

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 **September 30, 2023**

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)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**90-0967447**

(IRS Employer  
Identification No.)

**2390 East Orangewood Avenue, Suite 500  
Anaheim, CA**

(Address of principal executive offices)

**92806**

(Zip Code)

**(714) 462-4880**

(Registrant's telephone number, including area code)

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

**Title of each class**

N/A

**Trading Symbol(s)**

N/A

**Name of each exchange  
on which registered**

N/A

Indicate by check 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

Accelerated filer

Non-accelerated Filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 November 13, 2023, there were 8,599,076 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 I. FINANCIAL STATEMENTS

BIOCORRX INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 156,409	\$ 68,615
Accounts receivable	12,215	35,378
Grant receivable	4,991	130,152
Prepaid expenses	72,172	82,765
Total current assets	<u>245,787</u>	<u>316,910</u>
Property and equipment, net	57,363	76,572
Right to use assets	177,454	270,406
Other assets:		
Patents, net	9,322	10,206
Software development costs	-	47,980
Deposits, long term	44,520	44,520
Total other assets	<u>53,842</u>	<u>102,706</u>
Total assets	<u>\$ 534,446</u>	<u>\$ 766,594</u>
<b>LIABILITIES AND DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued expenses, including related party payables of \$1,491,414 and \$1,077,088, respectively	\$ 4,443,567	\$ 3,907,954
Deferred revenue, short term	7,092	33,256
Lease liability, short term	146,187	134,343
Notes payable, net of debt discount of \$113,242 and \$23,878, respectively	408,238	297,602
Notes payable, related parties, net of debt discount of \$106,801 and \$49,473, respectively	941,581	990,637
Total current liabilities	<u>5,946,665</u>	<u>5,363,792</u>
Long term liabilities:		
Economic Injury Disaster loan, long term	72,817	73,850
Royalty obligation, net of discount of \$5,021,128 and \$5,376,790, related parties	3,700,972	3,345,310
Lease liability, long term	70,350	181,328
Deferred revenue, long term	4,045	4,045
Total liabilities	<u>9,794,849</u>	<u>8,968,325</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 September 30, 2023 and December 31, 2022	16,000	16,000
Series B convertible preferred stock, no par value; 160,000 designated; 160,000 shares issued and outstanding as of September 30, 2023 and December 31, 2022	5,616	5,616
Common stock, \$0.001 par value; 750,000,000 shares authorized, 8,591,797 and 7,718,636 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	8,592	7,719
Common stock subscribed	100,000	100,000
Additional paid in capital	67,872,232	66,130,296
Accumulated deficit	(77,134,478)	(74,336,105)
Total deficit attributable to BioCorRx Inc.	<u>(9,132,038)</u>	<u>(8,076,474)</u>
Non-controlling interest	(128,365)	(125,257)
Total deficit	<u>(9,260,403)</u>	<u>(8,201,731)</u>
Total liabilities and deficit	<u>\$ 534,446</u>	<u>\$ 766,594</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenues, net	\$ 10,145	\$ 94,441	\$ 70,222	\$ 130,961
Operating expenses:				
Cost of implants and other costs	3,881	2,343	22,933	6,603
Research and development	286,962	342,553	762,768	923,354
Selling, general and administrative	674,456	771,810	2,181,532	2,692,574
Impairment of intellectual property	-	-	47,980	-
Depreciation and amortization	6,714	6,863	20,093	20,588
Total operating expenses	972,013	1,123,569	3,035,306	3,643,119
Loss from operations	(961,868)	(1,029,128)	(2,965,084)	(3,512,158)
Other income (expenses):				
Interest expense - related parties	(169,582)	(239,487)	(501,787)	(765,105)
Interest expense, net	(36,883)	(13,624)	(90,412)	(127,226)
Loss on settlement of debt	-	(198,939)	(34,338)	(198,939)
Grant income	300,985	390,857	790,140	1,250,231
Other miscellaneous income	-	139,315	-	139,381
Total other income	94,520	78,122	163,603	298,342
Loss before provision for income taxes	(867,348)	(951,006)	(2,801,481)	(3,213,816)
Income taxes	-	-	-	-
Net loss	(867,348)	(951,006)	(2,801,481)	(3,213,816)
Non-controlling interest	1,068	1,888	3,108	4,195
Net loss attributable to BioCorRx Inc.	\$ (866,280)	\$ (949,118)	\$ (2,798,373)	\$ (3,209,621)
Net loss per common share, basic and diluted	\$ (0.10)	\$ (0.13)	\$ (0.34)	\$ (0.46)
Weighted average number of common shares outstanding, basic and diluted	8,537,320	7,161,039	8,250,725	7,040,469

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX INC.  
CONDENSED CONSOLIDATED STATEMENT OF DEFICIT  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

	Series A Convertible Preferred stock		Series B Convertible Preferred stock		Common stock		Common Stock Subscription Receivable	Common stock Subscribed	Additional Paid in Capital	Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance, December 31, 2022	80,000	\$ 16,000	160,000	\$ 5,616	7,718,636	\$ 7,719	\$ -	\$ 100,000	\$ 66,130,296	\$ (74,336,105)	\$ (125,257)	\$ (8,201,731)
Common stock issued for services rendered	-	-	-	-	36,660	37	-	-	63,107	-	-	63,144
Common stock issued in connection with issuance of promissory notes	-	-	-	-	4,285	4	-	-	5,996	-	-	6,000
Common stock issued in connection with subscription agreement	-	-	-	-	342,592	343	(300,000)	-	599,657	-	-	300,000
Share-based compensation	-	-	-	-	-	-	-	-	16,074	-	-	16,074
Net loss	-	-	-	-	-	-	-	-	-	(1,009,652)	(934)	(1,010,586)
Balance, March 31, 2023 (unaudited)	80,000	\$ 16,000	160,000	\$ 5,616	8,102,173	\$ 8,103	\$ (300,000)	\$ 100,000	\$ 66,815,130	\$ (75,345,757)	\$ (126,191)	\$ (8,827,099)
Common stock issued for services rendered	-	-	-	-	35,301	35	-	-	62,256	-	-	62,291
Common stock issued in connection with conversion of promissory notes and accounts payable	-	-	-	-	207,606	208	-	-	361,684	-	-	361,892
Common stock issued in connection with subscription agreement	-	-	-	-	174,409	174	300,000	-	299,826	-	-	600,000
Share-based compensation	-	-	-	-	-	-	-	-	15,953	-	-	15,953
Net loss	-	-	-	-	-	-	-	-	-	(922,441)	(1,106)	(923,547)
Balance, June 30, 2023 (unaudited)	80,000	\$ 16,000	160,000	\$ 5,616	8,519,489	\$ 8,520	\$ -	\$ 100,000	\$ 67,554,849	\$ (76,268,198)	\$ (127,297)	\$ (8,710,510)
Common stock issued for services rendered	-	-	-	-	36,308	36	-	-	65,089	-	-	65,125
Common stock issued in connection with issuance of promissory notes	-	-	-	-	36,000	36	-	-	59,544	-	-	59,580
Warrants issued in connection with issuance of	-	-	-	-	-	-	-	-	176,545	-	-	176,545

promissory notes													
Share-based compensation	-	-	-	-	-	-	-	-	-	16,205	-	-	16,205
Net loss	-	-	-	-	-	-	-	-	-	-	(866,280)	(1,068)	(867,348)
Balance, September 30, 2023 (unaudited)	<u>80,000</u>	<u>\$ 16,000</u>	<u>160,000</u>	<u>\$ 5,616</u>	<u>8,591,797</u>	<u>\$ 8,592</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 67,872,232</u>	<u>\$ (77,134,478)</u>	<u>\$ (128,365)</u>	<u>\$ (9,260,403)</u>	

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX INC .  
CONDENSED CONSOLIDATED STATEMENT OF DEFICIT  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

	Series A Convertible Preferred stock		Series B Convertible Preferred stock		Common stock		Common stock Subscribed	Additional Paid in Capital	Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2021	80,000	\$ 16,000	160,000	\$ 5,616	6,698,968	\$ 6,699	\$ 100,000	\$ 62,994,739	\$ (69,966,692)	\$ (117,838)	\$ (6,961,476)
Common stock issued for services rendered	-	-	-	-	25,423	25	-	100,005	-	-	100,030
Common stock issued in connection with subscription agreement	-	-	-	-	229,886	230	-	999,770	-	-	1,000,000
Share-based compensation	-	-	-	-	-	-	-	52,882	-	-	52,882
Net loss	-	-	-	-	-	-	-	-	(944,440)	(551)	(944,991)
Balance, March 31, 2022 (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 issued for services rendered	-	-	-	-	17,389	17	-	42,508	-	-	42,525
Common stock issued in connection with subscription agreement	-	-	-	-	110,619	111	-	249,889	-	-	250,000
Warrants issued in connection with loan default	-	-	-	-	-	-	-	86,821	-	-	86,821
Warrants issued in connection with loan default – related party	-	-	-	-	-	-	-	214,975	-	-	214,975
Share-based compensation	-	-	-	-	-	-	-	15,495	-	-	15,495
Net loss	-	-	-	-	-	-	-	-	(1,316,063)	(1,756)	(1,317,819)
Balance, June 30, 2022 (unaudited)	80,000	\$ 16,000	160,000	\$ 5,616	7,082,285	\$ 7,082	\$ 100,000	\$ 64,757,084	\$ (72,227,195)	\$ (120,145)	\$ (7,461,558)
Common stock issued for services rendered	-	-	-	-	23,054	23	-	49,227	-	-	49,250
Common stock issued in connection with conversion of promissory notes and accounts payable	-	-	-	-	485,220	485	-	1,062,147	-	-	1,062,632
Common stock issued in connection with issuance of promissory notes	-	-	-	-	33,000	33	-	76,857	-	-	76,890
Share-based compensation	-	-	-	-	-	-	-	23,326	-	-	23,326
Net loss	-	-	-	-	-	-	-	-	(949,118)	(1,888)	(951,006)
Balance, September 30, 2022 (unaudited)	80,000	\$ 16,000	160,000	\$ 5,616	7,623,559	\$ 7,623	\$ 100,000	\$ 65,968,641	\$ (73,176,313)	\$ (122,033)	\$ (7,200,466)

See the accompanying notes to the unaudited condensed consolidated financial statements



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

	Nine Months ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (2,801,481)	\$ (3,213,816)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation and amortization	20,093	20,588
Amortization of discount on royalty obligation	355,662	355,662
Amortization of debt discount	61,094	76,890
Impairment of intellectual property	47,980	-
Amortization of right-of-use asset	92,952	84,848
Loss on settlement of debt	34,338	198,939
Stock based compensation	238,792	283,508
Gain on forgiveness of debt	-	(133,424)
Warrants issued in connection with loan default	-	301,796
Changes in operating assets and liabilities:		
Accounts receivable	23,163	(65,192)
Grant receivable	125,161	(42,996)
Prepaid expenses	10,593	(18,831)
Accounts payable and accrued expenses	597,505	674,304
Lease liability	(99,134)	(88,309)
Deferred revenue	(26,164)	(26,164)
Net cash used in operating activities	<u>(1,319,446)</u>	<u>(1,592,197)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from common stock subscription and royalty agreement	900,000	1,250,000
Payment to Economic Injury Disaster loan	(1,033)	(112)
Payment of notes payable – related party	(35,000)	-
Proceeds from notes payable	200,000	-
Proceeds from notes payable – related party	343,273	320,000
Net cash provided by financing activities	<u>1,407,240</u>	<u>1,569,888</u>
Net increase (decrease) in cash and restricted cash	87,794	(22,309)
Cash and restricted cash, beginning of the period	68,615	85,838
Cash and restricted cash, end of period	<u>\$ 156,409</u>	<u>\$ 63,529</u>
Cash and restricted cash consist of the following, end of period:		
Cash	\$ 156,409	\$ 39,100
Restricted cash	-	24,429
Total	<u>\$ 156,409</u>	<u>\$ 63,529</u>
Cash and restricted cash consist of the following, beginning of the period:		
Cash	\$ 68,615	\$ 85,838
Restricted cash	-	-
Total	<u>\$ 68,615</u>	<u>\$ 85,838</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
Common stock issued in connection with conversion of promissory notes and accounts payable	\$ 361,892	\$ 1,062,632
Warrants issued in connection with issuance of promissory notes	\$ 176,545	\$ -
Common stock issued in connection with issuance of promissory notes	<u>\$ 65,580</u>	<u>\$ 76,890</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOCORRX INC .  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2023  
(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) 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 September 30, 2023.

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 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 17).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The following (a) condensed consolidated balance sheet as of December 31, 2022, 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 nine months ended September 30, 2023 are not necessarily indicative of results that may be expected for the year ending December 31, 2023. 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, 2022 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 31, 2023.

Basis of presentation

The consolidated financial statements include the accounts of: (i) BioCorRx Inc. and its wholly owned subsidiary, Fresh Start Private, Inc., (ii) its majority owned subsidiary, BioCorRx Pharmaceuticals, Inc., and (iii) and the Medical Corporation ("VIE") (collectively, "the Company") under which the Company provides management and other administrative services pursuant to the management services agreement in which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

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.

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

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

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

The following table presents the Company’s net sales by product category for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended	
	September 30,	
	2023	2022
Sales/access fees	\$ 390	\$ 2,250
Project support income	-	79,263
Distribution rights income	8,817	11,129
Membership/program fees	938	1,799
Net sales	<u>\$ 10,145</u>	<u>\$ 94,441</u>

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Sales/access fees	\$ 10,645	\$ 12,810
Project support income	25,817	79,263
Distribution rights income	26,164	28,476
Membership/program fees	7,596	10,412
Net sales	<u>\$ 70,222</u>	<u>\$ 130,961</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, distributes 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 and deferred; the Company nets those uncollected fees with the deferred revenue for balance sheet presentation.

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

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

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

Balance as of December 31, 2022		
Short term	\$	33,256
Long term		4,045
Total as of December 31, 2022	\$	37,301
Net sales recognized		(26,164)
Balance as of September 30, 2023		11,137
Less short term		7,092
Long term	\$	4,045

Deferred Revenue-Grant

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

### Use of Estimates

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

### Accounts Receivable

Accounts receivable are recorded at original invoice amount less an allowance for uncollectible accounts that management believes will be adequate to absorb estimated losses on existing balances. Management estimates the allowance based on collectability of accounts receivable and prior bad debt experience. Accounts receivable balances are written off against the allowance upon management's determination that such accounts are uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Management believes that credit risks on accounts receivable will not be material to the financial position of the Company or results of operations. The allowance for doubtful accounts was \$0 as of September 30, 2023 and December 31, 2022.

### 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 13 and 14 for stock based compensation and other equity instruments.

### Segment Information

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

### Long-Lived Assets

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

The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of the assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. No impairments were recognized for the three and nine months ended September 30, 2023 and 2022.

### Intangible Assets

Intangible assets with finite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. \$0 impairment was recognized for the three and nine months ended September 30, 2023 and 2022.

### 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 which \$47,980 of costs have been capitalized. During the nine months ended September 30, 2023, the Company wrote off the \$47,980 as impairment loss.

### Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the asset's estimated useful life of 5 to 15 years. Expenditures for maintenance and repairs are expensed as incurred. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition is reflected in earnings.

### Leases

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

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

### Net (loss) Per Share

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

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

Diluted net loss per share is calculated by including any potentially dilutive share issuances in the denominator. The following securities are excluded from the calculation of weighted average diluted shares at September 30, 2023 and 2022, respectively, because their inclusion would have been anti-dilutive.

	Nine Months Ended September 30,	
	2023	2022
Shares underlying options outstanding	891,443	858,101
Shares underlying warrants outstanding	1,150,856	333,855
Convertible preferred stock outstanding	240,000	240,000
	<u>2,282,299</u>	<u>1,431,956</u>

#### Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations \$25,846 and \$106,073 as advertising costs for the three months ended September 30, 2023 and 2022, respectively. The Company charged to operations \$88,633 and \$295,119 as advertising costs for the nine months ended September 30, 2023 and 2022, 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 \$4,991 and \$122,652 as of September 30, 2023 and December 31, 2022, respectively. Deferred revenues related to the grant were \$0 as of September 30, 2023 and December 31, 2022. \$300,985 and \$390,857 were recorded as grant income for the three months ended September 30, 2023 and 2022, respectively. \$790,140 and \$1,250,231 were recorded as grant income for the nine months ended September 30, 2023 and 2022, respectively. The F&A indirect costs were \$0 and \$253,208 as of September 30, 2023 and December 31, 2022, respectively. The grant provides for \$516,218 in funding for F&A indirect costs. The remaining facilities and administrative indirect cost over allocation is \$9,671 as of September 30, 2023. The Company will credit the F&A indirect cost rate.

#### Research and development costs

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development (“ASC 730-10”). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of \$286,962 and \$342,553 for the three months ended September 30, 2023 and 2022, respectively. The Company incurred research and development expenses of \$762,768 and \$923,354 for the nine months ended September 30, 2023 and 2022, 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 September 30, 2023 and December 31, 2022, the Company has not recorded any unrecognized tax benefits.

### Variable Interest Entity

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

### Non-Controlling Interest

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

### Royalty Obligations, net

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

### Recent Accounting Pronouncements

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

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the impairment model by requiring entities to use a forward-looking approach on expected losses to estimate credit losses on certain financial instruments, including trade receivables and available-for-sale debt securities. The new guidance was originally due to become effective for the Company beginning in the first quarter of 2020, however the FASB in November 2019 issued ASU 2019-10 which moved the effective date for smaller reporting companies to the first quarter of 2023. The Company adopted ASU 2016-13 on January 1, 2023. The adoption of ASU 2016-13 did not have an impact on the Company’s financial statements.

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

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

As of September 30, 2023, the Company had cash of \$156,409 and working capital deficit of \$5,700,878. During the nine months ended September 30, 2023, the Company used net cash in operating activities of \$1,319,446. The Company has not yet generated any significant revenues and has incurred net losses since inception. These conditions raise substantial doubt about the Company’s ability to continue as a going concern for the next twelve-month period since the date of the financial statements were issued.

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

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

During the nine months ended September 30, 2023, the Company entered into three subscription agreements pursuant to which the Company issued an aggregate of 517,001 shares of common stock for gross proceeds of \$900,000.

During the nine months ended September 30, 2023, the Company issued one note payable to a third party for a principal of \$50,000 with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$1,563. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 4,285 shares of common stock valued at \$6,000, which was recognized as debt discount.

During the nine months ended September 30, 2023, the Company received \$50,000 advances from Louis C Lucido, a member of the Company's Board of Directors. The balance outstanding as of September 30, 2023 was \$50,000 which amount is payable on demand. There is no interest rate attached to these advances.

During the nine months ended September 30, 2023, the Company received \$143,273 advances from Lourdes Felix, the Company's Chief Executive Officer and Chief Financial Officer ("CEO" and "CFO", respectively). The balance outstanding as of September 30, 2023 was \$108,273.

On April 3, 2023, the Company entered into an Exchange Agreement (the "Louis 2023 Exchange Agreement") with Mr. Lucido, pursuant to which Mr. Lucido agreed to exchange of the promissory note then outstanding of \$300,000 and the accrued interest on the promissory note of \$13,892 into the Company's 183,606 shares of common stock at \$1.71 per share, resulting in the recognition of \$34,338 of loss on settlement of debt.

On June 1, 2023, the Company entered into an Exchange Agreement (the "Consultant Exchange Agreement") with one consultant, pursuant to which the consultant agreed to exchange of the unpaid service fees of \$48,000 into the Company's 24,000 shares of common stock at \$2.00 per share.

On August 29, 2023, the Company issued an unsecured promissory note payable to Louis C Lucido for \$150,000 with principal and interest due August 29, 2024, with a stated interest rate of 8% per annum. The promissory note, together with all accrued interest, shall be converted into common shares at a conversion price of \$2.00 per share on or before August 29, 2024. In connection with the issuance of the promissory note, the Company issued the warrant that entitles Mr. Lucido to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$87,724 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$29,340, which was also recognized as debt discount.

On September 6, 2023, the Company issued an unsecured promissory note payable to one third party for \$150,000 with principal and interest due September 6, 2024, with a stated interest rate of 8% per annum. The third party has the option to select the repayment in cash or in stock of the Company at \$2.00 per share. If the Company fails to make any payment due under the terms of the promissory note, the interest rate shall increase to 15% per annum. In connection with the issuance of the promissory note, the Company issued the warrant that entitles the third party to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$88,820 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$30,240, which was also recognized as debt discount.

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 September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Prepaid insurance	\$ 28,480	\$ 4,284
Prepaid subscription services	31,869	49,901
Prepaid research and development	-	7,480
Other prepaid expenses	11,823	21,100
	<u>\$ 72,172</u>	<u>\$ 82,765</u>

## NOTE 5 - PROPERTY AND EQUIPMENT

The Company's property and equipment consisted of the following at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
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	(137,188)	(117,979)
	<u>\$ 57,363</u>	<u>\$ 76,572</u>

Depreciation expense charged to operations amounted to \$6,419 and \$6,568, respectively, for the three months ended September 30, 2023 and 2022. Depreciation expense charged to operations amounted to \$19,209 and \$19,704, respectively, for the nine months ended September 30, 2023 and 2022.

## 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:

	September 30, 2023	December 31, 2022
Total lease liability	\$ 216,537	\$ 315,671
Less: short term portion	146,187	134,343
Long term portion	<u>\$ 70,350</u>	<u>\$ 181,328</u>

Maturity analysis under these lease agreements are as follows:

	<b>Total</b>
2023	\$ 39,308
2024	159,420
2025	31,690
Subtotal	230,418
Less: Present value discount	(13,881)
Lease liability	<u>\$ 216,537</u>

Lease expense for the three and nine months ended September 30, 2023 and 2022 was comprised of the following:

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Operating lease expense	\$ 34,522	\$ 36,192
	<u>\$ 34,522</u>	<u>\$ 36,192</u>

  

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Operating lease expense	\$ 107,326	\$ 108,576
	<u>\$ 107,326</u>	<u>\$ 108,576</u>

During the nine months ended September 30, 2023 and 2022, the Company paid \$113,508 and \$112,036 lease expense in cash, respectively.

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Weighted-average remaining lease term	1.4	2.1

#### NOTE 7 - INTELLECTUAL PROPERTY/ LICENSING RIGHTS

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 months ended September 30, 2023 and 2022, the Company recorded amortization expense of \$295 and \$294, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded amortization expense of \$884 and \$884, respectively. As of September 30, 2023, the accumulated amortization of these patents was \$5,878.

The future amortization of the patents are as follows:

<b>Year</b>	<b>Amount</b>
2023	285
2024	1,169
2025	1,169
2026	1,169
2027 and after	5,530
	<u>\$ 9,322</u>

## NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Accounts payable	\$ 2,389,884	\$ 2,013,250
Interest payable on notes payable	1,246,085	1,206,753
Interest payable on notes payable, related parties	439,402	332,567
Deferred insurance	13,650	-
Accrual of loss on contingency	322,000	322,000
Interest payable on EIDL loan	5,711	5,860
Accrued expenses	26,835	27,524
	<u>\$ 4,443,567</u>	<u>\$ 3,907,954</u>

## NOTE 9 - NOTES PAYABLE

As of September 30, 2023 and December 31, 2022, the Company had an advance from a third party. The advance bears no interest and is due on demand. The balance outstanding as of September 30, 2023 and December 31, 2022 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 September 30, 2023 and December 31, 2022 is \$200,000. The interest expense during the three months ended September 30, 2023 and 2022 were \$12,602. The interest expense during the nine months ended September 30, 2023 and 2022 were \$37,397. 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. On June 8, 2022, the Company issued the warrant that entitles the third party to purchase 48,309 common shares due to the loan default. The fair value of the warrant on June 8, 2022 was \$86,821, which the Company recognized as interest expense.

On October 6, 2022, the Company issued an unsecured promissory note payable to a third party for \$100,000 with principal and interest due October 6, 2023, with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,125. The balance outstanding as of September 30, 2023 and December 31, 2022 was \$100,000. The interest expense during the three months ended September 30, 2023 was \$3,150. The interest expense during the nine months ended September 30, 2023 was \$9,349. The Company made an interest payment of \$9,375 during the nine months ended September 30, 2023. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 25%. As additional consideration for the loan the Company issued 16,500 shares of common stock and valued at \$31,350, which was recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$7,902 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$23,448 of debt discount as interest expense.

On January 25, 2023, the Company issued an unsecured promissory note payable to a third party for \$50,000 with principal and interest due January 25, 2024, with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$1,563. The balance outstanding as of September 30, 2023 was \$50,000. The interest expense during the three months ended September 30, 2023 was \$1,576. The interest expense during the nine months ended September 30, 2023 was \$4,264. The Company made an interest payment of \$3,125 during the nine months ended September 30, 2023. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 4,285 shares of common stock and valued at \$6,000, which was recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$1,513 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$4,093 of debt discount as interest expense.

On September 6, 2023, the Company issued an unsecured promissory note payable to one third party for \$150,000 with principal and interest due September 6, 2024, with a stated interest rate of 8% per annum. The third party has the option to select the repayment in cash or in stock of the Company at \$2.00 per share. The balance outstanding as of September 30, 2023 was \$150,000. The interest expense during the three months ended September 30, 2023 was \$822. The interest expense during the nine months ended September 30, 2023 was \$822. If the Company fails to make any payment due under the terms of the promissory note, the interest rate shall increase to 15% per annum. In connection with the issuance of the promissory note, the Company issued the warrant that entitles the third party to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$88,820 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$30,240, which was also recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$8,155 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$8,155 of debt discount as interest expense.

The interest expense during the three months ended September 30, 2023 and 2022 were \$36,883 and \$13,624, respectively. The interest expense during the nine months ended September 30, 2023 and 2022 were \$90,412 and \$127,226, respectively. As of September 30, 2023 and December 31, 2022, the accumulated interest on notes payable was \$1,246,085 and \$1,206,753, respectively, and was included in accounts payable and accrued expenses on the balance sheet.

The outstanding notes payables as of September 30, 2023 and December 31, 2022 were summarized as below:

	September 30, 2023	December 31, 2022
Advances from a third party	\$ 21,480	\$ 21,480
Promissory note payable dated September 9, 2021	200,000	200,000
Promissory note payable dated October 6, 2022, net of debt discount of \$430 and \$23,878, respectively	99,570	76,122
Promissory note payable dated January 25, 2023, net of debt discount of \$1,907 and \$0, respectively	48,093	-
Promissory note payable dated September 6, 2023, net of debt discount of \$110,905 and \$0, respectively	39,095	-
	<u>\$ 408,238</u>	<u>\$ 297,602</u>

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

As of September 30, 2023 and December 31, 2022, the Company had advances from Kent Emry (Chairman of the Company). The balance outstanding as of September 30, 2023 and December 31, 2022 was \$1,500.

On January 22, 2013, the Company issued an unsecured promissory note payable to Kent Emry (Chairman of the Board) for \$200,000 due January 1, 2018, with a stated interest rate of 12% per annum beginning three months from issuance, payable monthly. Principal payments were due starting February 1, 2015 at \$6,650 per month. The lender has an option to convert the note to licensing rights for the State of Oregon. The Company currently is in default of the principal and interest. The balance outstanding as of September 30, 2023 and December 31, 2022 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 September 30, 2023 and December 31, 2022 is \$500,000. The interest expense during the three months ended September 30, 2023 and 2022 were \$31,507. The interest expense during the nine months ended September 30, 2023 and 2022 were \$93,493. 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. On June 8, 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.

On September 20, 2022, the Company received \$20,000 advances from Louis C Lucido, a member of the Company's Board of Directors. The balance outstanding as of September 30, 2023 and December 31, 2022 was \$20,000.

On November 1, 2022, the Company issued an unsecured promissory note payable to Louis C Lucido for \$300,000 with principal and interest due November 1, 2023, with a stated interest rate of 5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$3,750. On April 3, 2023, the Company entered into the Louis 2023 Exchange Agreement, pursuant to which Mr. Lucido agreed to exchange of the promissory note then outstanding of \$300,000 and the accrued interest on the promissory note of \$13,892 into the Company's 183,606 shares of common stock at \$1.71 per share, resulting in the recognition of \$34,338 of loss on settlement of debt. The balance outstanding as of September 30, 2023 and December 31, 2022 was \$0 and \$300,000. As the Company failed to make a payment due under the terms of the promissory note, the stated interest rate of the note was increased to 20% on February 1, 2023. The interest expense during the three months ended September 30, 2023 was \$0. The interest expense during the nine months ended September 30, 2023 was \$11,386. As additional consideration for the loan the Company issued 33,000 shares of common stock and valued at \$59,400, which was recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$0 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$15,135 of debt discount as interest expense. The remaining debt discount was written off as a loss on settlement of debt during the nine months ended September 30, 2023.

On December 8, 2022, the Company received \$55,000 advances from Mr. Lucido. The balance outstanding as of September 30, 2023 and December 31, 2022 was \$55,000.

On March 16, 2023, the Company received \$50,000 advances from Mr. Lucido. The balance outstanding as of September 30, 2023 and December 31, 2022 was \$50,000.

During the nine months ended September 30, 2023, the Company received \$143,273 advances from Lourdes Felix. The balance outstanding as of September 30, 2023 was \$108,273.

On August 29, 2023, the Company issued an unsecured promissory note payable to Louis C Lucido for \$150,000 with principal and interest due August 29, 2024, with a stated interest rate of 8% per annum. The promissory note, together with all accrued interest, shall be converted into common shares at a conversion price of \$2.00 per share on or before August 29, 2024. The balance outstanding as of September 30, 2023 was \$150,000. The interest expense during the three months ended September 30, 2023 was \$1,052. The interest expense during the nine months ended September 30, 2023 was \$1,052. In connection with the issuance of the promissory note, the Company issued the warrant that entitles Mr. Lucido to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$87,724 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$29,340, which was also recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$10,262 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$10,262 of debt discount as interest expense.

The interest expense – related parties during the three months ended September 30, 2023 and 2022 were \$169,582 and \$239,487, respectively, which includes the amortization of royalty obligations as interest expense of \$121,774 and \$121,774, respectively (see Note 12). The interest expense – related parties during the nine months ended September 30, 2023 and 2022 were \$501,787 and \$765,105, respectively, which includes the amortization of royalty obligations as interest expense of \$355,662 and \$355,662, respectively (see Note 12). As of September 30, 2023 and December 31, 2022, the accumulated interest on related parties notes payable was \$439,402 and \$332,567, respectively, and was included in accounts payable and accrued expenses on the balance sheet.

The outstanding notes payables to related parties as of September 30, 2023 and December 31, 2022 were summarized as below:

	September 30, 2023	December 31, 2022
Advances from Kent Emry	\$ 1,500	\$ 1,500
Advances from Louis C Lucido	125,000	75,000
Advances from Lourdes Felix	108,273	-
Promissory notes payables to Kent Emry	663,610	663,610
Promissory note payable to Louis C Lucido, net of debt discount of \$106,802 and \$49,473, respectively	43,198	250,527
	<u>\$ 941,581</u>	<u>\$ 990,637</u>

**NOTE 11 - ECONOMIC INJURY DISASTER LOAN**

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

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

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

The interest expense during the three months ended September 30, 2023 and 2022 was \$702. The interest expense during the nine months ended September 30, 2023 and 2022 was \$2,084. As of September 30, 2023 and December 31, 2022, the accumulated interest on EIDL Loan was \$5,711 and \$5,860, respectively.

During the nine months ended September 30, 2023 and 2022, the Company made interest payment of \$2,233 and \$251, respectively.

The future principal payments are as follows:

Year	Amount
2023	\$ -
2024	-
2025	-
2026	16
2027	1,598
2028 and after	71,203
	<u>\$ 72,817</u>

NOTE 12 - 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 15% and 20% 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 months ended September 30, 2023 and 2022, the Company amortized \$121,774 as interest expense. During the nine months ended September 30, 2023 and 2022, the Company amortized \$355,662 as interest expense.

NOTE 13 - STOCKHOLDERS’ EQUITY/(DEFICIT)

Convertible Preferred stock

The Company is authorized to issue 600,000 shares of preferred stock with no par value. As of September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, 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

*Nine months ended September 30, 2022*

During the nine months ended September 30, 2022, the Company issued an aggregate of 65,866 shares of its common stock for services rendered valued at \$191,805 based on the underlying market value of the common stock at the date of issuance, among which 29,750 shares valued at \$75,000 were issued to the board of directors for board compensation.

During the nine months ended September 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 nine months ended September 30, 2022, the Company issued an aggregate of 110,619 shares of its common stock pursuant to the DeCsepel 2022 Subscription Agreement. The common shares were recorded at a price of 2.26 per shares for gross proceeds to the Company of \$250,000.

During the nine months ended September 30, 2022, the Company issued an aggregate of 485,220 shares of its common stock in connection with conversion of promissory notes and accounts payable (see Note 10). The 485,220 shares of common stock were valued at an aggregate value of \$1,062,632, resulting in \$198,939 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt.

During the nine months ended September 30, 2022, the Company issued 33,000 shares as additional consideration for the issuance of a promissory note (see Note 10). The 33,000 shares of common stock were valued at an aggregate value of \$76,890.

*Nine months ended September 30, 2023*

During the nine months ended September 30, 2023, the Company issued an aggregate of 108,269 shares of its common stock for services rendered valued at \$190,560 based on the underlying market value of the common stock at the date of issuance, among which 50,845 shares valued at \$88,949 were issued to the board of directors for board compensation.

During the nine months ended September 30, 2023, the Company issued an aggregate of 517,001 shares of its common stock pursuant to the Lucido 2023 Subscription Agreement (as defined in Note 15), the Galligan 2023 Subscription Agreement (as defined in Note 15), and the 2023 Q2 Subscription Agreement (as defined in Note 14). 342,592 common shares were recorded at a price of \$1.75 per shares for gross proceeds to the Company of \$600,000. 174,409 common shares were recorded at a price of \$1.72 per shares for gross proceeds to the Company of \$300,000.

During the nine months ended September 30, 2023, the Company issued 40,285 shares as additional consideration for the issuance of several promissory notes (see Note 9). The 40,285 shares of common stock were valued at an aggregate value of \$65,580.

During the nine months ended September 30, 2023, the Company issued 183,606 shares of its common stock in connection with conversion of promissory notes (see Note 10). The 183,606 shares of common stock were valued at an aggregate value of \$313,892, resulting in \$34,338 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt. During the nine months ended September 30, 2023, the Company also issued 24,000 shares of its common stock in connection with conversion of accounts payable of \$48,000. The 24,000 shares of common stock were valued at an aggregate value of \$48,000.

As of September 30, 2023 and December 31, 2022, the Company had 8,591,797 shares and 7,718,636 shares of common stock issued and outstanding, respectively.

NOTE 14 - 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 September 30, 2023, an aggregate total of 145,879 can still be granted under the plan.

On June 15, 2016, our Board of Directors authorized and approved the adoption of the Equity Incentive Plan effective June 15, 2016 (2016 Equity Incentive Plan) under which an aggregate of 656,250 shares may be issued. The plan shall terminate ten years after the plan's adoption by the board of directors. We granted an aggregate of 330,350 stock options. As of September 30, 2023, 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 September 30, 2023, 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 68,049 stock options. As of September 30, 2023, an aggregate total of 626,951 options can still be granted under the plan.

During the nine months ended September 30, 2023, the Company approved the grant of 25,719 stock options to one director valued at \$41,145. 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 2023:

Risk-free interest rate	3.60–4.60%
Expected term (years)	5.00
Expected volatility	150.62–152.22%
Expected dividends	0.00

The following table summarizes the stock option activity for the nine months ended September 30, 2023:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2022	874,058	\$ 7.53	3.9	\$ 559
Expired	(8,334)	3.00		
Grants	25,719	1.75	4.8	-
Outstanding at September 30, 2023	891,443	\$ 7.41	3.3	\$ 13,099
Exercisable at September 30, 2023	887,901	\$ 7.41	3.3	\$ 13,099

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 \$1.75 as of September 30, 2023, which would have been received by the option holders had those option holders exercised their options as of that date.

The following table presents information related to stock options at September 30, 2023:

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	392,802	2.9	392,802	2.9
2.51-5.00	54,474	2.2	54,474	2.2
5.01 and up	444,167	3.6	440,625	3.7
	891,443	3.3	887,901	3.3

The stock-based compensation expense related to option grants were \$16,205 and \$23,326 during the three months ended September 30, 2023 and 2022, respectively. The stock-based compensation expense related to option grants were \$48,232 and \$91,703 during the nine months ended September 30, 2023 and 2022, respectively.

As of September 30, 2023, stock-based compensation related to options of \$6,184 remains unamortized and is expected to be amortized over the weighted average remaining period of 8 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.

On June 8, 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.

On June 8, 2022, the Company issued a warrant that entitles Kent Emry (Chairman of the Company) to purchase 119,617 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.

On March 29, 2023, pursuant to the Lucido 2023 Subscription Agreement, the Company issued a warrant that entitles the holder to purchase 171,296 common stock at an exercise price of \$4.00, expiring 3 years from the date of issuance in connection with the sale of common stock (see Note 15).

On March 29, 2023, pursuant to the Galligan 2023 Subscription Agreement, the Company issued a warrant that entitles the holder to purchase 171,296 common stock at an exercise price of \$4.00, expiring 3 years from the date of issuance in connection with the sale of common stock (see Note 15).

On April 4, 2023, the Company entered into a Subscription Agreement (the “2023 Q2 Subscription Agreement”) with a third party. Pursuant to the 2023 Q2 Subscription Agreement, the third party purchased shares of the Company’s common stock, par value 0.001 per share, in the aggregate amount of \$300,000 at a purchase price of \$1.72 per share, for a total of 174,409 shares of common stock. The aggregate purchase price owed pursuant to the 2023 Q2 Subscription Agreement was paid in cash to the Company on April 5, 2023. Simultaneously, the Company issued a warrant that entitles the third party to purchase 174,409 common stock at an exercise price of \$4.00, expiring 3 years from the date of issuance in connection with the sale of common stock.

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.

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On August 29, 2023, the Company issued an unsecured promissory note payable to Louis C Lucido for \$150,000 with principal and interest due August 29, 2024, with a stated interest rate of 8% per annum. The promissory note, together with all accrued interest, shall be converted into common shares at a conversion price of \$2.00 per share on or before August 29, 2024. In connection with the issuance of the promissory note, the Company issued the warrant that entitles Mr. Lucido to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$87,724 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$29,340, which was also recognized as debt discount.

On September 6, 2023, the Company issued an unsecured promissory note payable to one third party for \$150,000 with principal and interest due September 6, 2024, with a stated interest rate of 8% per annum. The third party has the option to select the repayment in cash or in stock of the Company at \$2.00 per share. If the Company fails to make any payment due under the terms of the promissory note, the interest rate shall increase to 15% per annum. In connection with the issuance of the promissory note, the Company issued the warrant that entitles the third party to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$88,820 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$30,240, which was also recognized as debt discount.

In applying the Black-Scholes option pricing model, the Company used the following assumptions in 2023:

Risk-free interest rate	3.60–4.73%
Expected term (years)	3.00
Expected volatility	173.24–174.29%
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		
Weighted Average Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (Years)
\$ 3.79	1,150,856	2.4	\$ 3.79	1,150,856	2.4
\$ 3.79	1,150,856	2.4	\$ 3.79	1,150,856	2.4

The following table summarizes the warrant activity for the nine months ended September 30, 2023:

	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding at December 31, 2022	333,855	\$ 5.06
Grants	817,001	3.27
Outstanding at September 30, 2023	1,150,856	\$ 3.79
Exercisable at September 30, 2023	1,150,856	\$ 3.79

NOTE 15 - 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.

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 15% and 20% of the Company's shares of common stock and a member of the Company's Board of Directors. The terms and conditions of the Galligan 2022 Subscription Agreement (including the number of shares of common stock purchased and the purchase price) are substantially the same as the Lucido 2022 Subscription Agreement. The aggregate Purchase Price owed pursuant to the Galligan 2022 Subscription Agreement was paid in cash to the Company on January 19, 2022.

On March 29, 2023, the Company entered into a Subscription Agreement (the "Lucido 2023 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 2023 Subscription Agreement, Mr. Lucido purchased shares of the Company's common stock, par value \$0.001 per share, in the aggregate amount of \$300,000 at a purchase price of \$1.75 per share, for a total of 171,296 shares of Common Stock. The aggregate Purchase Price owed pursuant to the Lucido 2023 Subscription Agreement was paid on April 5, 2023.

On March 29, 2023, the Company entered into a Subscription Agreement (the "Galligan 2023 Subscription Agreement") with The J and R Galligan Revocable Trust, managed by Mr. Galligan, a holder of between 15% and 20% 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 2023 Subscription Agreement (including the number of shares of common stock purchased and the purchase price) are substantially the same as the Lucido 2023 Subscription Agreement. The aggregate Purchase Price owed pursuant to the Galligan 2023 Subscription Agreement was paid in cash to the Company on March 30, 2023.

As of September 30, 2023 and December 31, 2022, the Company's related party payable was \$1,203,214 and \$1,077,088, which comprised of compensation payable and interest payable to directors.

During the nine months ended September 30, 2023 and 2022, the Company issued 50,845 and 29,750, respectively, shares of common stock valued at \$88,949 and \$75,000, respectively, to directors.

#### NOTE 16 - 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 September 30, 2023 included 87% 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 September 30, 2022 included 84% from one customer of the Company's total revenues.

The Company's revenues earned from sale of products and services for the nine months ended September 30, 2023 included 74% from two customers of the Company's total revenues.

The Company's revenues earned from sale of products and services for the nine months ended September 30, 2022 included 81% from two customers of the Company's total revenues.

At September 30, 2023, one customer accounted for 100% of the Company's total accounts receivable with an amount of \$12,215. At December 31, 2022, two customers accounted for 100% of the Company's total accounts receivable with an aggregate amount of \$35,378.

#### NOTE 17 - NON-CONTROLLING INTEREST

On July 28, 2016, the Company formed BioCorRx Pharmaceuticals, Inc., a Nevada Corporation, for the purpose of developing certain business lines. In connection with the formation, the newly formed sub issued 24.2% ownership to current or former officers of the Company with the Company retaining 75.8%. From inception through December 31, 2017, there were no significant transactions. In 2018, BioCorRx Pharmaceuticals, Inc. began operations.

On October 31, 2020, the Company entered into a written management services agreement with Joseph DeSanto MD, Inc. ("Medical Corporation") under which the Company provides management and other administrative services to the Medical Corporation. These services include billing, collection of accounts receivable, accounting, management and human resource functions. Pursuant to the management services agreement, a management fee equal to 65% of the Medical Corporation's gross collected monthly revenue. Through this arrangement, the Company is directing the activities that most significantly impact the financial results of the respective Medical Corporation; however, all clinical treatment decisions are made solely by licensed healthcare professionals. The Company has determined that it is the primary beneficiary, and, therefore, has consolidated the Medical Corporation as variable interest entity ("VIE"). The medical corporation: (i) had not yet generated any revenues and (ii) had no significant assets or liabilities since inception through September 30, 2023.

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

Net loss attributable to the non-controlling interest for the three months ended September 30, 2023:

	<b>BioCorRx Pharmaceuticals, Inc.</b>	<b>Joseph DeSanto MD</b>
Net loss	\$ (2,397)	\$ (1,395)
Average Non-controlling interest percentage of profit/losses	24.2%	35.0%
Net loss attributable to the non-controlling interest	<u>\$ (580)</u>	<u>\$ (488)</u>

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

	<b>BioCorRx Pharmaceuticals, Inc.</b>
Net loss	\$ (7,802)
Average Non-controlling interest percentage of profit/losses	24.2%
Net loss attributable to the non-controlling interest	<u>\$ (1,888)</u>

Net loss attributable to the non-controlling interest for the nine months ended September 30, 2023:

	<b>BioCorRx Pharmaceuticals, Inc.</b>	<b>Joseph DeSanto MD</b>
Net loss	\$ (5,692)	\$ (4,945)
Average Non-controlling interest percentage of profit/losses	24.2%	35.0%
Net loss attributable to the non-controlling interest	<u>\$ (1,378)</u>	<u>\$ (1,730)</u>

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

	<b>BioCorRx Pharmaceuticals, Inc.</b>
Net loss	\$ (17,335)
Average Non-controlling interest percentage of profit/losses	24.2%
Net loss attributable to the non-controlling interest	<u>\$ (4,195)</u>

The following table summarizes the changes in non-controlling interest for the nine months ended September 30, 2023:

Balance, December 31, 2022	\$ (125,257)
Net loss attributable to the non-controlling interest	(3,108)
Balance, September 30, 2023	<u>\$ (128,365)</u>

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

Balance, December 31, 2021	\$ (117,838)
Net loss attributable to the non-controlling interest	(4,195)
Balance, September 30, 2022	<u>\$ (122,033)</u>

NOTE 18 - COMMITMENTS AND CONTINGENCIES

*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 September 30, 2023. 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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, there are no payments due.

BICX Holding Company LLC

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

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

Pursuant to the Conversion Agreement, BICX has agreed that the Total Interest Payment (as defined in the Conversion Agreement) that would have been due under the Note, in the amount of \$1,138,157, will be reflected on the Company’s financial statements as an amount due and owing to the Investor to be repaid within twelve (12) months of the closing of the Public Offering, or if the Public Offering is terminated or abandoned prior to closing, then on or before such date that is no later than twelve (12) months from the date of such termination or abandonment. As of September 30, 2023, the Public Offering has not yet been abandoned by the Company.

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 \$145,000 will be invoiced monthly as services are rendered. As of September 30, 2023, \$0 was 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 September 30, 2023 is \$503,089.

Agreements

As of May 14, 2021, the Company has entered into four consulting agreements. In compensation for services: (i) one consultant shall receive a remuneration amount of \$10,000-\$12,500 per month and has earned 1% of the Company’s majority owned subsidiary, BioCorRx Pharmaceuticals as of May 7, 2021 based on FDA clearance of Company’s IND application; consulting agreement terminated in April 2021 (ii) one consultant shall receive common stock equivalent to \$1,375 on the last day of each month; (iii) two consultants shall receive common stock equivalent to \$3,750 on the last day of each month; and (iv) one consultant shall receive a remuneration amount of \$3,500 per month.

As of September 30, 2023, one 24-month consulting agreement for services which the consultant shall receive a one-time grant of 3,000 shares of common stock and common stock equivalent to \$1,417 on the last day of each month.

As of September 30, 2023, the Company has entered into seven scientific advisory board agreements. In compensation for services, each advisory board member shall receive common stock equivalent to \$5,000 on the last day of such quarter when meetings are held. There was no meeting held during the nine months ended September 30, 2023.

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

The Company dismissed this litigation without prejudice in July 2021.

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

The Company has not yet paid any amount to Pellecome. On May 27, 2022, the Company filed a notice of appeal with California Superior Court for Orange County regarding the March 30, 2022 judgment entered in favor of Pellecome. On February 2, 2023, the Company filed a motion requesting the California Superior Court for Orange County reverse and remand its prior ruling, including reversing the granting of Pellecome \$222,933 in attorney’s fees. While the Company cannot predict the outcome of this matter, the Company has accrued \$322,000 as a loss contingency for this matter. On October 4, 2023 the Court of Appeal of the State of California upheld the March 30, 2022 judgement in favor of Pellecome whereby \$222,933 was awarded in attorney’s fees.

NOTE 19 - SUBSEQUENT EVENTS

As of November 13, 2023 the Company issued an aggregate of 7,279 shares of its common stock for consulting services valued at \$11,708.

On October 30, 2023, the Company’s board of directors approved a request from Brady Granier for a paid administrative leave of absence for the period between October 30, 2023 and January 30, 2024. Mr. Granier will remain a member of the Board during this period. Lourdes Felix assumed Mr. Granier’s responsibilities during his absence.

## 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.

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 \$4,991 and \$122,652 as of September 30, 2023 and December 31, 2022, respectively. Deferred revenues related to the grant were \$0 as of September 30, 2023 and December 31, 2022. \$300,985 and \$390,857 were recorded as grant income during the three months ended September 30, 2023 and 2022, respectively. \$790,140 and \$1,250,231 were recorded as grant income during the nine months ended September 30, 2023 and 2022, 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

On August 29, 2023, the Company issued an unsecured promissory note payable to Louis C Lucido for \$150,000 with principal and interest due August 29, 2024, with a stated interest rate of 8% per annum. The promissory note, together with all accrued interest, shall be converted into common shares at a conversion price of \$2.00 per share on or before August 29, 2024. The balance outstanding as of September 30, 2023 was \$150,000. The interest expense during the three months ended September 30, 2023 was \$1,052. The interest expense during the nine months ended September 30, 2023 was \$1,052. In connection with the issuance of the promissory note, the Company issued the warrant that entitles Mr. Lucido to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$87,724 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$29,340, which was also recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$10,262 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$10,262 of debt discount as interest expense.

On September 6, 2023, the Company issued an unsecured promissory note payable to one third party for \$150,000 with principal and interest due September 6, 2024, with a stated interest rate of 8% per annum. The third party has the option to select the repayment in cash or in stock of the Company at \$2.00 per share. The balance outstanding as of September 30, 2023 was \$150,000. The interest expense during the three months ended September 30, 2023 was \$822. The interest expense during the nine months ended September 30, 2023 was \$822. If the Company fails to make any payment due under the terms of the promissory note, the interest rate shall increase to 15% per annum. In connection with the issuance of the promissory note, the Company issued the warrant that entitles the third party to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$88,820 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$30,240, which was also recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$8,155 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$8,155 of debt discount as interest expense.

On October 30, 2023, the Company's Board of Directors approved Brady Granier's request for a paid administrative leave of absence from his position as the President of the Company for the period between October 30, 2023 and January 30, 2024. Mr. Granier will remain a member of the the Company's Board of Directors during this period.

Effective as of October 30, 2023, Lourdes Felix, the Company's Chief Executive Officer and Chief Financial Officer, assumed Mr. Granier's responsibilities during his paid administrative leave of absence. Ms. Felix's compensation remains unchanged.

## Results of Operations

Three Months ended September 30, 2023 Compared with Three Months ended September 30, 2022

	<u>2023</u>	<u>2022</u>
Revenues, net	\$ 10,145	\$ 94,441
Total operating expenses	(972,013)	(1,123,569)
Interest expense - related parties	(169,582)	(239,487)
Interest expense, net	(36,883)	(13,624)
Loss on settlement of debt	-	(198,939)
Grant income	300,985	390,857
Other miscellaneous income	-	139,315
Net loss	(867,348)	(951,006)
Non-controlling interest	1,068	1,888
Net loss attributable to BioCorRx Inc.	<u>\$ (866,280)</u>	<u>\$ (949,118)</u>

*Revenues*

Total net revenues for the three months ended September 30, 2023 were \$10,145 compared with \$94,441 for the three months ended September 30, 2022, reflecting a decrease of 89.3%. Sales/access fees for the three months ended September 30, 2023 and 2022 were \$390 and \$2,250, respectively, reflecting a decrease of \$1,860. The primary reason for the decrease in the third quarter of 2023 is directly related to the decreased number of patients treated at licensed clinics during the third quarter of 2023. Project support income for the three months ended September 30, 2023 and 2022 were \$0 and \$79,263, respectively, reflecting a decrease of \$79,263. The project support income is generated from administrative support to Biotechnology research customers, which is recognized upon the transfer of promised goods to customers. The primary reason for the decrease in 2023 is directly related to a decrease in project support income. Distribution rights income for the three months ended September 30, 2023 and 2022 were \$8,817 and \$11,129, respectively, reflecting a decrease of \$2,312. 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 three months ended September 30, 2023 and 2022 were \$938 and \$1,799, respectively. The primary reason for the decrease in 2023 was due to the decrease in number of customers of the Company's UnCraveRx™ Weight Loss Management Program.

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*Total Operating Expenses*

Total operating expenses for the three months ended September 30, 2023 and 2022 were \$972,013 and \$1,123,569, respectively, reflecting a decrease of \$151,556.

The reasons for the decrease in 2023 are primarily due to (i) a decrease of \$80,227 in advertising expenses from \$106,073 for the three months ended September 30, 2022 to \$25,846 for the three months ended September 30, 2023, (ii) a decrease of \$55,591 in research and development expense, from \$342,553 for the three months ended September 30, 2022 to \$286,962 for the three months ended September 30, 2023, and (iii) a decrease of \$32,878 in payroll expenses due to less employees employed in 2023, from \$229,388 for the three months ended September 30, 2022 to \$196,510 for the three months ended September 30, 2023.

*Interest Expense - Related Parties*

Interest expense - related parties for the three months ended September 30, 2023 and 2022 were \$169,582 and \$239,487, respectively. The decrease of interest expense is mainly due to the amortization of the debt discount on one promissory note issued during 2022. In connection with issuance of such promissory note, the Company issued 33,000 shares as additional consideration for the issuance of a promissory note. The 33,000 shares of common stock were valued at an aggregate value of \$76,890, which was recognized as debt discount and fully amortized during the three months ended September 30, 2022.

*Interest Expense*

Interest expense for the three months ended September 30, 2023 and 2022 were \$36,883 and \$13,624, respectively. The increase of interest expense is mainly due to the amortization of the debt discount on the promissory notes issued during the fourth quarter of 2022, the first quarter of 2023, and the third quarter of 2023.

*Loss on settlement of debt*

Loss on settlement of debt for the three months ended September 30, 2023 and 2022 were \$0 and \$198,939, respectively. During the three months ended September 30, 2022, the Company issued an aggregate of 485,220 shares of its common stock in connection with conversion of promissory notes and accounts payable. The 485,220 shares of common stock were valued at an aggregate value of \$1,062,632, resulting in \$198,939 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt.

*Grant Income*

During the three months ended September 30, 2023, the Company recognized grant income of \$300,985 as compared to \$390,857 for the comparable period last year. The larger grant income in 2022 was due on May 7, 2021, the FDA cleared the Company's Investigational New Drug Application (IND) application for BICX104. On August 27, 2021, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$3,453,367 in funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. The funds are available to reimburse the Company for certain incurred direct costs and 17% of indirect costs. Indirect costs are costs that are not directly related to the project itself but are required to conduct the research and are critical to the success of the project and organization as a whole.

*Other Miscellaneous Income*

Other miscellaneous income for the three months ended September 30, 2023 and 2022 were \$0 and \$139,315, respectively. The other miscellaneous income during the three months ended September 30, 2022 was mainly generated by the forgiveness of the PPP loan on August 22, 2022.

[Table of Contents](#)*Net Loss*

For the three months ended September 30, 2023, the Company experienced a net loss of \$867,348 compared with a net loss of \$951,006 for the three months ended September 30, 2022. The decrease in net loss is primarily due to the decreased operating expenses, net the decreased revenue.

Nine Months ended September 30, 2023 Compared with Nine Months ended September 30, 2022

	2023	2022
Revenues, net	\$ 70,222	\$ 130,961
Total operating expenses	(3,035,306)	(3,643,119)
Interest expense - related parties	(501,787)	(765,105)
Interest expense, net	(90,412)	(127,226)
Loss on settlement of debt	(34,338)	(198,939)
Grant income	790,140	1,250,231
Other miscellaneous income	-	139,381
Net loss	(2,801,481)	(3,213,816)
Non-controlling interest	3,108	4,195
Net loss attributable to BioCorRx Inc.	<u>\$ (2,798,373)</u>	<u>\$ (3,209,621)</u>

*Revenues*

Total net revenues for the nine months ended September 30, 2023 were \$70,222 compared with \$130,961 for the nine months ended September 30, 2022, reflecting a decrease of 46.4%. Sales/access fees for the nine months ended September 30, 2023 and 2022 were \$10,645 and \$12,810, respectively, reflecting a decrease of \$2,165. The primary reason for the decrease in 2023 is directly related to the decreased number of patients treated at licensed clinics during 2023. Project support income for the nine months ended September 30, 2023 and 2022 were \$25,817 and \$79,263, respectively, reflecting a decrease of \$53,446. The project support income is generated from administrative support to Biotechnology research customers, which is recognized upon the transfer of promised goods to customers. The primary reason for the decrease in 2023 is directly related to a decrease in project support income. Distribution rights income for the nine months ended September 30, 2023 and 2022 were \$26,164 and \$28,476, respectively, reflecting a decrease of \$2,312. 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 nine months ended September 30, 2023 and 2022 were \$7,596 and \$10,412, respectively. The primary reason for the decrease in 2023 was due to the decreased customers of the Company's UnCraveRx™ Weight Loss Management Program.

*Total Operating Expenses*

Total operating expenses for the nine months ended September 30, 2023 and 2022 were \$3,035,306 and \$3,643,119, respectively, reflecting a decrease of \$607,813.

The reasons for the decrease in 2023 are primarily due to (i) a decrease of \$206,486 in advertising expenses from \$295,119 for the nine months ended September 30, 2022 to \$88,633 for the nine months ended September 30, 2023, (ii) a decrease of \$160,586 in research and development expense, from \$923,354 for the nine months ended September 30, 2022 to \$762,768 for the nine months ended September 30, 2023, (iii) a decrease of \$130,687 in payroll expenses due to less employees employed in 2023, from \$733,823 for the nine months ended September 30, 2022 to \$603,136 for the nine months ended September 30, 2023, and (iv) a decrease of \$64,986 in consulting fees due to decreased consulting services during 2023, from \$563,521 for the nine months ended September 30, 2022 to \$498,535 for the nine months ended September 30, 2023.

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*Interest Expense - Related Parties*

Interest expense - related parties for the nine months ended September 30, 2023 and 2022 were \$501,787 and \$765,105, respectively. During 2022, one promissory note issued to a related party went into default. Based on the terms of the promissory note, the Company issued warrants to the related party as additional consideration to cure the default. The decrease of related parties interest expense is mainly due to the recognition of the fair value of such warrants as interest expense.

*Interest Expense*

Interest expense for the nine months ended September 30, 2023 and 2022 were \$90,412 and \$127,226, respectively. During 2022, one promissory note issued to a third party went into default. Based on the terms of the promissory note, the Company issued warrants to the third party as additional consideration to cure the default. The decrease of interest expense is mainly due to the recognition of the fair value of such warrants as interest expense.

*Loss on settlement of debt*

Loss on settlement of debt for the nine months ended September 30, 2023 and 2022 were \$34,338 and \$198,939, respectively.

During the nine months ended September 30, 2023, the Company issued an aggregate of 183,606 shares of its common stock in connection with conversion of promissory notes and accrued interest, resulting in \$34,338 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt.

During the nine months ended September 30, 2022, the Company issued an aggregate of 485,220 shares of its common stock in connection with conversion of promissory notes and accounts payable, resulting in \$198,939 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt.

*Grant Income*

During the nine months ended September 30, 2023, the Company recognized grant income of \$790,140 as compared to \$1,250,231 for the comparable period last year. The larger grant income in 2022 was due on May 7, 2021, the FDA cleared the Company's Investigational New Drug Application (IND) application for BICX104. On August 27, 2021, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$3,453,367 in funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. The funds are available to reimburse the Company for certain incurred direct costs and 17% of indirect costs. Indirect costs are costs that are not directly related to the project itself but are required to conduct the research and are critical to the success of the project and organization as a whole.

*Other Miscellaneous Income*

Other miscellaneous income for the nine months ended September 30, 2023 and 2022 were \$0 and \$139,381, respectively. The other miscellaneous income during the nine months ended September 30, 2022 was mainly generated by the forgiveness of the PPP loan on August 22, 2022.

*Net Loss*

For the nine months ended September 30, 2023, the Company experienced a net loss of \$2,801,481 compared with a net loss of \$3,213,816 for the nine months ended September 30, 2022. The decrease in net loss is primarily due to the decreased operating expenses, net of decreased revenues.

## Liquidity and Capital Resources

As of September 30, 2023, the Company had cash of \$156,409. The following table provides a summary of the Company's net cash flows from operating, investing, and financing activities.

	2023	2022
Net cash used in operating activities	\$ (1,319,446)	\$ (1,592,197)
Net cash provided by financing activities	1,407,240	1,569,888
Net increase (decrease) in cash	87,794	(22,309)
Cash and restricted cash, beginning of period	68,615	85,838
Cash and restricted cash, end of period	\$ 156,409	\$ 63,529

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 nine months ended September 30, 2023 and 2022, the Company received \$900,000 and \$1,250,000, respectively, proceeds from common stock subscription agreement.

On January 25, 2023, the Company issued an unsecured promissory note payable to a third party for \$50,000 with principal and interest due January 25, 2024, with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$1,563. The balance outstanding as of September 30, 2023 was \$50,000. The interest expense during the three months ended September 30, 2023 was \$1,576. The interest expense during the nine months ended September 30, 2023 was \$4,264. The Company made an interest payment of \$3,125 during the nine months ended September 30, 2023. If the Company fails to make any payment due under the terms of the promissory note, the stated interest rate of the note shall be increased to 20%. As additional consideration for the loan the Company issued 4,285 shares of common stock and valued at \$6,000, which was recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$1,513 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$4,093 of debt discount as interest expense.

On March 16, 2023, the Company received \$50,000 advances from Mr. Lucido. The balance outstanding as of September 30, 2023 was \$50,000.

During the nine months ended September 30, 2023, the Company received \$143,273 advances from Lourdes Felix. The balance outstanding as of September 30, 2023 was \$108,273.

On August 29, 2023, the Company issued an unsecured promissory note payable to Louis C Lucido for \$150,000 with principal and interest due August 29, 2024, with a stated interest rate of 8% per annum. The promissory note, together with all accrued interest, shall be converted into common shares at a conversion price of \$2.00 per share on or before August 29, 2024. The balance outstanding as of September 30, 2023 was \$150,000. The interest expense during the three months ended September 30, 2023 was \$1,052.

The interest expense during the nine months ended September 30, 2023 was \$1,052. In connection with the issuance of the promissory note, the Company issued the warrant that entitles Mr. Lucido to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$87,724 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$29,340, which was also recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$10,262 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$10,262 of debt discount as interest expense.

On September 6, 2023, the Company issued an unsecured promissory note payable to one third party for \$150,000 with principal and interest due September 6, 2024, with a stated interest rate of 8% per annum. The third party has the option to select the repayment in cash or in stock of the Company at \$2.00 per share. The balance outstanding as of September 30, 2023 was \$150,000. The interest expense during the three months ended September 30, 2023 was \$822. The interest expense during the nine months ended September 30, 2023 was \$822. If the Company fails to make any payment due under the terms of the promissory note, the interest rate shall increase to 15% per annum. In connection with the issuance of the promissory note, the Company issued the warrant that entitles the third party to purchase 150,000 common shares. The warrant shall have a term of three years with an exercise price of \$2.00 and shall be equitably adjusted to offset the effect of any stock splits and similar events. The Company allocated the proceeds based on the relative fair value of the debt and the warrants, resulting in the recognition of \$88,820 of debt discount on such promissory note. As additional consideration for the debt, the Company issued 18,000 shares of common stock valued at \$30,240, which was also recognized as debt discount. During the three months ended September 30, 2023, the Company amortized \$8,155 of debt discount as interest expense. During the nine months ended September 30, 2023, the Company amortized \$8,155 of debt discount as interest expense.

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

*Net Cash Flow from Operating Activities*

Net cash used in operating activities was \$1,319,446 for the nine months ended September 30, 2023 compared to \$1,592,197 used in operating activities for the nine months ended September 30, 2022. The decrease was primarily due to a decrease in net loss of \$416,250 and a decrease in operating assets of \$285,936, net a decrease in operating liabilities of \$87,624 and non-cash adjustments of \$341,811.

*Net Cash Flow from Financing Activities*

Net cash provided by financing activities decreased by \$162,648, from \$1,569,888 provided by financing activities for the nine months ended September 30, 2022 to \$1,407,240 cash provided by financing activities for the nine months ended September 30, 2023.

During the nine months ended September 30, 2023, the Company entered into three subscription agreements pursuant to which the Company issued an aggregate of 517,001 shares of common stock for gross proceeds of \$900,000. The Company issued 340,505 shares of common stock for proceeds of \$1,250,000 during the nine months ended September 30, 2022.

On January 25, 2023, the Company issued an unsecured promissory note payable to a third party for \$50,000 with principal and interest due January 25, 2024, with a stated interest rate of 12.5% per annum. Under the terms of the note the Company shall pay quarterly interest payments of \$1,563. The balance outstanding as of September 30, 2023 was \$50,000.

On March 16, 2023, the Company received \$50,000 advances from Mr. Lucido. The balance outstanding as of September 30, 2023 was \$50,000.

On August 29, 2023, the Company issued an unsecured promissory note payable to Louis C Lucido for \$150,000 with principal and interest due August 29, 2024, with a stated interest rate of 8% per annum. The promissory note, together with all accrued interest, shall be converted into common shares at a conversion price of \$2.00 per share on or before August 29, 2024. The balance outstanding as of September 30, 2023 was \$150,000.

On September 6, 2023, the Company issued an unsecured promissory note payable to one third party for \$150,000 with principal and interest due September 6, 2024, with a stated interest rate of 8% per annum. The third party has the option to select the repayment in cash or in stock of the Company at \$2.00 per share. The balance outstanding as of September 30, 2023 was \$150,000.

During the nine months ended September 30, 2023, the Company received \$143,273 advances from Lourdes Felix. The balance outstanding as of September 30, 2023 was \$108,273.

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### *Going Concern*

The Company's financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of September 30, 2023, the Company had a working capital deficit of \$(5,700,878), and an accumulated deficit of \$77,134,478. The Company has not yet generated any significant revenues, and has incurred net losses since inception. The Company also defaulted on several promissory notes agreements and cured the defaults by issuing warrants. These conditions raise substantial doubt about the Company's ability to continue as a going concern for the next twelve-month period since the date of the financial statements were issued.

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

The Company will be dependent upon the raising of additional capital through placement of its common stock in order to implement the Company's business plan or by using outside financing. There can be no assurance that the Company will be successful in these situations in order to continue as a going concern. The Company is funding its operations by additional borrowings and some shareholder advances.

### *Off Balance Sheet Arrangements*

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

### *Critical Accounting Policies and Estimates*

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

A full discussion of our significant accounting policies is contained in Note 2 to our unaudited condensed consolidated financial statements. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our financial results. These estimates require our most difficult, subjective or complex judgments because they relate to matters that are inherently uncertain. We have reviewed these critical accounting policies and estimates and related disclosures with our Audit Committee

### Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board "FASB" Accounting Standards Codification "ASC" 606. A five-step analysis must be met as outlined in Topic 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

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

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

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

The following tables present the Company's net sales by product category for the three and nine months ended September 30, 2023 and 2022:

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Sales/access fees	\$ 390	\$ 2,250
Project support income	-	79,263
Distribution rights income	8,817	11,129
Membership/program fees	938	1,799
Net sales	<u>\$ 10,145</u>	<u>\$ 94,441</u>

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Sales/access fees	\$ 10,645	\$ 12,810
Project support income	25,817	79,263
Distribution rights income	26,164	28,476
Membership/program fees	7,596	10,412
Net sales	<u>\$ 70,222</u>	<u>\$ 130,961</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.

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

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

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

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

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

Balance as of December 31, 2022		
Short term	\$	33,256
Long term		4,045
Total as of December 31, 2022	\$	37,301
Net sales recognized		(26,164)
Balance as of September 30, 2023		11,137
Less short term		7,092
Long term	\$	4,045

Deferred Revenue-Grant

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

Grant Income

On January 17, 2019, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from the National Institutes of Health ("NIH") in support of BICX102 from the National Institute on Drug Abuse. The grant provides for (i) \$2,842,430 in funding during the first year and (ii) \$2,831,838 during the second year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. On August 27, 2021, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$3,453,367 in funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. On March 31, 2022, the Company received a Notice of Award from the United States Department of Health and Human Services for a grant from National Institute on Drug Abuse. The grant provides for \$99,431 in additional funding during the third year subject to the terms and conditions specified in the grant, including satisfactory progress of project and the availability of funds. Grant payments received prior to the Company's performance of work required by the terms of the research grant are recorded as deferred income and recognized as grant income once work is performed and qualifying costs are incurred. Grant receivables were \$4,991 and \$122,652 as of September 30, 2023 and December 31, 2022, respectively. Deferred revenues related to the grant were \$0 as of September 30, 2023 and December 31, 2022. \$300,985 and \$390,857 were recorded as grant income for the three months ended September 30, 2023 and 2022, respectively. \$790,140 and \$1,250,231 were recorded as grant income for the nine months ended September 30, 2023 and 2022, respectively. The F&A indirect costs were \$0 and \$253,208 as of September 30, 2023 and December 31, 2022, respectively. The grant provides for \$516,218 in funding for F&A indirect costs. The remaining facilities and administrative indirect cost over allocation is \$9,671 as of September 30, 2023. The Company will credit the F&A indirect cost rate.

Stock Based Compensation

Share-based compensation issued to employees is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period. The Company measures the fair value of the share-based compensation issued to non-employees at the grant date using the stock price observed in the trading market (for stock transactions) or the fair value of the award (for non-stock transactions), which were considered to be more reliably determinable measures of fair value than the value of the services being rendered.

Royalty Obligations, net

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

ITEM 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 September 30, 2023, 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

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 September 30, 2023 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. On February 2, 2023, the Company filed a motion requesting the California Superior Court for Orange County reverse and remand its prior ruling, including reversing the granting of Pellecome \$222,933 in attorney's fees. While the Company cannot predict the outcome of this matter, the Company has accrued \$322,000 as a loss contingency for this matter. On October 4, 2023 the Court of Appeal of the State of California upheld the March 30, 2022 judgment in favor of Pellecome whereby \$222,933 was awarded in attorney's fees.

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

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

During the nine months ended September 30, 2023, the Company issued an aggregate of 108,269 shares of its common stock for services rendered valued at \$190,560 based on the underlying market value of the common stock at the date of issuance, among which 50,845 shares valued at \$88,949 were issued to the board of directors for board compensation.

During the nine months ended September 30, 2023, the Company issued 40,285 shares as additional consideration for the issuance of a promissory note (see Note 9). The 40,285 shares of common stock were valued at an aggregate value of \$65,580.

During the nine months ended September 30, 2023, the Company issued 183,606 shares of its common stock in connection with conversion of promissory notes (see Note 10). The 183,606 shares of common stock were valued at an aggregate value of \$313,892, resulting in \$34,338 of loss on settlement of debt recognized for the difference between the fair value of common stock issued and the carrying value of the debt. During the nine months ended September 30, 2023, the Company also issued 24,000 shares of its common stock in connection with conversion of accounts payable of \$48,000. The 24,000 shares of common stock were valued at an aggregate value of \$48,000.

During the nine months ended September 30, 2023, the Company issued an aggregate of 517,001 shares of its common stock pursuant to the Lucido 2023 Subscription Agreement (as defined in Note 15), the Galligan 2023 Subscription Agreement (as defined in Note 15), and the 2023 Q2 Subscription Agreement (as defined in Note 14). 342,592 common shares were recorded at a price of \$1.75 per shares for gross proceeds to the Company of \$600,000. 174,409 common shares were recorded at a price of \$1.72 per shares for gross proceeds to the Company of \$300,000.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not Applicable.

ITEM 6. EXHIBITS.

<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: November 14, 2023

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: November 14, 2023

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: November 14, 2023

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 September 30, 2023 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: November 14, 2023

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 September 30, 2023 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: November 14, 2023

By: /s/ Lourdes Felix

Lourdes Felix  
Chief Executive Officer  
Chief Financial Officer