Company experienced a net loss of \$1,317,819 compared with a net loss of \$1,061,905 for the three months ended June 30, 2021. The increase in net loss is primarily due to the increased operating expenses.

### Six Months ended June 30, 2022 Compared with Six Months ended June 30, 2021

|   | <u>2022</u>           | <u>2021</u>           |
|---|-----------------------|-----------------------|
| Revenues, net                           | \$ 36,520             | \$ 25,842             |
| Total operating expenses                | (2,519,550)           | (2,568,464)           |
| Interest expense – related parties, net | (525,618)             | (248,657)             |
| Interest expense, net                   | (113,602)             | (1,500)               |
| Grant income                            | 859,374               | 118,582               |
| Other miscellaneous income              | 66                    | 28,229                |
| Net loss                                | (2,262,810)           | (2,645,968)           |
| Non-controlling interest                | 2,307                 | 1,468                 |
| Net loss attributable to BioCorRx Inc.  | <u>\$ (2,260,503)</u> | <u>\$ (2,644,500)</u> |

### *Revenues*

Total net revenues for the six months ended June 30, 2022 were \$36,520 compared with \$25,842 for the six months ended June 30, 2021, reflecting an increase of 41.3%. Sales/access fees for the six months ended June 30, 2022 and 2021 were \$10,560 and \$0, respectively, reflecting an increase of \$10,560. The primary reason for the increase in 2022 is directly related to the increased number of patients treated at licensed clinics. Distribution rights income for the six months ended June 30, 2022 and 2021 were \$17,347 and \$17,847, respectively, reflecting a decrease of \$500. The primary reason for the decrease in distribution rights income was due to the deferred revenues from certain licenses were fully amortized. Membership/program fees for the six months ended June 30, 2022 and 2021 were \$8,613 and \$7,995, 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.

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### *Total Operating Expenses*

Total operating expenses for the six months ended June 30, 2022 and 2021 were \$2,519,550 and \$2,568,464, respectively, reflecting a decrease of \$48,914. The reasons for the decrease in 2022 are primarily due to a decrease of \$200,698 in research and development expense and conclusion of the preclinical studies of BICX102, from \$781,499 for the six months ended June 30, 2021 to \$580,801 for the six months ended June 30, 2022, partially offset by an increase of \$95,991 in stock-based compensation related to both directors and service providers due to new issuance of stock options in 2022, from \$114,940 for the six months ended June 30, 2021 to \$210,931 for the six months ended June 30, 2022 and an increase of \$61,962 in consulting fees due to increased consulting services, from \$342,282 for the six months ended June 30, 2021 to \$404,244 for the six months ended June 30, 2022.

### *Interest Expense – Related Parties*

Interest expense – related parties for the three months ended June 30, 2022 and 2021 were \$525,618 and \$248,657, respectively. The increase is mainly due to the issuance of note payables with a stated interest rate of 25% per annum and the recognition of the fair value of warrants as interest expense due to loan default.

### *Interest Expense*

Interest expense for the six months ended June 30, 2022 and 2021 were \$113,602 and \$1,500, respectively. The increase is mainly due to the issuance of note payables with a stated interest rate of 25% per annum and the recognition of the fair value of warrants as interest expense due to loan default.

### *Grant Income*

During the six months ended June 30, 2022, the Company recognized grant income of \$859,374 as compared to \$118,582 for the comparable period last year. The larger grant income in 2022 was due to that 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.

### *Net Loss*

For the six months ended June 30, 2022, the Company experienced a net loss of \$2,262,810 compared with a net loss of \$2,645,968 for the six months ended June 30, 2021. The decrease in net loss is primarily due to the higher grant income incurred in 2022.

### *Liquidity and Capital Resources*

As of June 30, 2022, the Company had cash and restricted cash of \$111,461. 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         | \$ (1,224,377)    | \$ (2,268,318)    |
| Net cash used in investing activities         | -                 | (2,017)           |
| Net cash provided by financing activities     | 1,250,000         | 2,381,440         |
| Net increase in cash                          | 25,623            | 111,105           |
| Cash and restricted cash, beginning of period | 85,838            | 592,053           |
| Cash and restricted cash, end of period       | <u>\$ 111,461</u> | <u>\$ 703,158</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 the six months ended June 30, 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 June 30, 2022 and December 31, 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 six months ended June 30, 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 June 30, 2022 and December 31, 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 six months ended June 30, 2022, the Company issued the warrant that entitles Kent Emry to purchase 119,617 common shares due to the loan default.

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.

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### *Net Cash Flow from Operating Activities*

Net cash used in operating activities was \$1,224,377 for the six months ended June 30, 2022 compared to \$2,268,318 used in operating activities for the six months ended June 30, 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 six months ended June 30, 2022 was \$0 compared to \$2,017 used in investing activities for the six months ended June 30, 2021. The decrease was primarily due to purchase on equipment during the six months ended June 30, 2021.

### *Net Cash Flow from Financing Activities*

Net cash provided by financing activities decreased by \$1,131,440, from \$2,381,440 provided by financing activities for the six months ended June 30, 2021 to \$1,250,000 cash provided by financing activities for the six months ended June 30, 2022. The Company issued 340,505 shares of common stock for proceeds of \$1,250,000 during the six months ended June 30, 2022. The Company issued 1,125,000 shares of common stock for proceeds of \$2,250,000 during the six months ended June 30, 2021. The Company also received \$131,440 from Citizens Business Bank as the second tranche loan under the PPP loan during the six months ended June 30, 2021.

### 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 June 30, 2022, the Company had a working capital deficit of \$4,427,631, and an accumulated deficit of \$72,227,195. 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

See the Company's discussion under Note 2-Significant Accounting Policies in its financial statements.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required under Regulation S-K for "smaller reporting companies."

## ITEM 4. 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 Quarterly Report on Form 10-Q, 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 June 30, 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 Quarterly Report, fairly present in all material respects our financial condition, results of operations, and cash flows as of and for the periods presented in this quarterly report.

### Changes in Internal Controls over Financial Reporting

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 June 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. 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. The Company cannot predict the outcome of this matter.

ITEM 1A. RISK FACTORS

Not required under Regulation S-K for "smaller reporting companies."

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of the Company's equity securities during the quarter ended June 30, 2022 that were not previously reported in a Current Report on Form 8-K except as follows:

During the six months ended June 30, 2022, the Company issued an aggregate of 42,812 shares of its common stock for services rendered valued at \$142,555 based on the underlying market value of the common stock at the date of issuance, among which 17,500 shares valued at \$50,000 were issued to the board of directors for board compensation.

During the six months ended June 30, 2022, the Company issued an aggregate of 340,505 shares of its common stock pursuant to the subscription agreements described in Note 16. The common shares were recorded at a price of \$2.26 or \$4.35 per shares for gross proceeds to the Company of \$1,250,000.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

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 June 30, 2022 and December 31, 2021 is \$200,000. The interest expense during the three and six months ended June 30, 2022 was \$12,466 and \$24,795, 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 six months ended June 30, 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 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 June 30, 2022 and December 31, 2021 is \$500,000. The interest expense during the three and six months ended June 30, 2022 was \$31,164 and \$61,986, 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 six months ended June 30, 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.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not Applicable.

ITEM 6. EXHIBITS.

|                      |  |
|----------------------|--|
| <a href="#">4.1</a>  | <a href="#">Form of Warrant (filed as Exhibit 4.1 to the Current Report on Form 8-K filed with SEC on May 12, 2022).</a>   |
| <a href="#">10.1</a> | <a href="#">BioCorRx Inc. 2022 Omnibus Securities and Incentive Plan (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 28, 2022)</a>  |
| <a href="#">10.2</a> | <a href="#">Form of Subscription Agreement by and between BioCorRx Inc. and the Purchaser initially effective May 6, 2022 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 12, 2022)</a>       |
| <a href="#">31.1</a> | <a href="#">Certifications of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **</a> |
| <a href="#">31.2</a> | <a href="#">Certifications of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **</a> |
| <a href="#">32.1</a> | <a href="#">Certifications of Chief Executive Officer pursuant to 18 U.S.C. SEC. 1350 (Section 906 of Sarbanes-Oxley Act of 2002) +</a>  |
| <a href="#">32.2</a> | <a href="#">Certifications of Chief Financial Officer pursuant to 18 U.S.C. SEC. 1350 (Section 906 of Sarbanes-Oxley Act of 2002) +</a>  |
| 101.INS              | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).   |
| 101.SCH              | Inline XBRL Taxonomy Extension Schema Document.  |
| 101.CAL              | Inline XBRL Taxonomy Extension Calculation Linkbase Document.  |
| 101.DEF              | Inline XBRL Taxonomy Extension Definition Linkbase Document.   |
| 101.LAB              | Inline XBRL Taxonomy Extension Labels Linkbase Document.   |
| 101.PRE              | Inline XBRL Taxonomy Extension Presentation Linkbase Document.   |
| 104                  | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).  |

\*\* Filed herewith.

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**BIOCORRX INC.**

Date: August 15, 2022

By: /s/ Lourdes Felix  
Lourdes Felix  
Chief Executive Officer and Chief Financial Officer

## CERTIFICATION

I, Lourdes Felix, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 15, 2022

By: /s/ Lourdes Felix

Lourdes Felix  
Chief Executive Officer  
Chief Financial Officer



## CERTIFICATION

I, Lourdes Felix, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 15, 2022

By: /s/ Lourdes Felix

Lourdes Felix  
Chief Executive Officer  
Chief Financial Officer

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER  
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 Quarterly Report of BioCorRx Inc. on Form 10-Q for the quarter ended June 30, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of BioCorRx Inc.

Date: August 15, 2022

By: /s/ Lourdes Felix

Lourdes Felix  
Chief Executive Officer  
Chief Financial Officer

CERTIFICATIONS OF CHIEF FINANCIAL OFFICER  
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 Quarterly Report of BioCorRx Inc. on Form 10-Q for the quarter ended June 30, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of BioCorRx Inc.

Date: August 15, 2022

By: /s/ Lourdes Felix

Lourdes Felix  
Chief Executive Officer  
Chief Financial Officer