

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

FORM 10-K/A  
Amendment No. 1

(Mark One)

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

For the fiscal year ended **December 31, 2016**

OR

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

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

Commission File Number: **000-55596**

**MyDx, Inc.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**99-0384160**

(I.R.S. Employer  
Identification No.)

**6335 Ferris Square, Suite B**

**San Diego, CA 92121**

(Address of principal executive offices) (Zip Code)

**(800) 814-4550**

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act:

Title of each class:

**None**

Name of each exchange on which registered:

**None**

Securities registered under Section 12(g) of the Act:

(Title of class)

**Common Stock, par value \$0.001**

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates (12,415,691) of the registrant at June 30, 2016 (the last business day of the registrant's most recently completed second fiscal quarter) was \$1,738,196.74, based upon the closing price (\$0.14) of the registrant's common stock on that date as reported on the OTCQB marketplace of the OTC Markets.

Number of shares of common stock outstanding as of March 23, 2017 was 1,450,204,599.



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#### **EXPLANATORY NOTE**

We are filing this Amendment No. 1 to our Annual Report on Form 10-K/A (the “Amendment”) for the fiscal year ended December 31, 2016, as filed with the Securities and Exchange Commission (the “SEC”) on April 20, 2017 (the “Original Form 10-K”), to make the following changes: (i) to correct a typographical error in the Net Cash Provided by Financing Activities paragraph in Part II, Item 7; (ii) to correct grammatical errors in the Report of Independent Registered Public Accounting Firm of BPM LLP for the year ended December 31, 2015; (iii) to make certain corrections to: (a) the audited Consolidated Statement of Cash Flows for the year ended December 31, 2015; and (b) Notes 5, 8, 10, and 11 to our audited financial statements; (iv) to correct a typographical error in Part II, Item 9; (v) to make certain corrections to Part III, Items 12 and 14; and (vi) to include, as Exhibits 23.1 and 23.2, consents from our Independent Registered Public Accounting Firms for the years ended December 31, 2016 (Anton & Chia, LLP) and December 31, 2015 (BPM LLP) to incorporate by reference their reports with respect to the consolidated financial statements for those respective years into our Registration Statement (Form S-8 No. 333-215979).

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we have included the entire text of Part II, Items 7, 8, and 9 and Part III, Items 12 and 14 of the Original Form 10-K in this Amendment.

This Amendment includes new certifications pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1, 31.2, 32.1, and 3 hereto.

Except as expressly set forth above, this Amendment does not, and does not purport to, amend, update or restate the information in any other Item of the Original Form 10-K or reflect any events that have occurred after the filing of the Original Form 10-K.

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## FORWARD-LOOKING STATEMENTS

This Amendment Number 1 to Annual Report on Form 10-K/A (“Report”) contains forward-looking statements within the meaning of Sections 21E and Section 27A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). “Forward-looking statements,” which include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of financial resources. These forward-looking statements include, without limitation, statements regarding: proposed new programs; expectations that regulatory developments or other matters will not have a material adverse effect on our financial position, results of operations and our liquidity; statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance; and statements of management’s goals and objectives and other similar expressions concerning matters that are not historical facts. Words such as “may,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “foresee” “future,” “intends,” “plans,” “believes,” “estimates” and variations of these words and similar expressions, as well as statements in the future tense, identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially. As used in this Report, the terms “we”, “us”, “our”, and the “Company” means MyDx, Inc. a Nevada corporation and its subsidiaries.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- our ability to deploy our solutions and develop new products;
- any contractual arrangements and relationships with third parties;
- any possible financings;
- the adequacy of our cash reserves and working capital;
- our ability to grow revenue, and in amounts greater than our operating and capital expenditures;
- our ability to evaluate our current and future prospects;
- access by us and our customers to financing;
- our ability to keep pace with changes in technology;
- our ability to protect our intellectual property;
- competition and competitive factors;
- the amount of capital expenditures required to grow our business;
- our ability to comply with government regulation affecting our business;
- the impact of worldwide economic conditions; and
- the other factors discussed under the heading “Risk Factors” under Item 1a. of this Annual Report.

Because the factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, you should not place undue reliance on any such forward-looking statements. New factors emerge from time to time, and their emergence is impossible for us to predict. In addition, we cannot assess the impact of each factor 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.

Forward-looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

This Annual Report should be read completely and with the understanding that actual future results may be materially different from what we expect. This Annual Report should be read in conjunction all reports Registrant has previously filed with the Securities and Exchange Commission. The forward looking statements included in this Annual Report are made as of the date of this Annual Report and should be evaluated with consideration of any changes occurring after the date of this Annual Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## **PART II**

### **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS**

*The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, MyDx's audited annual financial statements and the related notes thereto and MyDx Inc.'s unaudited interim financial statements and the related notes thereto, on file with the Securities and Exchange Commission ("SEC"). This discussion contains certain forward-looking statements that involve risks and uncertainties, as described under the heading "Forward-Looking Statements" in this Annual Report. Actual results could differ materially from those projected in the forward-looking statements. For additional information regarding these risks and uncertainties, please see the disclosure under the heading "Risk Factors" elsewhere in this Annual Report.*

*The Management Discussion and Analysis of Financial Condition and Results of Operations below is based upon only the financial performance of MyDx. MyDx's audited financial statements for the years ended December 31, 2016 and 2015.*

*We believe that our 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 products and services and competition.*

*The Merger between MyDx, Inc. and CDx, Inc. ("CDx"), consummated on April 30, 2015, was treated as a reverse acquisition for financial accounting and reporting purposes. As such, CDx is treated as the acquirer for accounting and financial reporting purposes while MyDx, Inc. was treated as the acquired entity for accounting and financial reporting purposes. Further, as a result, the historical financial statements that will be reflected in the Company's future financial statements filed with the SEC will be those of CDx, and the Company's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of CDx. Accordingly, for clarity and continuity, we are presenting the historical financial statements for CDx, Inc. for the periods presented.*

#### ***For the Year Ended December 31, 2016***

##### **Overview**

MyDx is consumer products and data analytics company leveraging proprietary science and technology to develop consumer products initially focused on the cannabis industry.

The Company's first product, MyDx<sup>®</sup>, also known as "My Diagnostic", is a multiuse hand-held chemical analyzer made for consumers and professional users. MyDx is intended to allow consumers to Trust & Verify<sup>®</sup> what they put into their mind and body by using one device with interchangeable sensors to test for pesticides in plants, chemicals in water, toxins in the air, and the safety and potency of cannabis samples.

In our 2015 year end letter to shareholders, we highlighted the launch of the MyDx Analyzer with the CannaDx sensor as well as becoming a public company as the primary milestones achieved that year, and set a goal to focus on two key pillars of success in 2016: product sales and market liquidity. We believe we have achieved our 2016 goals.

##### **2016 Key Milestones Achieved**

##### **Product & Market**

- CannaDx<sup>™</sup>, as a standalone business, has generated approximately \$1 million in revenue since commercialization began in 2015, mainly from online sales, and is helping thousands of consumers Trust & Verify<sup>®</sup> their cannabis every day.
- AquaDx<sup>™</sup> single use sensors were launched to test for harmful chemicals in water, helping Flint, Michigan and Tampa, Florida residents in critical areas of need Trust & Verify<sup>®</sup> the safety of their drinking water, as featured by CNN and ABC News.
- OrganaDx<sup>™</sup> single use sensors were launched to test for pesticides and heavy metals in cannabis and food, as featured by NBC News.
- CannaDx<sup>™</sup> proprietary database more than doubled in size, to tens of thousands of crowdsourced ailments and feelings associated with unique chemical profile datapoints. Backed by pharmacological insights shared in our MyDx White Paper, we believe we are positioned to play an important role in understanding the science of cannabis and its future role in the biopharmaceutical industry.

## Corporate and Finance

1. During the course of the restructuring, our goal was to become cash flow positive. However, it is clear that our plan will require, as financing permits, to have significant R&D and market penetration expenses in the near future and in that instance, we do not plan to be cashflow positive or profitable as we gain market share.

We believe the Company may be cashflow positive and profitable in 2017 through its active reduction in cash burn and increasing sales and margins.

2. We satisfied over \$1.5M in convertible debt used to finance the Company's critical obligations in 2015 and 2016, including supporting R&D and daily operations, paying off and renegotiating minimum royalty obligations with our sensor developer from \$100,000 per year to \$15,000 per year, paying off debt that was depleting our daily cashflow, and investing in expansion of our products overseas using a higher margin licensing business model. This same convertible debt used to finance our operations has resulted in heavy dilution and a sharp decline in share price. The Company expects to continue to experience dilution in the near future.
3. The Company has obtained shareholder approval to effect, in the Board's discretion, a reverse stock split. By December 24, 2017, the Company may effect a reverse stock split because it believes that such an action may:
  1. Facilitate potential higher levels of institutional stock ownership where investment policies generally prohibit investment in lower priced securities.
  2. Create a capital structure that better reflects a potentially profitable company.
  3. Better match the number of shares outstanding with the size of the Company in terms of market capitalization, shareholder equity, operations and potential earnings.
  4. Better enable the company to raise funds.

The Board shall maintain the right to elect not to proceed with the reverse split if it determines that this proposal is no longer in the best interests of the Company's shareholders.

### **Looking forward to 2017:**

Our main objective at this time is to complete the restructuring of MyDx to clean up the balance sheet, recruit and incentivize key executives, managers and advisors, expand the science and technology team, and re-position the Company to attract long term growth capital that is required to:

1. Leverage MyDx's proprietary database to generate new revenues streams for the company by producing and licensing formulated products and corresponding green Active Pharmaceutical Ingredients (gAPI<sup>TM</sup>) for the cannabis industry.
2. Increase market share in areas of critical national need with the CannaDx, OrganaDx, and AquaDx applications globally through product enhancements, industry partnerships, and global sales and marketing efforts.
3. Develop and integrate MyDx products into established Smart Home applications, a.k.a. the Internet of Things (IoT).
4. Invest in MyDx next generation technology to create the most practical, reliable and affordable chemical analysis platform in the world for the everyday consumer and commercial operator.

### **Plan of Operations**

As shown in the accompanying consolidated financial statements, the Company incurred net losses of \$16,501,889 and \$6,367,297, respectively, for the years ended December 31, 2016 and 2015, respectively, and had an accumulated deficit of \$26,399,453 as of December 31, 2016.

### **Liquidity and Capital Resources**

Our principal sources of cash have been proceeds from private placements of common and preferred stock, incurrence of debt and the sale of equity securities held as investments.

As of December 31, 2016, the Company had a working capital deficit of \$3,347,268 with cash of \$38,203. Our cash decreased by approximately \$105,477 during the year ended December 31, 2016.

## **Negative Operating Cash Flow**

We reported negative cash flow from operations for the years December 31, 2016 and 2015. It is anticipated that we will continue to report negative operating cash flow in future periods, likely until one or more of our products generate sufficient revenues to cover our operating expenses. If any of the warrants are exercised, all net proceeds of the warrant exercise will be used for working capital to fund negative operating cash flow.

Our cash balance of \$38,203 will not be sufficient to fund our operations for the next 12 months. Additionally, if we are unable to generate sufficient revenues to pay our expenses, we will need to raise additional funds to continue our operations. We have historically financed our operations through private equity and debt financings. We do not have any commitments for financing at this time, and financing may not be available to us on favorable terms, if at all. If we are unable to obtain debt or equity financing in amounts sufficient to fund our operations, if necessary, we will be forced to suspend or curtail our operations. In that event, current stockholders would likely experience a loss of most or all of their investment. Additional funding that we do obtain may be dilutive to the interests of existing stockholders.

## **Results of Operations**

### **Comparison of Years Ended December 31, 2016 and 2015**

#### *Revenue*

For the year ended December 31, 2016 and 2015, the Company had net revenue of \$808,176 and \$383,396, respectively. For the year ended December 31, 2015, the Company had completed its research and development stage and shipped its first product in the third quarter.

#### *Cost of Goods Sold and Gross Profit*

Gross profit as a percentage of net revenues for the year ended December 31, 2016 and 2015 were 40% and 42%, respectively. The gross margin was positively affected by the sale of test result data, licensing and tech transfer revenue which had minimal related cost of goods. The effective gross margin for product sales was 29%. This effective gross margin includes returns and allowances and discounts of approximately 8%. Excluding returns and allowances and discounts, our gross profit percentage was approximately 34% which is below our expected normal gross margin of 50%.

#### *Operating Expenses*

For the year ended December 31, 2016, the Company incurred operating expenses in the amount of \$4,542,036 compared to \$6,080,534 for the year ended December 31, 2015. These operating expenses were composed of research and development costs, sales and marketing and general and administrative expenses. The decrease is mainly resulted from the decrease of general and administrative expenses and research and development activities with the departure of certain independent contractors and officers of the Company which were partially offset by the increase in marketing expenses for our overseas territory development efforts in China P.R.

#### *Research and Development Expenses*

Research and development expenses primarily consist of engineering and product development, incurred in the design, development, testing and enhancement of our products. For the year ended December 31, 2016, the Company expended \$686,095 for various research and development projects for hardware, database, software and sensor development as compared to \$1,694,521 for the year ended December 31, 2015. The decrease of \$1,008,426, or 60%, resulted primarily from decreases of approximately \$383,000 in salaries, wages and benefits; \$367,000 in independent contractors; \$261,000 in hardware product development samples and materials; \$164,000 in stock-based compensation; \$60,000 in tooling charges; \$40,000 in product samples; and \$34,000 in travel and entertainment expenses. These decreases were partially offset by increases of approximately \$299,000 in employee recruiting fees and \$30,000 in depreciation expense.



### *Sales and Marketing Expenses*

Sales and marketing expenses consist primarily of salaries, wages and benefits, consulting fees for third-party services and general marketing expenses. For the year ended December 31, 2016, the Company expended \$1,967,786 as compared to \$1,026,211 for the year ended December 31, 2015. The increase of \$941,575, or 92%, resulted primarily from increases of \$1,470,000 in territorial development fees; \$104,000 in employee recruiting fees; \$26,000 in advertising; \$36,000 in sales commissions; and, \$10,000 in amortization. These increases were partially offset by decreases of approximately \$314,000 in salaries, wages and benefits; \$254,000 in stock-based compensation; \$45,000 in travel and entertainment expenses; \$18,000 in website maintenance; \$9,000 in trade show expenses; \$7,000 in telephone and communications expenses; \$1,000 in purchases of non-capitalized equipment and software.

### *General and Administrative Expenses*

General and administrative expenses consist primarily of salaries, wages and benefits, consulting fees, legal fees, accounting fees and general administrative expenses.

For the year ended December 31, 2016, the Company expended \$1,888,155 as compared to \$3,359,802 for the year ended December 31, 2015. The decrease of \$1,471,647, or 44%, resulted primarily from decreases of \$555,000 in independent contractors; \$273,000 in stock-based compensation; \$204,000 in salaries, wages and benefits; \$165,000 in legal fees; \$76,000 in public company expenses; \$68,000 in organization expenses related to the merger; \$66,000 in rent and facilities costs; \$55,000 in travel and entertainment; and \$15,000 in board of directors' fees; These decreases were partially offset by increases of approximately \$17,000 in accounting fees; \$14,000 in insurance premiums; \$11,000 in other professional fees; and \$6,000 in impairment of assets.

### *Interest Expense*

The increase of \$2,275,410, or 508%, resulted primarily from the increase of interest expense related to the convertible notes payable and amortization of debt issuance costs related to the convertible notes payable outstanding during the year ended December 31, 2016.

### *Changes in Fair Value of Derivative Liabilities*

The \$1,013,901 gain on changes in fair value of derivative liabilities resulted from the changes in fair value of embedded conversion feature associated from the convertible notes payables.

### *Loss on settlement of liabilities*

Loss on settlement of debt totaled \$392,360 reflects the discounted value share conversion prices versus the market values for shares of common stock issued in settlement of debts. Loss on settlement of accrued wages totaled \$5,691,993 reflects the value of the shares issued in lieu of accrued payroll.

### **Liquidity and Capital Resources**

Since its inception, capital raised by the Company has been used primarily for the Company's research and development efforts and to support its operations. As of December 31, 2016, the Company had remaining cash of \$38,203 with a net working capital deficit of \$3,347,268. As a result of the Company's significant operating expenditures and the lack of significant product sales revenue, we expect to incur losses from operations for the near future and will be required to seek additional capital to sustain our operations.

We reported negative cash flow from operations for the year ended December 31, 2015 and for the year ended December 31, 2016. It is anticipated that we will continue to report negative operating cash flow in future periods, likely until one or more of our products generate sufficient revenue to cover our operating expenses. If any of the warrants are exercised, all net proceeds of the warrant exercise will be used for working capital to fund negative operating cash flow.

Our cash balance of \$38,203 will not be sufficient to fund our operations for at least the next 12 months. Additionally, if we are unable to generate sufficient revenues to pay our expenses, we will need to raise additional funds to continue our operations. We have historically financed our operations through private equity and debt financings. Recent economic turmoil and severe lack of liquidity in the debt capital markets together with volatility and rapidly falling prices in the equity capital markets have severely and adversely affected capital raising opportunities. We do not have any commitments for financing at this time, and financing may not be available to us on favorable terms, if at all. If we are unable to obtain debt or equity financing in amounts sufficient to fund our operations, if necessary, we will be forced to suspend or curtail our operations. In that event, current stockholders would likely experience a loss of most or all of their investment. Additional funding that we do obtain may be dilutive to the interests of existing stockholders.

To the extent, we raise additional capital by issuing equity securities or obtaining borrowings convertible into equity, ownership dilution to existing stockholders will result and future investors may be granted rights superior to those of existing stockholders. The incurrence of indebtedness or debt financing would result in increased fixed obligations and could also result in covenants that would restrict our operations. Our ability to obtain additional capital may depend on prevailing economic conditions and financial, business and other factors beyond our control. Economic crisis and disruptions in the U.S. and global financial markets may adversely impact the availability and cost of credit, as well as our ability to raise money in the capital markets. Instability in these market conditions may limit our ability to access the capital necessary to fund and grow our business. The Company cannot provide any assurances that it will be able to raise the additional capital needed to fund its operations, or if the Company is able to raise such additional capital, that any such financing will be on terms which are beneficial to the existing shareholders.

#### *Working Capital*

	December 31,	
	2016	2015
Current assets	\$ 301,252	\$ 658,333
Current liabilities	3,648,520	965,178
Working Capital Deficit	<u>\$ (3,347,268)</u>	<u>\$ (306,845)</u>

Current assets for the year ended December 31, 2016 decreased compared to December 31, 2015 primarily due to a decrease in inventories and cash.

Current liabilities for the year ended December 31, 2016 increased compared to December 31, 2015 primarily due to an increase in accounts payable; asset based loans; derivative liability; plus, an increase in the current portion of convertible notes payable.

#### *Cash Flows*

	Year Ended December 31,	
	2016	2015
Net Cash Provided by (Used in) Operating Activities	\$ (819,087)	\$ (4,465,713)
Net Cash Provided by (Used in) Investing Activities	-	(196,589)
Net Cash Provided by (Used in) Financing Activities	713,610	4,060,536
	<u>\$ (105,477)</u>	<u>\$ (601,766)</u>

### ***Net Cash Provided by (Used in) Operating Activities***

Our primary uses of cash from operating activities include payments to consultants for research and development, compensation and related costs, legal and professional fees, computer and internet expenses and other general corporate expenditures.

Cash used in operating activities consist of net loss adjusted for certain non-cash items, primarily equity-based compensation expense, common stock issued in exchange for services, accretion of debt discount and debt issuance costs on convertible notes and the change in fair value of derivative liabilities due primarily to the mark to market of the Company's derivatives embedded in the convertible notes, and a loss of settlement of liabilities during the year ended December 31, 2016, as well as the effect of changes in working capital and other activities.

In addition, the net decrease in cash from changes in working capital activities from the year ended December 31, 2015 to the year ended December 31, 2016 primarily consisted of an increase in accounts receivable, a decrease in inventory, a decrease in prepaid expenses and other current assets, an increase in accounts payable and accrued expenses, and an increase in customer deposits.

### ***Net Cash Provided by (Used in) Investing Activities***

For the year ended December, 2016 and 2015 cash used in investing activities totaled zero and \$196,589, respectively, which resulted from purchases of equipment for the year ended December 31, 2015.

### ***Net Cash Provided by Financing Activities***

For the year ended December 31, 2016, financing activities provided cash of \$713,610 which resulted from an increase of approximately \$300,000 in net proceeds from the issuance of asset based loans, net of issuance costs, \$521,622 in proceeds from the issuance of convertible notes payable, net of issuance costs; and \$160,000 in proceeds from note payable-related party. For the year ended December 31, 2015, financing activities provided approximately \$4,061,000 which resulted from an increase of approximately \$3,633,000 in proceeds from the issuance of convertible notes payable, net of issuance costs; \$250,000 in proceeds from the issuance of convertible preferred stock, net of issuance costs; \$175,000 in proceeds from note payable-related party; and \$3,000 in proceeds from issuance of common stock from exercise of stock options.

### ***Going Concern***

At December 31, 2016, we had an accumulated deficit of \$26,399,453 and incurred a net loss of \$16,501,889 for the year ended December 31, 2016. We expect to incur further losses in the development of our business, all of which casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors  
MyDx, Inc.  
6335 Ferris Square, Suite B  
San Diego, CA 92121**

We have audited the accompanying consolidated balance sheet of MyDx, Inc. (the "Company") as of December 31, 2016 and their related consolidated statements of operations, changes in shareholders' equity and cash flows for the for year then ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Company as of December 31, 2015 and for the year then ended were audited by other auditors, whose report dated April 27, 2016, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company was not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3, the Company has recurring losses from operations and accumulated deficit for both years. These conditions, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*/s/ Anton & Chia, LLP*  
Newport Beach, CA  
April 18, 2017

## **Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders of  
MyDx, Inc.

We have audited the accompanying consolidated balance sheet of MyDx, Inc. (a Nevada corporation) and its subsidiary (the “Company”) as of December 31, 2015, and the related consolidated statements of operations, stockholders’ deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor have we been engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MyDx, Inc. and its subsidiary as of December 31, 2015, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company has incurred recurring losses and negative cash flow from operations since inception. These conditions raise substantial doubt about its ability to continue as a going concern. Management’s plans regarding those matters also are described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ BPM LLP

San Jose, California  
April 27, 2016

**MyDx, INC.**  
**Consolidated Balance Sheets**

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 38,203	\$ 143,680
Accounts receivable	27,851	10,702
Inventory	155,233	451,973
Prepaid expenses and other current assets	79,965	51,978
Total current assets	301,252	658,333
Property and equipment, net	138,883	233,064
Other assets	49,845	104,365
Total assets	\$ 489,980	\$ 995,762
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Asset based loans	\$ 120,460	\$ -
Accounts payable	1,082,384	619,528
Customer deposits	16,767	9,467
Accrued liabilities	131,563	281,761
Current portion of leases payable	3,480	2,773
Due to related party	1,075	1,075
Convertible notes payable, current, net of debt discount	233,147	50,574
Derivative liability	1,812,441	-
Warrant liability	247,203	-
Total current liabilities	3,648,520	965,178
Convertible note payable - related party	200,000	175,000
Convertible notes payable	-	200,274
Other long-term obligations	-	2,721
Total liabilities	3,848,520	1,343,173
Commitments and contingencies (Note 11)		
Stockholders' deficit:		
Series A Preferred stock, \$0.001 par value; 51 and 0 shares issued and outstanding as of December 31, 2016 and 2015, respectively.	-	-
Series B Preferred stock, \$0.001 par value; 300,000 and 0 shares issued and outstanding as of December 31, 2016 and 2015, respectively.	300	-
Common stock, \$0.001 par value, 10,000,000,000 shares authorized; 645,060,704 and 22,081,928 shares issued and outstanding as of December 31, 2016 and 2015, respectively	645,061	22,081
Additional paid-in capital	22,395,552	9,528,072
Accumulated deficit	(26,399,453)	(9,897,564)
Total stockholders' deficit	(3,358,540)	(347,411)
Total liabilities and stockholders' deficit	\$ 489,980	\$ 995,762

See notes to consolidated financial statements

**MyDx, INC.**  
**Consolidated Statements of Operations**

	<b>For the Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Sales</b>		
Product revenue	\$ 670,176	\$ 383,396
Licensing revenue	138,000	-
<b>Total sales</b>	<b>808,176</b>	<b>383,396</b>
<b>Cost of goods sold</b>		
Product costs	481,349	221,007
<b>Total cost of sales</b>	<b>481,349</b>	<b>221,007</b>
<b>Gross profit</b>	<b>326,827</b>	<b>162,389</b>
<b>Operating Expenses</b>		
Research and development	686,095	1,694,521
Sales and marketing	1,967,786	1,026,211
General and administrative	1,888,155	3,359,802
<b>Total operating expenses</b>	<b>4,542,036</b>	<b>6,080,534</b>
<b>Loss from operations</b>	<b>(4,215,209)</b>	<b>(5,918,145)</b>
<b>Other expense</b>		
Interest expense, net	(2,723,187)	(447,777)
Change in fair value of derivative liability	(1,013,901)	-
Derivative expense	(2,464,439)	-
Loss on settlement of liabilities	(6,084,353)	-
<b>Loss before provision for income taxes</b>	<b>(16,501,089)</b>	<b>(6,365,922)</b>
<b>Provision for income taxes</b>	<b>800</b>	<b>1,375</b>
<b>Net loss</b>	<b>\$ (16,501,889)</b>	<b>\$ (6,367,297)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.19)</b>	<b>\$ (0.35)</b>
<b>Weighted average shares used in computing net loss per common share basic and diluted</b>	<b>85,506,211</b>	<b>18,346,844</b>

See notes to consolidated financial statements





liabilities	51	-	300,000	300	30,905,938	30,907	5,777,883	-	5,809,090
Stock based compensation	-	-	-	-	-	-	232,271	-	232,271
Net loss for year ended December 31, 2016	-	-	-	-	-	-	-	(16,501,889)	(16,501,889)
<b>Balances as of December 31, 2016</b>	<b>51</b>	<b>\$ -</b>	<b>300,000</b>	<b>\$ 300</b>	<b>645,060,704</b>	<b>\$ 645,061</b>	<b>\$22,395,552</b>	<b>\$ (26,399,453)</b>	<b>\$ (3,358,540)</b>

See notes to consolidated financial statements

**MyDx, INC.**  
**Consolidated Statements of Cash Flows**

	<b>Years Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (16,501,889)	\$ (6,367,297)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	81,055	64,611
Impairment of assets	13,126	9,224
Common stock issued in exchange for services	366,150	1,413,002
Change in fair value of derivative liability	1,013,901	-
Derivative expense	2,464,439	-
Loss on settlement of accrued payroll	5,691,993	-
Loss on settlement of vendor liabilities	392,360	-
Stock-based compensation	232,271	517,063
Interest expense related to amortization of debt issuance costs and debt discount	1,602,635	419,798
Changes in assets and liabilities:		
Accounts receivable	(17,149)	(10,702)
Inventory	296,740	(451,973)
Prepaid expenses and other assets	26,533	(108,568)
Accounts payable and accrued liabilities	3,513,462	169,533
Customer deposits	7,300	(120,404)
Current portion leases payable	(2,014)	-
Net cash used in operating activities	<u>(819,087)</u>	<u>(4,465,713)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property & equipment	-	(196,589)
Net cash used in investing activities	<u>-</u>	<u>(196,589)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from note payable - related party	160,000	175,000
Repayment of note payable - related party	(135,000)	-
Proceeds from the issuance of convertible preferred stock, net of issuance costs	-	3,632,869
Proceeds from the issuance of convertible notes payable, net of issuance costs	521,622	250,000
Proceeds from issuance of asset based loans, net of issuance costs	300,000	-
Repayments on asset based loans	(133,012)	-
Proceeds from issuance of common stock from exercise of stock options	-	2,667
Net cash provided by financing activities	<u>713,610</u>	<u>4,060,536</u>
Net decrease in cash	(105,477)	(601,766)
Cash, beginning of period	143,680	745,446
Cash, end of period	<u>\$ 38,203</u>	<u>\$ 143,680</u>
<b>Supplemental cash flow information:</b>		
Interest paid	<u>\$ 44,200</u>	<u>\$ -</u>
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Settlement of debt with convertible note	<u>\$ 1,836,127</u>	<u>\$ -</u>
Derivative cease to exist upon conversion of notes	<u>\$ 4,321,381</u>	<u>\$ -</u>
Debt discount recorded on convertible debt and warrants	<u>\$ 2,207,842</u>	<u>\$ -</u>
Conversion of convertible notes payable to preferred stock	<u>\$ -</u>	<u>\$ 2,070,072</u>
Fair value of preferred stock warrants issued with preferred stock	<u>\$ -</u>	<u>\$ 1,667,148</u>
Reclassification of warrant liability to additional paid-in capital	<u>\$ -</u>	<u>\$ 1,943,672</u>
Common stock assumed in connection with merger	<u>\$ -</u>	<u>\$ 1,990</u>
Conversion of convertible preferred stock to common stock	<u>\$ -</u>	<u>\$ 7,904</u>
Issuance of common stock in exchange for services provided in the prior year	<u>\$ -</u>	<u>\$ 327,100</u>

See notes to consolidated financial statements

**MyDx, INC.**  
**Notes to Consolidated Financial Statements**

**1. Organization**

MyDx, Inc. (the “Company”, “we”, “us” or “our”) (formally known as Brista Corp.) was incorporated under the laws of the State of Nevada on December 20, 2012. The Company’s wholly-owned subsidiary, CDx, Inc., was incorporated under the laws of the State of Delaware on September 16, 2013.

**2. Nature of Business**

We are a science and technology company that has created the first battery operated, handheld, electronic analyzer for consumers. Our products leverage the latest nanotechnology to accurately measure chemicals of interest in nearly any solid, liquid, or gas sample, anywhere, anytime. Our mission is to enable people to live a healthier life by revealing the purity of certain compounds they eat, drink and inhale in real time through a device they can hold in the palm of their hand. We believe that the broad application and ease of use of our technology puts us in an ideal position to provide consumers with a practical and affordable way to Trust & Verify<sup>®</sup> what they are putting into their bodies without leaving the comfort of their homes.

Our initial product which we introduced in the third quarter of 2015, utilizes the CannaDx sensor to allow consumers to analyze cannabis. During the third quarter of 2016 we introduced our AquaDx (water) and OrganaDx (food) sensors. Our product roadmap includes future development and commercialization of these sensors and our AeroDx (air) sensor in 2017. We will require substantial additional capital to finalize development and commercialize of our existing sensors and the AeroDx.

We have a portfolio of intellectual property rights covering principles and enabling instrumentation of chemical sensing technology across solid, liquid, and gas samples, including certain patented and patent pending technologies from a third party pursuant to a joint development agreement.

**3. Going Concern**

The Company has elected to adopt early application of ASU No. 2014-15, “*Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern (“ASU 2014-15”)*”.

The Company's consolidated financial statements have been prepared assuming it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the consolidated financial statements, the Company had an accumulated deficit at December 31, 2016, a net loss and net cash used in operating activities for the reporting period then ended. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The Company is attempting to further implement its business plan and generate sufficient revenues; however, its cash position may not be sufficient to support its daily operations. The Company has a limited operating history and its prospects are subject to risks, expenses and uncertainties frequently encountered by early-stage companies. These risks include, but are not limited to, the uncertainty of availability of financing and the uncertainty of achieving future profitability. Management anticipates that the Company will be dependent, for the near future, on investment capital to fund operating expenses. The Company intends to position itself so that it may be able to raise funds through the capital markets. There can be no assurance that such financing will be available at terms acceptable to the Company, if at all. Failure to generate sufficient cash flows from operations, raise capital or reduce certain discretionary spending could have a material adverse effect on the Company’s ability to achieve its intended business objectives.

We reported negative cash flow from operations for the years ended December 31, 2016 and 2015. It is anticipated that we will continue to report negative operating cash flow in future periods, likely until one or more of our products generates sufficient revenue to cover our operating expenses. If any of the warrants are exercised, all net proceeds of the warrant exercise will be used for working capital to fund negative operating cash flow.

Our cash balance of \$38,203 at December 31, 2016 will not be sufficient to fund our operations for the next 12 months. Additionally, if we are unable to generate sufficient revenues to pay our expenses, we will need to raise additional funds to continue our operations. We have historically financed our operations through private equity and debt financings. The delays in our ability to ship products and generate revenues may have adversely affected our capital raising opportunities. We do not have any commitments for financing at this time, and financing may not be available to us on favorable terms, if at all. If we are unable to obtain debt or equity financing in amounts sufficient to fund our operations, if necessary, we will be forced to suspend or curtail our operations. In that event, current stockholders would likely experience a loss of most or all of their investment. Additional funding that we do obtain may be dilutive to the interests of existing stockholders.

The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### **4. Summary of Significant Accounting Policies**

##### ***Basis of Presentation***

The consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

##### ***Use of Estimates***

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such management estimates include allowance for doubtful accounts, estimates of product returns, warranty expense, inventory valuation, valuation allowances of deferred taxes, stock-based compensation expenses and fair value of warrants. The Company bases its estimates on historical experience and on assumptions that it believes are reasonable. The Company assesses these estimates on a regular basis; however, actual results could materially differ from those estimates.

##### ***Concentration of Risk Related to Third-party Suppliers***

We depend on a limited number of third-party suppliers for the materials and components required to manufacture our products. A delay or interruption by our suppliers may harm our business, results of operations, and financial condition, and could also adversely affect our future profit margins. In addition, the lead time needed to establish a relationship with a new supplier can be lengthy, and we may experience delays in meeting demand in the event we must change or add new suppliers. Our dependence on our suppliers exposes us to numerous risks, including but not limited to the following: our suppliers may cease or reduce production or deliveries, raise prices, or renegotiate terms; we may be unable to locate a suitable replacement supplier on acceptable terms or on a timely basis, or at all; and delays caused by supply issues may harm our reputation, frustrate our customers, and cause them to turn to our competitors for future needs.

### ***Fair Value of Financial Instruments***

The Company recognizes and discloses the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). Each level of input has different levels of subjectivity and difficulty involved in determining fair value.

- Level 1 Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurable date.
- Level 2 Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level 3 Unobservable inputs that reflect management's best estimate of what participants would use in pricing the asset or liability at the measurement date.

The carrying amounts of the Company's financial assets and liabilities, including cash, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the Company's loan payable and convertible notes payable approximates fair value based upon borrowing rates currently available to the Company for loans with similar terms.

### ***Cash***

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2016, and 2015, the Company held no cash equivalents.

The Company's policy is to place its cash with high credit quality financial instruments and institutions and limit the amounts invested with any one financial institution or in any type of instrument. Deposits held with banks may exceed the amount of insurance provided on such deposits. The Company has not experienced any losses on its deposits of cash.

### ***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable are recorded at the invoiced amount and are not interest bearing. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company makes ongoing assumptions relating to the collectability of its accounts receivable in its calculation of the allowance for doubtful accounts. In determining the amount of the allowance, the Company makes judgments about the creditworthiness of customers based on ongoing credit evaluations and assesses current economic trends affecting its customers that might impact the level of credit losses in the future and result in different rates of bad debts than previously seen. The Company also considers its historical level of credit losses. As of December 31, 2016 and 2015, there was no allowance for doubtful accounts.

### ***Inventory***

Inventory is stated at the lower of cost or market value. Inventory is determined to be salable based on demand forecast within a specific time horizon, generally eighteen months or less. Inventory in excess of salable amounts and inventory which is considered obsolete based upon changes in existing technology is written off. At the point of recognition, a new lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in that new cost basis.

### ***Property and Equipment***

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the useful life as follows:

Internal-use software	3 years
Equipment	3 to 5 years
Computer equipment	3 to 7 years
Furniture and fixtures	5 to 7 years
Leasehold improvements	Shorter of life of asset or lease

### ***Accounting for Website Development Costs***

The Company capitalizes certain external and internal costs, including internal payroll costs, incurred in connection with the development of its website. These costs are capitalized beginning when the Company has entered the application development stage and cease when the project is substantially complete and is ready for its intended use. The website development costs are amortized using the straight-line method over the estimated useful life of three years.

### ***Impairment of Long-Lived Assets***

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the condensed balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the condensed balance sheets.

### ***Debt Discount and Debt Issuance Costs***

Debt discounts and debt issuance costs incurred in connection with the issuance of debt are capitalized and amortized to interest expense based on the related debt agreements using the straight-line method. Unamortized discounts are netted against long-term debt.

### ***Derivative Liability***

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Paragraph 815-15-25-1 the conversion feature and certain other features are considered embedded derivative instruments, such as a conversion reset provision, a penalty provision and redemption option, which are to be recorded at their fair value as its fair value can be separated from the convertible note and its conversion is independent of the underlying note value. The Company records the resulting discount on debt related to the conversion features at initial transaction and amortizes the discount using the effective interest rate method over the life of the debt instruments. The conversion liability is then marked to market each reporting period with the resulting gains or losses shown in the statements of operations.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The Company follows ASC Section 815-40-15 (“Section 815-40-15”) to determine whether an instrument (or an embedded feature) is indexed to the Company’s own stock. Section 815-40-15 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument’s contingent exercise and settlement provisions. The adoption of Section 815-40-15 has affected the accounting for (i) certain freestanding warrants that contain exercise price adjustment features and (ii) convertible bonds issued by foreign subsidiaries with a strike price denominated in a foreign currency.

The Company evaluates its convertible debt, options, warrants or other contracts, if any, to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 810-10-05-4 and Section 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as either an asset or a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the consolidated statement of operations as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the date of conversion, exercise or cancellation and then that the related fair value is reclassified to equity.

The Company utilizes the Black-Scholes option-pricing model to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The Black-Scholes option-pricing model includes subjective input assumptions that can materially affect the fair value estimates. The expected volatility is estimated based on the most recent historical period of time equal to the remaining contractual term of the instrument granted.

### ***Income Taxes***

Income taxes are provided in accordance with ASC No. 740, “*Accounting for Income Taxes*”. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the period of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company is no longer subject to tax examinations by tax authorities for years prior to 2013.

### ***Revenue Recognition***

The Company recognizes revenue from product sales upon shipment as long as evidence of an arrangement exists, the fee is fixed or determinable, collection of the resulting receivable is reasonably assured and title and risk of loss have passed. If those criteria are not met, then revenue will not be recognized until all of the criteria are satisfied.

### ***Product Returns***

For any product in its original, undamaged and unmarked condition, with its included accessories and packaging along with the original receipt (or gift receipt) within 30 days of the date the customer receives the product, the Company will exchange it or offer a refund based upon the original payment method.

### ***Customer Deposits***

The Company accounts for funds received from crowdfunding campaigns and pre-sales as a liability on the consolidated balance sheets as the investments made entitle the investor to apply these funds towards future shipments once the product has been developed and available for commercial use.

### ***Research and Development Costs***

Research and development costs are charged to expense as incurred. These costs consist primarily of salaries and direct payroll-related costs. It also includes purchased materials and services provided by independent contractors, software developed by other companies and incorporated into or used in the development of our final products. Research and development expenses for the years ended December 31, 2016 and 2015 were \$686,095 and \$1,694,521, respectively.

### ***Advertising Costs***

Advertising costs are charged to sales and marketing expenses and general and administrative expenses as incurred. Advertising expenses, which are recorded in sales and marketing and general and administrative expenses, totaled \$98,219 and \$40,673 for the year ended December 31, 2016 and 2015, respectively.



### ***Stock-Based Compensation***

The Company accounts for stock-based compensation in accordance with ASC Topic 718, “*Compensation – Stock Compensation*” (“ASC 718”) which establishes financial accounting and reporting standards for stock-based employee compensation. It defines a fair value based method of accounting for an employee stock option or similar equity instrument. Accordingly, stock-based compensation is recognized in the consolidated statements of operations as an operating expense over the requisite service period. The Company uses the Black-Scholes option pricing model adjusted for the estimated forfeiture rate for the respective grant to determine the estimated fair value of stock-based compensation arrangements on the date of grant and expenses this value ratably over the requisite service period of the stock option. The Black-Scholes option pricing model requires the input of highly subjective assumptions. Because the Company’s stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management’s opinion, the existing models may not provide a reliable single measure of the fair value of the Company’s stock options. In addition, management will continue to assess the assumptions and methodologies used to calculate estimated fair value of stock-based compensation. Circumstances may change and additional data may become available over time, which could result in changes to these assumptions and methodologies for future grants, and which could materially impact the Company’s fair value determination.

The Company accounts for share-based payments to non-employees in accordance with ASC 505-50 “*Equity Based Payments to Non-Employees*”. If the equity instrument is a stock option, the Company uses the Black-Scholes option pricing model to determine the fair value. Assumptions used to value the equity instruments are consistent with equity instruments issued to employees as the terms of the awards are similar. The Company recognizes the fair value of the equity instruments as expense over the term of the service agreement and revalues that fair value at each reporting period over the vesting periods of the equity instruments.

### ***Warranty***

The Company provides a limited warranty for its analyzers and sensors for a period of 1 year from the date of shipment that such goods will be free from material defects in material and workmanship. The Company has assessed the historical claims and, to date, warranty claims have not been significant. The Company will continue to assess the need to record a warranty accrual at the time of sale going forward.

### ***Collaborative Arrangements***

The Company and its collaborative partners are active participants in the collaborative arrangements and both parties are exposed to significant risks and rewards depending on the commercial success of the activity. The Company records all expenses related to collaborative arrangements as research and development expense in the consolidated statements of operations as incurred.

### ***Net Loss per Share***

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, which is the case for the year ended December 31, 2016 and 2015 presented in these consolidated financial statements, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive.

The Company had the following common stock equivalents at December 31, 2016 and 2015:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Convertible notes payable	641,595,251	-
Options	1,490,026	4,626,245
Warrants	7,571,395	7,571,395
<b>Totals</b>	<b><u>650,656,672</u></b>	<b><u>12,197,640</u></b>

### ***Subsequent events***

The Company has evaluated events that occurred subsequent to December 31, 2016 and through the date the financial statements were issued.

### ***Reclassifications***

Certain prior year amounts in the consolidated financial statements and the notes thereto have been reclassified where necessary to conform to the current year presentation. These reclassifications did not affect the prior period total assets, total liabilities, stockholders' deficit, net loss or net cash used in operating activities.

### ***Recent Accounting Pronouncements***

In May 2014, the FASB issued a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The standard's core principle (issued as ASU 2014-09 by the FASB), is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The new guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU 2014-09 by one year, and would allow entities the option to early adopt the new revenue standard as of the original effective date. This ASU is effective for public reporting companies for interim and annual periods beginning after December 15, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The Company has evaluated the standard and does not expect the adoption will have a material effect on its consolidated financial statements and disclosures.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." ASU 2014-15 provides guidance on management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendments in ASU 2014-15 are effective for annual reporting periods ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The Company has elected to adopt the methodologies prescribed by ASU 2014-15. The adoption of ASU 2014-15 had no material effect on its financial position or results of operations.

In March 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2015-03, "*Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*." The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the amendments is permitted for financial statements that have not been previously issued. The amendments should be applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. Upon transition, an entity is required to comply with the applicable disclosures for a change in an accounting principle. These disclosures include the nature of and reason for the change in accounting principle, the transition method, a description of the prior-period information that has been retrospectively adjusted, and the effect of the change on the financial statement line items (i.e., debt issuance cost asset and the debt liability). The Company adopted ASU 2015-03 during the year ended December 31, 2016.

In July 2015, the FASB issued ASU No. 2015-11, “*Inventory (Topic 330): Simplifying the Measurement of Inventory*”, which modifies existing requirements regarding measuring inventory at the lower of cost or market. Under current inventory standards, the market value requires consideration of replacement cost, net realizable value and net realizable value less an approximately normal profit margin. The new guidance replaces market with net realizable value defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This eliminates the need to determine and consider replacement cost or net realizable value less an approximately normal profit margin when measuring inventory. The standard is required to be adopted for annual periods beginning after December 15, 2016, including interim periods within that annual period, which is our fiscal year 2018. The amendment is to be applied prospectively with early adoption permitted. The Company is in the process of evaluating the effect of the new guidance on its consolidated financial statements and disclosures.

In February 2016, the FASB issued ASU 2016-02, “*Leases (Topic 842)*.” Under ASU 2016-02, lessees will be required to recognize, for all leases of 12 months or more, a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature of an entity’s leasing activities. This ASU is effective for public reporting companies for interim and annual periods beginning after December 15, 2018, with early adoption permitted, and must be adopted using a modified retrospective approach. The Company is in the process of evaluating the effect of the new guidance on its consolidated financial statements and disclosures.

In April 2016, the FASB issued ASU No. 2016-09, “*Compensation – Stock Compensation*” (topic 718). The FASB issued this update to improve the accounting for employee share-based payments and affect all organizations that issue share-based payment awards to their employees. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The updated guidance is effective for annual periods beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption of the update is permitted. The Company is currently evaluating the impact of the new standard.

In April 2016, the FASB issued ASU No. 2016-10, “*Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*” (topic 606). In March 2016, the FASB issued ASU No. 2016-08, “*Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*” (topic 606). These amendments provide additional clarification and implementation guidance on the previously issued ASU 2014-09, “*Revenue from Contracts with Customers*”. The amendments in ASU 2016-10 provide clarifying guidance on materiality of performance obligations; evaluating distinct performance obligations; treatment of shipping and handling costs; and determining whether an entity’s promise to grant a license provides a customer with either a right to use an entity’s intellectual property or a right to access an entity’s intellectual property. The amendments in ASU 2016-08 clarify how an entity should identify the specified good or service for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. The adoption of ASU 2016-10 and ASU 2016-08 is to coincide with an entity’s adoption of ASU 2014-09, which we intend to adopt for interim and annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact of the new standard.

In May 2016, the FASB issued ASU No. 2016-12, “*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*”, which narrowly amended the revenue recognition guidance regarding collectability, noncash consideration, presentation of sales tax and transition and is effective during the same period as ASU 2014-09. The Company is currently evaluating the impact of the new standard.

In August 2016, the FASB issued ASU 2016-15, “*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*” (“ASU 2016-15”). ASU 2016-15 will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017. The new standard will require adoption on a retrospective basis unless it is impracticable to apply, in which case it would be required to apply the amendments prospectively as of the earliest date practicable. The Company is currently in the process of evaluating the impact of ASU 2016-15 on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, “*Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory*”, which eliminates the exception that prohibits the recognition of current and deferred income tax effects for intra-entity transfers of assets other than inventory until the asset has been sold to an outside party. The updated guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption of the update is permitted. The Company is currently evaluating the impact of the new standard.

In November 2016, the FASB issued ASU 2016-18, “*Statement of Cash Flows (Topic 230)*”, requiring that the statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This guidance is effective for fiscal years, and interim reporting periods therein, beginning after December 15, 2017 with early adoption permitted. The provisions of this guidance are to be applied using a retrospective approach which requires application of the guidance for all periods presented. The Company is currently evaluating the impact of the new standard.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying consolidated financial statements.

## 5. Inventory

Inventory as of December 31, 2016, and 2015 is as follows:

	December 31, 2016	December 31, 2015
Finished goods	\$ 3,033	\$ 270,230
Raw materials	152,200	181,743
	<u>\$ 155,233</u>	<u>\$ 451,973</u>

## 6. Property and Equipment, net

	December 31, 2016	December 31, 2015
Computer and test equipment	\$ 198,684	\$ 206,499
Website development costs	39,870	39,870
Furniture and fixtures	26,948	32,845
Software	10,791	10,791
Leasehold improvements	18,288	18,288
	294,581	308,293
Accumulated depreciation and amortization	(155,698)	(75,229)
	<u>\$ 138,883</u>	<u>\$ 233,064</u>

Depreciation expense was \$80,469 and \$57,944 for the year ended December 31, 2016 and 2015, respectively.

For the year ended December 31, 2016, the Company recorded an impairment charge totaling \$13,127 for assets that the Company no longer uses. The impairment charge is a component of general and administrative expenses on the consolidated statements of operations.

## 7. Accrued Liabilities

Accrued liabilities consisted of the following as of December 31, 2016 and 2015.

	December 31, 2016	December 31, 2015
Deferred compensation to employee	\$ -	\$ 51,210
Accrued compensation for employees	36,223	-
Accrued compensation to non-employee	37,923	146,327
Accrued other	57,417	84,224
	<u>\$ 131,563</u>	<u>\$ 281,761</u>

## 8. Debt

### *Asset Based Loans*

On September 16, 2016, CDx, Inc. (the Company's wholly owned subsidiary) entered into a Business Loan Agreement (the "Agreement") with WebBank providing for the granting of a security interest in properties, assets and rights (the "Collateral") as defined in the agreement. CDx, Inc. received net proceeds of \$150,000. There were no loan origination or administrative fees related to the funding. The agreement has a maturity date that is 432 days after the effective date of the Agreement and requires equal weekly payments of \$599 which includes a total finance fee of \$34,500 over the life of the Agreement. The Agreement is personally guaranteed by an officer and majority shareholder of the Company. The outstanding balance at December 31, 2016 was \$89,304.

On May 31, 2016, CDx, Inc. (the Company's wholly owned subsidiary) entered into a Promissory Note and Security Agreement (the "Note") with Windset Capital Corporation, whereby CDx, Inc. gives, grants and assigns a continuing security interest in all of CDx, Inc.'s business equipment, accounts receivable, intellectual property, rights, licenses, claims, assets and properties of any kind whatsoever, whether now owned or hereafter acquired, real, personal, tangible, intangible or of any nature or value, wherever located, together with all proceeds including insurance proceeds as defined in the Note. There was an origination fee of \$200 related to the financing. CDx, Inc. received net proceeds of \$74,800 from the funding. The Note has a maturity date that is 252 business days from the date of the Note and requires payments of \$360 each business day, as defined in the Note, which includes a total finance fee of \$15,750 over the life of the Note. The Note is personally guaranteed by an officer and majority shareholder of the Company. The outstanding balance at December 31, 2016 was \$0.

On May 31, 2016, CDx, Inc. (the Company's wholly owned subsidiary) entered into a Future Receivables Sale Agreement (the "Agreement") with Swift Financial Corporation granting a security interest, as defined in the Agreement, in CDx, Inc.'s present and future accounts, receivables, chattel paper, deposit accounts, personal property, goods, assets and fixtures, general intangibles, instruments, equipment and inventory. There was an origination fee of \$1,875 related to the financing. CDx, Inc. received net proceeds of \$73,125 from the funding. The Agreement requires 48 equal weekly payments of \$1,842 resulting in total repayment of \$88,425 which includes a finance fee of \$13,425. The total repayment amount can be reduced to \$85,425 solely in the event CDx, Inc. pays this amount on or before October 3, 2016. The Agreement is personally guaranteed by an officer and majority shareholder of the Company. The outstanding balance at December 31, 2016 was \$31,156.

### *Convertible Notes*

	December 31, 2016	December 31, 2015
Convertible Notes - December 22, 2015	\$ -	\$ 220,000
Convertible Note - December 10, 2015	-	60,000
Convertible Note -May 24, 2016	21,900	-
Convertible Note -August 9, 2016	35,000	-
Convertible Note - October 5, 2016	363,768	-
Convertible Note -November 14, 2016	35,000	-
Convertible Note -November 26, 2016	63,260	-
Less debt discount and debt issuance costs	(285,781)	(29,152)
Total	<u>\$ 233,147</u>	<u>\$ 250,848</u>
Less current portion of convertible notes payable	<u>\$ 233,147</u>	<u>\$ 50,574</u>
Long-term convertible notes payable	<u>\$ -</u>	<u>\$ 200,274</u>

The Company amortized debt discount and debt issuance costs of \$1,602,635 and \$419,798 for the year December 31, 2016 and 2015 respectively.

On May 24, 2016, MyDx, Inc. (the “Company”) entered into a Convertible Note (the “Note”) with Vista Capital Investments, LLC (“Vista”) in the Original Principal Amount of \$275,000 (including a 10% Original Issue Discount (“OID”)). The Company and Vista agreed to an initial funding under the Note of \$55,000, including an OID of \$5,000 (“Initial Funding”). Future advances under the Note are at the sole discretion of Vista. The Company is only required to repay the amount funded, including the prorated portion of the OID. The note bears interest at the rate of 10% and must be repaid on or before May 24, 2018. The Note may be prepaid by the Company at any time prior to the date, which is 180 days after issuance of the Note at a premium to the amount outstanding at the time of prepayment (as determined in the Note). The Note may be converted by Vista at any time after the six (6) month anniversary of the Note into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The Note also contains certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits, which are filed as an exhibit to this Current report.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company’s reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor.

The Note might be accelerated if an event of default occurs under the terms of the Note, including the Company’s failure to pay principal and interest when due, certain bankruptcy events or if the Company is delinquent in its SEC filings. The Note also contains certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rate under the Note in the event of such defaults. For the year ended December 31, 2016, the Company amortized a total of \$42,352 of the debt issuance cost. As of December 31, 2016, the Note had an outstanding balance of \$21,900 and a remaining unamortized debt discount of \$13,148.

On May 10, 2016, MyDx, Inc. (the “Company”) entered into Securities Purchase Agreement (the “SPA”) and Convertible Promissory Note in the original principal amount of \$50,000 (the “Note”) with Crown Bridge Partners, LLC (“Crown”) pursuant to which Crown funded \$43,000 to the Company after the deduction of a \$5,000 OID and \$2,000 for legal fees. The Note bears interest at the rate of 8% and must be repaid on or before May 10, 2017. The Note may be prepaid by the Company at any time prior to the date which is 180 days after the date of issuance of the Note at a premium to the amount outstanding at the time of prepayment (as determined in the Note). The Note may be converted by Crown at any time after the six (6) month anniversary of the Note into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the SPA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits which were previously filed as an exhibit on Form 8-K.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company’s reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor. For the year ended December 31, 2016, the Company amortized a total of \$50,000, of the debt issuance cost. As of December 31, 2016, the Note had an outstanding balance of \$0 and a remaining unamortized debt discount of \$0.

On August 9, 2016, the Company entered into Securities Purchase Agreement (the “SPA”) and Convertible Promissory Note in the original principal amount of \$35,000 (the “Note”) with Crown Bridge Partners, LLC (“Crown”) pursuant to which Crown funded \$30,000 to the Company after the deduction of a \$3,500 original issue discount and \$1,500 for legal fees. The Note bears interest at the rate of 8% and must be repaid on or before August 9, 2017. The Note may be prepaid by the Company at any time prior to the date which is 180 days after the date of issuance of the Note at a premium to the amount outstanding at the time of prepayment (as determined in the Note). The Note may be converted by Crown at any time after the six (6) month anniversary of the Note into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the SPA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits which are filed as an exhibit to this Current Report.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company’s reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor. For the year ended December 31, 2016, the Company amortized a total of \$13,750 of the debt issuance cost. As of December 31, 2016, the Note had an outstanding balance of \$35,000 and a remaining unamortized debt discount of \$21,250.

On May 6, 2016, the Company entered into Securities Purchase Agreement (the “SPA”) and Convertible Promissory Note in the original principal amount of \$55,750 (the “Note”) with Auctus Fund, LLC (“Auctus”) pursuant to which Auctus funded \$50,000 to the Company after the deduction of \$5,750 of diligence and legal fees. The Note bears interest at the rate of 10% and must be repaid on or before February 6, 2017. The Note may be prepaid by the Company at any time prior to the date which is 180 days after the date of issuance of the Note in an amount equal to 110% of the amount outstanding. The Note may be converted by Auctus at any time into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the SPA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits which are filed as an exhibit to the Company’s Current Report on Form 8-K filed with the SEC on May 10, 2016. The Company recorded the cost of the due diligence and legal fees of \$5,750 as financing fees.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company’s reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor. During the year ended December 31, 2016, the Note holder elected to convert a portion of the Note into 21,775,653 shares of the Company’s common stock. As of December 31, 2016, the Note had an outstanding balance of \$0.

On December 22, 2015, the Company completed a financing pursuant to a Securities Purchase Agreement with Adar Bays, LLC ("Adar Bays") providing for the issuance of two convertible promissory notes in the aggregate principal amount of \$220,000, with the first note being in the amount of \$110,000, and the second note being in the amount of \$110,000 (the "Note" or "Notes"). The Notes contain a 10% original issue discount such that the purchase price of each Note is \$100,000. The first Note was funded on December 22, 2015 and is due and payable on December 21, 2017. The second Note shall initially be paid for by the issuance of an offsetting \$100,000 collateralized secured note issued by Adar Bays to the Company due and payable no later than August 21, 2016. The funding of the second Note is subject to certain conditions, and the Company may reject the closing of the second Note in its discretion. The Notes bear interest at the rate of 8% per annum and may be converted by Adar Bays at any time after the date which is nine months of the date of issuance into shares of Company common stock at a conversion price equal to 60% of the market price (as determined in the Notes) calculated at the time of conversion. The Company did not book a beneficial conversion feature in connection with the issuance of the Notes, as terms of the conversion are variable and the ultimate number of shares to be issued upon conversion could not be determined at the date the Notes were issued. As such, upon conversion of the Notes the number of shares will be determined and the Company will evaluate whether or not a beneficial conversion feature exists based on the conversion price compared to the price of the Company's common stock at the date of issuance of the Notes. The Notes also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Notes in the event of such defaults. The Notes may be prepaid by the Company at any time prior to 180 days after the date of issuance of the Notes subject to the payment of prepayment penalties as described in the Notes. The foregoing is only a brief description of the material terms of the Securities Purchase Agreement and Notes, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements which are filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on December 24, 2015. The issuance of the Notes was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Notes was an accredited investor. The Company recorded the original issue discount of \$10,000 as debt issuance cost on its balance sheet which is netted against the face value of the Note and is being accreted over the term of the Note. For the years ended December 31, 2016 and 2015, the Company amortized a total of \$7,510 and \$137, respectively, of the debt issuance cost. During the year ended December 31, 2016, the Note holder converted the Note and accrued unpaid interest into 7,142,526 share of the Company's common stock.

On June 22, 2016, MyDx, Inc. (the "Company") and Adar Bays, LLC ("Adar Bays") agreed to amend the Company's 8% Convertible Promissory Note in the principal amount of \$110,000 (the "Adar Bays Amendment"), issued pursuant to that certain Securities Purchase Agreement, dated December 21, 2015, entered into by and between the Company and Adar Bays, as previously disclosed in a report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "SEC") on December 24, 2015.

Pursuant to the Adar Bays Amendment, the Company agreed to redeem the note by paying 140% of the principal amount plus accrued but unpaid interests to Adar Bays, for a total redemption amount of \$158,424.44, pursuant to the payment schedule set forth in the Adar Bays Amendment. In addition, the Company paid 5% of the original principal amount to Adar Bays as consideration for entering into the amendment.

Adar Bays agrees not to convert the note unless the Company defaults on the payment of the redemption amount and such default is not cured within fifteen (15) business days. If the Company defaults on the redemption payment and such default is not cured as mentioned above, then the amendment shall be deemed null and void and of no further force or effect. In such event, the allocated payment made by the Company shall be applied pursuant to the payment schedule set forth in the Adar Bays Amendment.

On July 29, 2016, the Company and Adar Bays agreed to terminate the standstill portion of the Adar Bays Amendment pertaining to the standstill conversion rights and Adar Bays shall be free to convert the Note without any limitations, except as required by law. All other terms and conditions of the Note and the Adar Bays Amendment shall remain in full force and effect.



On August 16, 2016, the Company executed a second note with Adar Bays in the amount of \$27,500 as part of the original Securities Purchase Agreement completed on December 22, 2015. The Note contains a 10% original issue discount and a documentation fee of \$1,000 such that the purchase price of the Note \$23,750. The note matures on August 9, 2017. The Note bears interest at the rate of 8% per annum and may be converted by Adar Bays at any time after the date which is six months of the issuance date of the original note dated December 22, 2015 into shares of Company common stock at a conversion price equal to 60% of the market price (as determined in the Notes) calculated at the time of conversion. The Company did not book a beneficial conversion feature in connection with the issuance of the Notes, as terms of the conversion are variable and the ultimate number of shares to be issued upon conversion could not be determined at the date the Notes were issued. As such, upon conversion of the Notes the number of shares will be determined and the Company will evaluate whether or not a beneficial conversion feature exists based on the conversion price compared to the price of the Company's common stock at the date of issuance of the Notes. The Notes also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Notes in the event of such defaults. The Note may not be prepaid by the Company. The foregoing is only a brief description of the material terms of the Securities Purchase Agreement and Notes, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements which are filed as an exhibit to the Company's Report on Form 8-K filed with the SEC on December 24, 2015. The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Notes was an accredited investor. The Company recorded the original issue discount of \$2,750 as debt issuance cost on its balance sheet which is netted against the face value of the Note and is being accreted over the term of the Note. For the year ended December 31, 2016, the Company amortized a total of \$2,750, of the debt issuance cost.

During the year ended December 31, 2016, the Note holder elected to convert the Note and accrued and unpaid interest into 3,107,345 shares of the Company's common stock.

On September 19, 2016, the Company executed a third note with Adar Bays in the amount of \$80,000 as part of the original Securities Purchase Agreement completed on December 22, 2015. The Note contains \$5,000 of original issue discount and a documentation fee of \$3,750 such that the purchase price of the Note \$71,250. The Note matures on September 19, 2017. The Note bears interest at the rate of 8% per annum and may be converted by Adar Bays at any time after the date which is six months of the issuance date of the original note dated December 22, 2015 into shares of Company common stock at a conversion price equal to 60% of the market price (as determined in the Notes) calculated at the time of conversion. The Company did not book a beneficial conversion feature in connection with the issuance of the Notes, as terms of the conversion are variable and the ultimate number of shares to be issued upon conversion could not be determined at the date the Notes were issued. As such, upon conversion of the Notes the number of shares will be determined and the Company will evaluate whether or not a beneficial conversion feature exists based on the conversion price compared to the price of the Company's common stock at the date of issuance of the Notes. The Notes also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Notes in the event of such defaults. The Notes may not be prepaid by the Company. The foregoing is only a brief description of the material terms of the Securities Purchase Agreement and Notes, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements which are filed as an exhibit to the Company's Report on Form 8-K filed with the SEC on December 24, 2015. The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Notes was an accredited investor. The Company recorded the original issue discount of \$2,750 as debt issuance cost on its balance sheet which is netted against the face value of the Note and is being accreted over the term of the Note. For the year ended December 31, 2016, the Company amortized a total of \$3,250, of the debt issuance cost.

During the year ended December 31, 2016, the Note holder elected to convert a portion of the Note into 12,045,545 shares of the Company's common stock. As of December 31, 2016, the Note had an outstanding balance of \$0. The Company amortized the entire balance of the debt issuance cost since the Note was converted in the year ended December 31, 2016.

On December 22, 2015, the Company completed a financing pursuant to a Securities Purchase Agreement with Union Capital, LLC ("Union Capital") providing for the purchase of two convertible promissory notes in the aggregate principal amount of \$220,000, with the first note being in the amount of \$110,000, and the second note being in the amount of \$110,000 (the "Note" or "Notes"). The Notes contain a 10% original issue discount such that the purchase price of each Note is \$100,000. The first Note was funded on December 22, 2015 and is due and payable on December 21, 2017. The second Note shall initially be paid for by the issuance of an offsetting \$100,000 collateralized secured note issued by Union Capital to the Company due and payable no later than August 21, 2016. The funding of the second Note is subject to certain conditions and the Company may reject the closing of the second Note in its discretion. The Notes bear interest at the rate of 8% per annum; are due and payable on December 21, 2017; and may be converted by Union Capital at any time after the date which is nine months of the date of issuance into shares of Company common stock at a conversion price equal to 60% of the market price (as determined in the Notes) calculated at the time of conversion. The Company did not book a beneficial conversion feature in connection with the issuance of the Notes, as terms of the conversion are variable and the ultimate number of shares to be issued upon conversion could not be determined at the date the Notes were issued. As such, upon conversion of the Notes the number of shares will be determined and the Company will evaluate whether or not a beneficial conversion feature exists based on the conversion price compared to the price of the Company's common stock at the date of issuance of the Notes. The Notes also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Notes in the event of such defaults. The Notes may be prepaid by the Company at any time prior to 180 days after the date of issuance of the Notes subject to the payment of prepayment penalties as described in the Notes. The foregoing is only a brief description of the material terms of the Securities Purchase Agreement and Notes, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements which are filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on December 24, 2015. The issuance of the Notes was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Notes was an accredited investor. The Company recorded the original issue discount of \$10,000 as debt issuance cost on its balance sheet which is netted against the face value of the Note and will be accreted over the term of the Note. For the year ended December 31, 2016, the Company amortized a total of \$9,863, of the debt issuance cost. As of December 31, 2016 and 2015, the Note had outstanding balances of \$0 and \$100,137, respectively, and remaining unamortized debt discount of \$0 and \$9,863, respectively.

During the year ended December 31, 2016, the Note holder elected to convert the Note and accrued interest of \$104,500 into 7,107,376 share of the Company's common stock.

On June 22, 2016, the Company and Union Capital, LLC ("Union Capital") agreed to amend the Company's 8% Convertible Promissory Note in the principal amount of \$110,000 (the "Union Capital Amendment"), issued pursuant to that certain Securities Purchase Agreement, dated December 21, 2015, entered into by and between the Company and Union Capital, as previously disclosed in a report on Form 8-K filed with the SEC on December 24, 2015.

On July 29, 2016, the Company and Union Capital agreed to terminate the standstill portion of the Union Capital Amendment pertaining to the standstill conversion rights and Union capital shall be free to convert the Note without any limitations, except as required by law. All other terms and conditions of the Note and the Union Capital Amendment shall remain in full force and effect.

Pursuant to the Union Capital Amendment, the Company agreed to redeem the note by paying 140% of the principal amount plus accrued but unpaid interests to Union Capital, for a total redemption amount of \$158,363.84, pursuant to the payment schedule set forth in the Union Capital Amendment. In addition, the Company paid 5% of the original principal amount to Union Capital as consideration for entering into the amendment.

Union Capital agreed not to convert the note unless the Company defaults on the payment of the redemption amount and such default is not cured within fifteen (15) business days. If the Company defaults on the redemption payment and such default is not cured as mentioned above, then the amendment shall be deemed null and void and of no further force or effect. In such event, the allocated payment made by the Company shall be applied pursuant to the payment schedule set forth in the Union Capital Amendment.

During the year ended December 31, 2016, the Note holder elected to convert the Note and unpaid interest into 7,670,457 shares of the Company's common stock.

On September 19, 2016, the Company executed a second Note in the amount of \$110,000 with Union Capital LLC as part of the financing pursuant to a Securities Purchase Agreement with Union Capital, LLC dated December 15, 2015. The Note contains a 10% original issue discount and a \$5,000 documentation fee such that the purchase price of each Note is \$95,000. The Note is due and payable not later than September 19, 2017. The Notes bear interest at the rate of 8% per annum; are due and payable on September 19, 2017; and may be converted by Union Capital at any time after the date which is nine months of the issuance date of the original note dated December 22, 2015 into shares of Company common stock at a conversion price equal to 60% of the market price (as determined in the Notes) calculated at the time of conversion. The Company did not book a beneficial conversion feature in connection with the issuance of the Notes, as terms of the conversion are variable and the ultimate number of shares to be issued upon conversion could not be determined at the date the Notes were issued. As such, upon conversion of the Notes the number of shares will be determined and the Company will evaluate whether or not a beneficial conversion feature exists based on the conversion price compared to the price of the Company's common stock at the date of issuance of the Notes. The Notes also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Notes in the event of such defaults. The Notes may be prepaid by the Company at any time prior to 180 days after the date of issuance of the Notes subject to the payment of prepayment penalties as described in the Notes. The foregoing is only a brief description of the material terms of the Securities Purchase Agreement and Notes, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements which are filed as an exhibit to the Company's Report on Form 8-K filed with the SEC on December 24, 2015. The issuance of the Notes was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Notes was an accredited investor. The Company recorded the original issue discount of \$10,000 as debt issuance cost on its balance sheet which is netted against the face value of the Note and will be accreted over the term of the Note. For the year ended December 31, 2016, the Company amortized a total of \$10,000 of the debt issuance cost.

During the year ended December 31, 2016, the Note holder elected to convert \$63,500 of the Note into 16,487,510 shares of the Company's common stock. As of December 31, 2016, the Note had an outstanding balance of \$0 and remaining unamortized debt discount of \$0.

On December 10, 2015, the Company entered into a Securities Purchase Agreement (the "SPA") and Convertible Promissory Note in the original principal amount of \$60,000 (the "Note") with Kodiak Capital Group, LLC ("Kodiak") pursuant to which Kodiak funded \$50,000 to the Company after the deduction of a \$10,000 original issue discount. The Note bears interest at the rate of 12% and must be repaid on or before December 20, 2016. The Note may be prepaid by the Company at any time without penalty prior to the date which is 180 days after the date of issuance of the Note. The Note may be converted by Kodiak at any time after 180 days of the date of issuance into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The Company did not book a beneficial conversion feature in connection with the issuance of the Notes, as terms of the conversion are variable and the ultimate number of shares to be issued upon conversion could not be determined at the date the Notes were issued. As such, upon conversion of the Notes the number of shares will be determined and the Company will evaluate whether or not a beneficial conversion feature exists based on the conversion price compared to the price of the Company's common stock at the date of issuance of the Notes. The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the SPA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits which are filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2015. The Company recorded the original issue discount of \$10,000 as debt issuance cost on its balance sheet which is netted against the face value of the Note and will be accreted over the term of the Note. For the nine months ended December 31, 2016, the Company amortized a total of \$9,426 of the debt issuance cost. The Note was redeemed on June 6, 2016.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor.

The EPA provides that the Company may, in its discretion, sell up to \$1,000,000 of shares of Company common stock to Kodiak. The sale of shares of Company common stock is subject to the conditions set forth in the EPA, which include, but are not limited to, the Company filing a Registration Statement on Form S-1 to register the shares to be sold to Kodiak and the Registration Statement becoming effective. The purchase price to be paid for the shares will be 70% of the market price for such shares as determined pursuant to the terms set forth in the EPA. The RRA provides that the Company will file a Registration Statement to register up to 4,000,000 shares to be sold to Kodiak pursuant to the EPA, or issued to Kodiak upon conversion of the Note, and that the Company shall use commercially reasonable efforts to file the Registration Statement before March 31, 2016. Pursuant to the terms of the EPA, the Company agreed to issue Kodiak the Note as a commitment fee. The Note must be repaid on or before February 2, 2017. The Note may be prepaid by the Company at any time without penalty. The Note may be converted by Kodiak at any time after August 2, 2016 into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). Any financing pursuant to the EPA is subject to the Company's fulfilling the conditions to sell shares to Kodiak, including the effectiveness of the Registration Statement. The Company cannot provide any assurances that any shares will be sold under the EPA or the prices at which such shares may be sold.

The EPA, RRA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the EPA, RRA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits which are filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2016. The Company recorded the original issue discount of \$10,000 as debt issuance cost on its balance sheet which is netted against the face value of the Note and will be accreted over the term of the Note. For the year months ended December 31, 2016, the Company amortized a total of \$10,000, of the debt issuance cost. As of December 31, 2016, the Note had an outstanding balance of \$0. As of December 31, 2016, the Note had a remaining unamortized debt discount of \$0.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor.

On June 30, 2016, the Company elected to terminate the EPA and RRA by delivering a termination notice to Kodiak. The Company shall have no further liabilities or obligations under the EPA and the RRA. The rights and obligations of the Note hereunder shall continue and remain in full force and effect until all obligations are satisfied in full.

On February 8, 2016, the Company entered into an Equity Purchase Agreement (the "EPA"), Registration Rights Agreement ("RRA") and Convertible Promissory Note in the original principal amount of \$60,000 (the "Note") with Kodiak Capital Group, LLC ("Kodiak") pursuant to which Kodiak funded \$50,000 to the Company after the deduction of a \$10,000 original issue discount. The Note bears interest at the rate of 12% and must be repaid on or before February 7, 2017. The Note may be prepaid by the Company at any time without penalty prior to the date which is 180 days after the date of issuance of the Note. The Note may be converted by Kodiak at any time after 180 days of the date of issuance into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The Company did not book a beneficial conversion feature in connection with the issuance of the Notes, as terms of the conversion are variable and the ultimate number of shares to be issued upon conversion could not be determined at the date the Notes were issued. As such, upon conversion of the Notes the number of shares will be determined and the Company will evaluate whether or not a beneficial conversion feature exists based on the conversion price compared to the price of the Company's common stock at the date of issuance of the Notes. The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the SPA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits. The Company recorded the original issue discount of \$10,000 as debt issuance cost on its balance sheet which is netted against the face value of the Note and will be accreted over the term of the Note. For the year ended December 31, 2016, the Company amortized a total of \$ 6,319 of the debt issuance cost. The Note was redeemed on September 9, 2016. As of December 31, 2015, the Note had an outstanding balance of \$56,319 and a remaining unamortized debt discount of \$6,319.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor.

On March 15, 2016, the Company entered into Securities Purchase Agreement (the "SPA") and Convertible Promissory Note in the original principal amount of \$55,750 (the "Note") with Auctus Fund, LLC ("Auctus") pursuant to which Auctus funded \$50,000 to the Company after the deduction of \$5,750 of diligence and legal fees. The Note bears interest at the rate of 10% and must be repaid on or before December 15, 2016. The Note may be prepaid by the Company at any time prior to the date which is 180 days after the date of issuance of the Note in an amount equal to 110% of the amount outstanding. The Note may be converted by Auctus at any time into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the SPA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits which are filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on March 8, 2016. The Company recorded the cost of the due diligence and legal fees of \$5,750 as financing fees.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor.

During the year ended December 31, 2016, the Note holder elected to convert the Note balance of \$55,750 and accrued interest into 11,819,360 shares of the Company's common stock.

On May 6, 2016, the Company entered into Securities Purchase Agreement (the "SPA") and Convertible Promissory Note in the original principal amount of \$55,750 (the "Note") with Auctus Fund, LLC ("Auctus") pursuant to which Auctus funded \$50,000 to the Company after the deduction of \$5,750 of diligence and legal fees. The Note bears interest at the rate of 10% and must be repaid on or before December 15, 2016. The Note may be prepaid by the Company at any time prior to the date which is 180 days after the date of issuance of the Note in an amount equal to 110% of the amount outstanding. The Note may be converted by Auctus at any time into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the SPA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits which are filed as an exhibit to the Company's report on Form 8-K filed with the SEC on March 8, 2016. The Company recorded the cost of the due diligence and legal fees of \$5,750 as financing fees.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor.



During the year ended December 31, 2016, the Note holder elected to convert the Note balance of \$55,750 and accrued interest into 19,211,838 shares of the Company's common stock.

On November 14, 2016, the Company entered into Securities Purchase Agreement (the "SPA") and Convertible Promissory Note in the original principal amount of \$35,000 (the "Note") with Crown Bridge Partners, LLC ("Crown") pursuant to which Crown funded \$31,500 to the Company after the deduction of a \$3,500 original issue discount and \$1,500 for legal fees. The Note bears interest at the rate of 8% and must be repaid on or before August 9, 2017. The Note may be prepaid by the Company at any time prior to the date which is 180 days after the date of issuance of the Note at a premium to the amount outstanding at the time of prepayment (as determined in the Note). The Note may be converted by Crown at any time after the six (6) month anniversary of the Note into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the material terms of the SPA and Note, and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits which are filed as an exhibit to this Current Report.

The issuance of the Note was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor. For the year ended December 31, 2016, the Company amortized a total of \$4,423, of the debt issuance cost. As of December 31, 2016, the Note had an outstanding balance of \$35,000 and a remaining unamortized debt discount of \$0.

On December 1, 2016, MyDx, Inc. ("MyDx", or the "Company") entered into an advisory services agreement (the "Advisory Services Agreement") and an indemnification agreement ("Indemnification Agreement") with BCI Advisors, LLC ("BCI") pursuant to which BCI shall, provide advice and counsel to senior management of the Company on business planning and strategy, restructuring and recapitalization, and consultation to the Board of Directors. BCI will be paid an initial fee of \$50,000 in cash or unrestricted shares of the Company's Common Stock, and a retainer fee of \$25,000 per month for the eleven (11) months subsequent thereto. In addition, on the 45 and 90th day anniversary of the effectiveness of this Agreement and performance of its services, BCI shall have the right to receive a two (2) year A-1 and A-2 warrant based on a fully diluted basis, each equal to seven-and-one-half percent (7.5%) for a total of (15%) subject to adjustment of the then issued and outstanding Company common shares. The initial fee as well as A-1 and A-2 warrants have been completely earned, free of liens or encumbrances, and non-assessable and can be exercised at any time at an exercise price of \$0.001 per share. This summary contains only a brief description of the material terms of the Advisory Services Agreement and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such description is qualified in its entirety by reference to the Advisory Services Agreement. A copy of the Advisory Services Agreement was filed in a Current Report on Form 8-K.

#### **Note Payable – Related Party**

On December 10, 2015, YCIG, Inc. ("YCIG"), an entity owned and controlled by Daniel Yazbeck, who is an officer, director and major shareholder of the Company, entered into a Loan Agreement (the "Loan Agreement") with the Company. The Loan Agreement provides that the amounts loaned accrue interest at a rate of 12% per annum and all amounts loaned are due and payable on or before September 29, 2018. The amounts loaned may be prepaid by the Company at any time without penalty. The Loan Agreement provides that in the event of a default, the loan amount becomes immediately due and payable, which may be repaid by the Company in its election in cash or a number of shares of Company common stock equal to four times the amount outstanding at the date of default.

YCIG advanced the Company funds under the loan agreement as follows:

	Outstanding Balances as of	
	December 31, 2016	December 31, 2015
September 29, 2015	\$ -	\$ 25,000
October 30, 2015	-	25,000
November 4, 2015	-	25,000
November 13, 2015	-	25,000
November 20, 2015	15,000	25,000
December 1, 2015	25,000	25,000
December 2, 2015	25,000	25,000
April 6, 2016	10,000	-
April 27, 2016	25,000	-
July 20, 2016	25,000	-
August 8, 2016	25,000	-
September 19, 2016	25,000	-
December 1, 2016	25,000	-
	<u>\$ 200,000</u>	<u>\$ 175,000</u>

### *Settlement of Liabilities*

On April 1, 2016, the Company entered into an agreement with a number of external public relations resources (“PR Resources”) specializing in shareholder communications and crisis communications in an effort to support the Company’s investor communications relating to its convertible debentures, nearly all of which were being converted and sold during this time period thereby causing severe pressure on the stock, as well as the implementation of a number of strategic public relations programs designed to introduce the Company’s AquaDx product line by leveraging off the water crisis in Alabama, Flint and Florida. (the “Agreement”). For the requested services, the Company was to pay a one-time payment of Two Hundred Fifty Thousand Dollar (\$250,000) (the “Claim”) upon the signing of the Agreement.

On May 24, 2016, the Company and Phoenix Fund Management, LLC (“Phoenix Fund”) entered into a Claim Purchase Agreement with these PR Resources to purchase the Claim held by them. Phoenix Fund executed a Settlement Agreement whereas the Company and Phoenix Fund agreed to resolve, settle and compromise the Claim. In settlement of the Claim, the Company shall issue and deliver to Phoenix Fund shares of its common stock as requested by Phoenix Fund, periodically, at a fifty percent (50%) discount from the average closing price of the Company’s common stock for the three trading days prior to the date of issuance.

During the year ended December 31, 2016, Phoenix Fund elected to have the Company issue 18,828,088 free trading shares of the Company’s common stock in exchange for retirement of remaining balance of the initial Claim. As a result, the Company recorded a loss on settlement of liabilities of \$202,933 reflecting the difference in the discounted conversion price and the market price.

On July 22, 2016, the Company entered into an agreement with Talent Cloud Limited, Hong Kong, (“Talent Cloud”) to provide recruitment services for a Vice President of Business Development for the Company’s Asian market development. At the date of this report, no acceptable candidates have been presented to the Company.

During the year ended December 31, 2016 the Company entered into agreements with Talent Cloud Limited, Hong Kong to provide recruitment services for a Community Manager; an APP Manager; and, a Software Developer for the Company’s Asian markets development. The total cost of these services was \$143,900 (the “Claim”).

On September 13, 2016, the Company entered into an agreement with Meyers Associates, L.P. (“Meyers Associates”) to provide recruitment services for a Community Manager position for a Community Manger; an APP Manager; and, a Software Developer for the Company’s Asian markets development. The total cost of these services was \$10,000 (the “Claim”).

On September 20, 2016, Talent Cloud and Meyers Associates entered into a Claims Purchase Agreement with Rockwell Capital Partners, Inc. (“Rockwell Capital”) to purchase the Claims held by Talent Cloud and Meyers Associates. Rockwell Capital executed a Settlement Agreement whereas the Company and Rockwell Capital agreed to resolve, settle and compromise among other things, the liabilities claimed in the Claims Purchase Agreement. In settlement of the Claim, the Company shall issue freely traded shares of the Company’s common stock as requested by Rockwell Capital, periodically, at a 45% discount from the average lowest closing price for the 15-day trading period preceding the share request.

On September 30, 2016, the Company accepted performance under the agreement with Lynx Consulting Group, Ltd. (“Lynx Consulting”) dated April 3, 2016 (the “Agreement”) to render consulting services in connection with the creation and development of MyDx Asia, including staffing an office to develop and expand the Company’s business in the Greater China Region. Lynx Consulting’s performance included but was not limited to securing the Distribution License Agreement between the Company and its China distribution partners. As consideration for execution of the Agreement, the Company will to pay Lynx Consulting a one-time fee of \$1,000,000 for its services plus an incentive fee based on an agreed percentage of the value of the base revenue of contracts produced by Lynx Consulting during the first year of the Agreement, which, at the discretion of the Company, can be paid in cash or shares of common stock.

On October 5, 2016, the Company, Lynx Consulting and Phoenix Fund Management, LLC (“Phoenix Fund”) entered into an Assignment and Modification Agreement. Phoenix Fund purchased the debt claim held by Lynx Consulting from MyDx. In settlement of the Claim, the Company shall issue and deliver to Phoenix Fund shares of its common stock as requested by Phoenix Fund, periodically, at a fifty percent (50%) discount from the average closing price of the Company’s common stock for the 22 trading days prior to the date of issuance. Upon execution of the assignment, Lynx released MyDx, Inc. from all liabilities under the original note.

On October 19, 2016, the Company, Talent Cloud Limited, Meyers Associates, L.P. and Rockwell Capital Partners. Inc. (“Rockwell”) entered into an Assignment and Modification Agreement. Rockwell purchased the debt claim held by Talent Cloud Limited and Meyers Associates, L.P. from MyDx. In settlement of the Claim, the Company shall issue and deliver to Rockwell shares of its common stock as requested by Rockwell, periodically, at a forty-five percent (45%) discount from the lowest price of the Company’s common stock for the seven trading days prior to the date of issuance. Upon execution of the assignment, Talent Cloud Limited and Meyers Associates, L.P. released MyDx, Inc. from all liabilities under the original claims.



On November 11, 2016, the Company, Talent Cloud Limited, Meyers Associates, L.P. and Rockwell Capital Partners. Inc. (“Rockwell”) entered into an Assignment and Modification Agreement. Rockwell purchased the debt claim held by Talent Cloud Limited and Meyers Associates, L.P. from MyDx. In settlement of the Claim, the Company shall issue and deliver to Rockwell shares of its common stock as requested by Rockwell, periodically, at a forty-five percent (45%) discount from the lowest price of the Company’s common stock for the seven trading days prior to the date of issuance. Upon execution of the assignment, Talent Cloud Limited and Meyers Associates, L.P. released MyDx, Inc. from all liabilities under the original claims.

On November 29, 2016, the Company, Talent Cloud Limited, Good Project, Windset Capital, Next Dimension Technologies, Meyers Associates, L.P. and Rockwell Capital Partners. Inc. (“Rockwell”) entered into an Assignment and Modification Agreement. Rockwell purchased the debt claim held by Talent Cloud Limited and Meyers Associates, L.P. from MyDx. In settlement of the Claim, the Company shall issue and deliver to Rockwell shares of its common stock as requested by Rockwell, periodically, at a forty-five percent (45%) discount from the lowest price of the Company’s common stock for the seven trading days prior to the date of issuance. Upon execution of the assignment, Talent Cloud Limited, Good Project, Windset Capital, Next Dimension Technologies, Meyers Associates, L.P. released MyDx, Inc. from all liabilities under the original claims.

During the year December 31, 2016, the Company issued 415,997,747 shares of the Company’s common stock to retire \$1,582,329 of the total claims and recorded a loss on debt settlement of \$133,019 and derivative expense of 2,285,706 reflecting the difference in the discounted conversion price and the market price.

## 9. Derivative Liabilities

The Company has identified derivative instruments arising from embedded conversion features in the Company’s Convertible Notes Payable and Accounts Payable at December 31, 2016. The Company had no financial assets measured at fair value on a recurring basis as of December 31, 2015.

The following summarizes the Black-Scholes assumptions used to estimate the fair value of the derivative liability and warrant liability at the date of issuance and for the convertible notes converted during the year ended December 31, 2016.

	Low	High
Annual dividend rate	0%	0%
Expected life	0.25	2.00
Risk-free interest rate	0.01%	0.92%
Expected volatility	163.80%	314.11%

Risk-free interest rate: The Company uses the risk-free interest rate of a U.S. Treasury Note with a similar term on the date of the grant.

Dividend yield: The Company uses a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

Volatility: The volatility was estimated using the historical volatilities of the Company’s common stock.

Remaining term: The Company’s remaining term is based on the remaining contractual maturity of the warrants.

The following are the changes in the derivative liabilities during the year ended December 31, 2016.

	Year Ended December 31, 2016		
	Level 1	Level 2	Level 3
Derivative liabilities as January 1, 2016	\$ -	\$ -	\$ -
Addition	-	-	5,119,921
Conversion	-	-	(4,321,381)
Loss on changes in fair value	-	-	1,013,901
Derivative liabilities as December 31, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,812,441</u>

The following are the changes in the warrant liability during the year ended December 31, 2016.

	Year Ended December 31, 2016		
	Level 1	Level 2	Level 3
Fair value as January 1, 2016	\$ -	\$ -	\$ -
Warrants granted	-	-	132,867
Loss on changes in fair value	-	-	114,336
Fair value as December 31, 2016	\$ -	\$ -	\$ 247,203

## 10. Stockholders' Deficit

### *Reverse Capitalization*

Pursuant to the Merger Agreement, upon consummation of the Merger, each share of CDx's capital stock issued and outstanding immediately prior to the Merger was converted into the right to receive one (1) share of Company common stock, par value \$0.001 per share. Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, the Company assumed all of CDx's options and warrants issued and outstanding immediately prior to the Merger, 6,069,960 and 7,571,395 shares of common stock, respectively.

Prior to and as a condition to the closing of the Merger, each then-current Company stockholder agreed to sell certain shares of common stock held by such holder to the Company and the then-current Company stockholders retained an aggregate of 1,990,637 shares of common stock.

### *Settlement Agreement*

On December 23, 2016, the Company entered into a settlement and release agreement (the "Yazbeck Settlement") with Daniel R. Yazbeck, the Chief Executive Officer and Director of the Company ("Yazbeck"), relating to certain bona fide, outstanding, and past-due liabilities of the Company in the aggregate principal amount of approximately \$321,000 for certain unpaid base salary and bonus obligations that remained deferred and/or outstanding, due and owing to Yazbeck.

Under the terms of the Yazbeck Settlement, Yazbeck agreed to forgo and release any claims against the Company under that certain Employment Agreement, by and between Yazbeck and the Company, dated October 15, 2014 (the "Employment Agreement") in exchange for (1) the issuance of fifty-one (51) shares of the Company's Series A Preferred Stock (defined below); (2) the issuance of three hundred thousand (300,000) shares of the Company's Series B Preferred Stock (defined below); (3) a warrant for fifteen percent (15%) of the common shares of the Company issued and outstanding as of January 3, 2017, at an exercise price of \$0.001 per share, with an expiration date of January 3, 2019; and (4) the issuance of thirty million (30,000,000) shares of the Company's restricted common stock.

### *Preferred Stock*

On September 30, 2016, the Company filed a Certificate of Amendment to Articles of Incorporation with the Secretary of State of the State of Nevada to authorize for issuance ten million (10,000,000) shares of blank check preferred stock, par value \$0.001 ("Blank Check Preferred Stock") as included on Form 8-K filed with the SEC on October 4, 2016.

### ***Common Stock***

On February 23, 2015, the Company effected a 5-for-1 forward stock split of its issued and outstanding shares of common stock. All share and per share amounts for all periods that have been presented in the consolidated financial statements and notes thereto have been adjusted retrospectively, where applicable, to reflect the forward stock split. The Company filed a Certificate of Amendment to its Certificate of Incorporation which made the forward stock split effective and increased the authorized common shares to 375,000,000 shares with a par value \$0.001 per share.

In April 2015, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with CDx Merger Inc., a Nevada corporation and wholly owned subsidiary of the Company (“Merger Sub”), and CDx, Inc. (“CDx”), a Delaware corporation. Pursuant to the Merger Agreement, Merger Sub merged with and into CDx with CDx surviving the merger as the Company’s wholly owned subsidiary (the “Merger”).

Pursuant to the Merger Agreement, upon consummation of the Merger, each share of CDx’s capital stock issued and outstanding immediately prior to the Merger was converted into the right to receive one (1) share of Company common stock, par value \$0.001 per share (the “Common Stock”). Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, the Company assumed all of CDx’s options and warrants issued and outstanding immediately prior to the Merger, 6,069,960 and 7,571,395 shares of common stock, respectively. Prior to and as a condition to the closing of the Merger, each then-current Company stockholder agreed to sell certain shares of common stock held by such holder to the Company and the then-current Company stockholders retained an aggregate of 1,990,637 shares of common stock. Therefore, following the Merger, CDx’s former stockholders now hold 19,855,295 shares of Company common stock which is approximately 91% of the Company common stock outstanding.

Pursuant to the Merger Agreement, each party has made certain customary representations and warranties to the other parties thereto. The Merger was conditioned upon approval by CDx’s stockholders and certain other customary closing conditions.

On April 24, 2015, in anticipation of closing the Merger, the Company changed its name to MyDx, Inc. On April 30, 2015, the Merger was consummated. Upon consummation of the Merger, the Company expanded its board of directors (the “Board”) from one to seven directors, each of whom will be directors designated by CDx.

The Merger is being treated as a reverse acquisition of the Company, a public shell company, for financial accounting and reporting purposes. As such, CDx is treated as the acquirer for accounting and financial reporting purposes while the Company is treated as the acquired entity for accounting and financial reporting purposes. Further, as a result, the historical financial statements that will be reflected in the Company’s future financial statements filed with the United States Securities and Exchange Commission (“SEC”) will be those of CDx, and the Company’s assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of CDx.

Each share of common stock has the right to one vote. The holders of common stock are entitled to dividends when funds are legally available and when declared by the board of directors.

As a result of the Merger, the Company issued a total of 19,855,295 share of common stock to the shareholders of CDx.

During the year ended December 31, 2016, the Company issued 16,654,214 shares of common stock in exchange for services at a fair value of \$378,345. During the year ended December 31, 2015, the Company issued 2,094,787 shares of common stock in exchange for services at a fair value of \$1,593,775.

On September 30, 2016, the Company amended articles of incorporation to increase the number of authorized commons shares to 10,000,000,000 as included on Form 8-K filed with the SEC on October 4, 2016.

### ***Common Stock Warrants***

During the year ended December 31, 2016, the Company did not issue any warrants to purchase shares of common stock. During the year ended December 31, 2015, the Company converted warrants to purchase 4,974,567 shares of Series B preferred stock into warrants to common stock. No common stock warrants have been exercised or have expired and warrants to purchase 7,571,395 shares of common stock were outstanding as of December 31, 2016.

## 2015 Equity Incentive Plan

In connection with the Merger on April 30, 2015, the Company adopted the MyDx, Inc. 2015 Equity Incentive Plan (the “2015 Plan”), and to date, has reserved 6,200,000 shares of common stock for issuance under the 2015 Plan. Under the 2015 Plan, employees, directors or consultants may be granted nonstatutory stock options, stock appreciation rights, restricted stock and restricted stock units to purchase shares of MyDx’s common stock. Only employees are eligible to receive incentive stock options (“ISO”) to purchase common stock. Vesting and exercise provisions are determined by the Board of Directors at the time of grant. The options generally expire ten years from the date of grant. ISOs granted to a participant who, at the time the ISO is granted, has more than 10% of the voting power between all classes of stock, will expire five years from the date of grant. Options vest at various rates ranging from immediately to three years. As of December 31, 2016, options to purchase 1,573,755 shares were available under the 2015 Plan for issuance.

A summary of the Company’s stock option plan for the year ended December 31, 2016 was as follows:

	Shares	Weighted-Average Exercise Price
Outstanding as of January 1, 2015	1,937,979	\$ 0.08
Granted	4,639,234	\$ 0.57
Exercised	(33,333)	\$ 0.08
Forfeited or cancelled	(1,917,635)	\$ 0.52
Outstanding as of December 31, 2015	<u>4,626,245</u>	<u>\$ 0.39</u>
Granted	125,000	\$ 0.57
Exercised	-	\$ -
Forfeited or cancelled	(3,261,245)	\$ 0.36
Outstanding as of December 31, 2016	<u>1,490,000</u>	<u>\$ 0.48</u>
Options exercisable as of December 31, 2016	<u>1,279,583</u>	<u>\$ 0.22</u>

The aggregate intrinsic value of options exercised was \$0 and \$15,667 for the years ended December 31, 2016 and 2015, respectively.

Information regarding options outstanding and exercisable as of December 31, 2016, is as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding	Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Exercise Price
\$ 0.08	900,000	7.5	\$ 0.08	900,000	\$ 0.08
\$ 0.55	515,000	8.2	\$ 0.55	323,333	\$ 0.55
\$ 0.57	75,000	8.1	\$ 0.57	56,250	\$ 0.57
	<u>1,490,000</u>	7.9	\$ 0.27	<u>1,279,583</u>	\$ 0.22

Total unrecognized compensation expense from employee stock options as of December 31, 2016 was \$378,597 and will be recognized over a weighted average recognition period of 1.35 years.

Total stock-based compensation expense, both employee and non-employee, recognized by the Company for the years ended December 31, 2016 and 2015 was \$232,271 and \$517,063, respectively. Stock-based compensation expense related to stock options granted to non-employees for the year ended December 31, 2016 and 2015 was \$82,996 and \$191,845, respectively. No tax benefits were recognized in the year ended December 31, 2016 and 2015.

For the year ended December 31, 2016, the Company granted options to non-employees to purchase 125,000 shares of common stock at an exercise price of \$0.57 per share as compared to 579,864 shares of common stock at an exercise price of \$0.60 per share for the year ended December 31, 2015. The Company believes the fair value of the stock options is more reliably measurable than the fair value of the consulting services received. The fair value of the stock options granted is calculated at each reporting date.

#### ***Additional Stock Plan Information***

The Company's fair value calculations for stock-based awards under the 2015 Plan were made using the Black-Scholes option pricing model with the weighted-average assumptions set forth in the following table. Volatility is based on historical volatility rates obtained for certain public companies that operate in the same or related businesses as that of the Company since there is no market for or historical volatility data for the Company's common stock. The risk-free interest rate is determined by using a U.S. Treasury rate for them any uses a simplified method for "plain vanilla" share options in determining the expected term of an employee share option as its equity shares are not publicly traded.

The following assumptions were used in the estimated grant date fair value calculations for options granted to employees and consultants during the year ended December 31, 2016 and 2015:

	Years Ended December 31,	
	2016	2015
Dividend yield	0.0%	0.0%
Volatility	50% - 252 %	52.5%
Average risk-free rate	1.04% - 2.50%	1.65% - 1.91%
Expected term, in years	2.27 - 10.00	5.00 - 5.77

The weighted-average grant date fair value for stock options granted during the year ended December 31, 2016 and 2015 was zero and \$0.27 per share.

#### **11. Commitments and Contingencies**

On April 1, 2015, the Company signed a 31-month lease for approximately 6,200 square feet of office and laboratory space at 6335 Ferris Square, Suite B, San Diego, California. The facility includes approximately 1,500 square feet of laboratory space. Commencement date of the lease is May 1, 2015. Total net rent under this lease is \$247,000 and expires on November 30, 2017.

The annual minimum lease payments under non-cancellable operating leases, including common area maintenance and amortization of leasehold improvements that have an initial or remaining term in excess of one year at December 31, 2016 are due as follows:

2017	81,613
Total minimum lease payments	<u>\$ 81,613</u>

Rent expense for the year ended December 31, 2016 and 2015 was \$79,031 and \$150,312, respectively.

On April 21, 2016, the Company subleased a portion of the facility to an unrelated third party on a month-to-month basis commencing May 1, 2016. Monthly gross rent from the subtenant is \$5,000 per month. Subtenant must provide the Company with ninety days prior written notice of its intent to terminate the sublease.

### ***Distribution and License Agreement and Joint Development Agreements***

The Company entered into a Distribution and License Agreement with a third-party for the purpose of developing a sensor array to be used in the Company's product. The Distribution and License Agreement has an initial term of ten years, but can be terminated earlier if the project does not meet the specifications of the Company. The Company will obtain exclusive rights to sell and distribute once a successful sensor prototype is developed. In exchange for a functional prototype, the Company will pay the third-party a 7% royalty on net sales. During the year ended December 31, 2016 and 2015, the Company did not incur any development costs related to the Distribution and License Agreement.

On November 1, 2013, the Company entered into a two-year Joint Development Agreement (the "Agreement") with an unrelated third-party to develop chemical sensors and peripheral sensing equipment and software for the detection and characterization of cannabis and compounds associated with cannabis.

The Agreement provides for, among other things, any arising intellectual property rights (as defined) outside of the field (as defined), and any arising intellectual property rights relating to improvements to detection materials shall belong to the Joint Venture Developer.

The Agreement also provides that any arising intellectual property rights other than those covered above shall belong to the Company. To the extent that it is necessary to do so to enable the Company to use and exploit its respective arising intellectual property rights, the Joint Developer grants the Company a perpetual, irrevocable, exclusive, and royalty free license (including the right to assign the license and to grant sub-licenses) to use and exploit the Joint Developer's arising intellectual property rights in the field. Under the terms of the Agreement, either party may cancel the Agreement as the specific tasks provided for in the Agreement have been completed or for causes specifically provided for in the Agreement. During the year ended December 31, 2015, the Company paid the Joint Developer \$200,000 for development costs.

On May 19, 2015, the Company entered into an Exclusive Patent Sublicense Agreement (the "License Agreement") with Next Dimension Technologies, Inc. ("NDT"). The License Agreement grants the Company a worldwide right to the patents licensed by NDT from the California Institute of Technology. The License Agreement grants both exclusive and non-exclusive patent rights. The license granted in the License Agreement permits the Company to make, have made, use, sell and offer for sale sublicensed products in the field of use. The License Agreement continues until the expiration, revocation, invalidation or enforceability of the rights licensed. The License Agreement provides for the payment of a license fee and royalty payments by CDx to NDT. The License Agreement also contains minimum royalty payments and milestone payments by CDx to NDT. NDT has a right to terminate the License Agreement in the event of an uncured breach by CDx; the insolvency or bankruptcy of CDx; or if CDx does not meet certain productivity milestones. The License Agreement also contains representations, warranties and indemnity obligations for each of CDx and NDT. In connection with the License Agreement, on May 19, 2015, CDx and NDT also executed an Amended Amendment No. 4 (the "Amended Amendment No. 4") to the Joint Development Agreement, dated as of November 1, 2013, between CDx and NDT, which extended the date of negotiation for the License Agreement through May 19, 2015.

### ***License and Distribution Agreement***

On September 1, 2016, MyDx, Inc. (the "Company" or "Licensor") entered into a Distribution and License Agreement (the "License Agreement") with Powerfull Holdings, Ltd, a company operating under the charter of the People's Republic of China ("Assignor") and China Science and Technology, a Powerfull Holdings affiliated Company ("Licensee"), (together the "Parties"). The Parties intend there to be two phases of the License Agreement: Phase One and Phase Two. During Phase One, the Licensor shall provide test samples and validation data for market validation. Subject to Phase One producing satisfactory results, and proof of concept, the Parties will commence Phase Two.

For Phase One, the Licensee will pay the Licensor a minimum of Forty-Five Thousand Dollars (\$45,000.00) as a Licensing and Technology Transfer Fee (the "Transfer Fee") per application (AquaDx™, OrganaDx™, AeroDx™). These fees shall be credited towards Phase Two's mandatory minimum payments. The Licensee shall pay the Transfer Fee within 10 business days of being provided with an invoice by the Licensor. However, should the Parties determine that the results of the activities of Phase One were not satisfactory to both parties, this Agreement shall terminate pursuant to Section 7.2(b).

In connection with the agreement referenced above, the licensor and licensee are currently still operating under Phase I and the company has not yet received adequate information to enter Phase II. MyDx has not yet received and has requested market feasibility, regulatory and other studies from Licensee as contemplated under the agreement and has requested the results of their Phase I findings to be delivered to Company on or before April 21, 2017. To the extent MyDx management is unable to receive satisfactory results and confirm proof of concept, MyDx has notified Licensee it will be difficult to continue under the current agreement and the parties are permitted to terminate for cause and defectiveness in the event the products do not pass tests for quality, reliability, efficacy, and marketability or if at the completion of Phase I, the results were not satisfactory and the concept was not proven.

#### ***Marketing and Advertising Advisory Services Agreement***

On April 5, 2016, the Company entered into a Marketing and Advertising Advisory Services Agreement (the "Agreement") with Growth Point Advisors, Ltd. ("Growth Point") for Growth Point to provide a comprehensive marketing, advertising and branding campaign for the Greater China Region on behalf of the Company's MyDx AquaDx sensor. The campaign shall include, but not be limited to, the development of both the front and back-end of an e-commerce web site targeting the Chinese audience as well as introductions to potential key personnel to launch and manage the campaign.

In consideration for the services described above, the Company shall pay Growth Point a monthly service fee of \$30,000. Should the Company fail to pay the monthly service fee, Growth Point shall have the right to convert the monthly service fee into the Company's common stock at a 50% discount of the lowest closing price of the Company's common stock for the 15 trading days upon send notice of non-payment to the Company.

MyDx has disputed the balance of invoice due to Growth Point.

#### ***Resale Licensing Agreement***

On October 4, 2016, the Company executed a Resale Licensing Agreement with ANP Technologies, Inc. ("ANP") (the "Agreement") that outlines the terms and conditions for a One-Time, Non-Exclusive Resale License to MyDx, Inc. for the sale of ANP's ACE-III-C pesticide and toxic heavy metal Lateral Flow Assay detection test under MyDx, Inc.'s brand. The Agreement provides for the purchase and resale of 10,000 units as part of a Phase I validation of the product's merchantability.

#### ***Litigation***

In the normal course of business, the Company may be subject to other legal proceedings, lawsuits and other claims. Although the ultimate aggregate amount of probable monetary liability or financial impact with respect to these matters is subject to many uncertainties and is therefore not predictable with assurance, the Company's management believes that any monetary liability or financial impact to the Company from these other matters, individually and in the aggregate, would not be material to the Company's financial condition, results of operations or cash flows.

However, there can be no assurance with respect to such result, and monetary liability or financial impact to the Company from these other matters could differ materially from those projected.

## 12. Income Taxes

The components of the provision for income taxes are as follows:

	For the years ended December 31,	
	2016	2015
Current:		
Federal	\$ -	\$ -
State	800	1,375
	<u>800</u>	<u>1,375</u>
Deferred:		
Federal	-	-
State	-	-
	<u>-</u>	<u>-</u>
Total provision for (benefit from) income taxes	<u>\$ 800</u>	<u>\$ 1,375</u>

Deferred tax assets (liabilities) consist of the following:

	For the years ended December 31,	
	2016	2015
Deferred Tax Assets:		
Net operating loss carryforwards	\$ 4,824,505	\$ 3,306,431
Research and development credits	151,303	134,724
Accruals, reserves and other	14,037	14,597
Depreciation and amortization	-	35,322
Stock-based compensation	460,201	405,160
Total deferred tax asset	<u>5,450,046</u>	<u>3,896,234</u>
Valuation allowance	(5,445,149)	(3,889,501)
Deferred tax liabilities		
Depreciation and amortization	(4,897)	(6,733)
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

Reconciliation of the statutory federal income tax to the Company's effective tax:

	For the year ended December 31,	
	2016	2015
	%	%
Statutory federal tax rate	34.00%	34.00%
State taxes, net of federal benefit	-0.00%	-0.02%
Valuation allowance	-8.89%	-32.00%
Mark to market of derivative	0%	-%
Non deductible interest expense	0%	-%
Other	-25.11%	-2.00%
Provision for income taxes	<u>0.00%</u>	<u>-0.02%</u>



Based on the available objective evidence, management believes it is more likely than not that the net deferred tax assets of the Company will not be fully realizable for the year ended December 31, 2016 and 2015. Accordingly, management had applied a full valuation allowance against net deferred tax assets as of December 31, 2016 and 2015.

The valuation allowance increased by \$1,555,647 and \$2,632,553 during the years ended December 31, 2016 and 2015.

As of December 31, 2016, the Company had approximately \$12.1 million of federal and \$12.1 million of state net operating loss carryforwards available to reduce future taxable income which will begin to expire in 2033 for both federal and state purposes.

As of December 31, 2016, the Company had research & development (“R&D”) credits carryforward of approximately \$88,000 and \$95,000 for federal and California income tax purposes, respectively. If not utilized, the federal R&D credits carryforward will begin to expire in 2034. The California credits can be carried forward indefinitely.

The Company maintain liabilities for uncertain tax positions. These liabilities involve considerable judgment and estimation and are continuously monitored by management based on the best information available, including changes in tax regulations, the outcome of relevant court cases, and other information. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits as income tax expense. As of December 31, 2016, the Company's total amount of unrecognized tax benefit was approximately \$79,000, of which none affects the effective tax rate. The Company does not expect its unrecognized benefits to change materially over the next 12 months.

The Company is filing income tax returns with the United States federal government, and the state of California. The Company's tax years 2013 through 2016 will remain open for examination by the federal and state authorities for three and four years, respectively, from the utilization of any net operating loss credits.

The Company accounts for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Management evaluates the need to establish a valuation allowance for deferred tax assets based upon the amount of existing temporary differences, the period in which they are expected to be recovered, and expected levels of taxable income. A valuation allowance to reduce deferred tax assets is established when it is more-likely-than-not that some or all of the deferred tax assets will not be realized. Based on the Company's net losses in prior years, management has determined that a full valuation allowance against the Company's net deferred tax assets is appropriate.

Accounting for uncertainty in income taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company has elected to classify interest and penalties as a component of its income tax provision. With respect to the liability for unrecognized tax benefits, including related estimates of penalties and interest, the Company did not record a liability for unrecognized tax benefits as of December 31, 2016 and 2015, respectively. The Company does not expect any changes to its unrecognized tax benefit for the next twelve months that would materially impact its consolidated financial statements.

### **13. Subsequent Events**

On February 6, 2017, the principles of YCIG, Inc. (“Seller”) entered into a purchase and sale agreement where it sold the rights to the Loan Agreement to Hasper, Inc. (“Purchaser”) in exchange for the assumption of liabilities under the note and a commitment to fund additional advances to the company. Subsequently to the purchase of the note, Purchaser has funded additional advances of \$20,000 to the Company.

On February 7, 2017, Daniel Yazbeck funded the company an additional \$25,000 in cash as an interest free bridge loan.

On February 8, 2017, MyDx, Inc. entered into an option agreement (the “Option Agreement”) with the Torque Research & Development, Inc. (“TRD”). The Option Agreement provides MyDx with the exclusive right to license two patent pending inventions (the “TRD Inventions”), and requires MyDx to make annual payments to TRD as well as royalty payments on any products that are commercialized which are based on the TRD Inventions. MyDx's rights under the Option Agreement require customary measures of performance on the part of MyDx in terms of patent cost maintenance and other payments of costs associated with the TRD Inventions. With respect to the Option Agreement, MyDx rights are broad in terms of the potential access MyDx has to use the TRD Inventions in products, and services and many of the key economic terms of a future license, should MyDx exercise its rights under the Option Agreement, are agreed to in the Option Agreement.

In addition to the Option Agreement with the TRD, on February 8, 2017, MyDx has entered into a research and development agreement (the "RD Agreement") with TRD for the Project titled "Manufacturable, Medical Grade Smart Vape Devices and Related Medical Software Applications for Prescribers, Administrators and Patient Applications." The RD Agreement allows MyDx to fund research based on the TRD Inventions with a three year budget of \$280,371 and a deferred payment of \$75,000 within ninety days of the Effective Date. The RD Agreement provides MyDx with an exclusive right to license all technology that is discovered from the monies funded to TRD through the RD Agreement (the "Derivative IP"). To the extent that MyDx exercises its rights under the RD Agreement, MyDx will be required to make customary annual payments to TRD, who shall be the owners of any Derivative IP, as well as royalty payments as any commercialization of such Derivative IP occurs. TRD may elect to accept payment in whole or in part in cash or the companies restricted common stock priced at the Effective Date.

On February 10, 2017, the Company entered into a binding term sheet to acquire certain trademarks, software, data and customer lists from Bud Genius, Inc. in exchange for 100,000,000 restricted MyDx common stock. In good faith, the parties agreed to complete all due diligence and execute transaction documents within 45 days of the date hereof. The 45 days have expired and the parties continue to negotiate in good faith to consummate the transaction.

On February 17, 2017 MyDx and Libre Design, LLC ("LDL") entered into a twelve (12) month Research, Branding, Advertising and Marketing Services Agreement ("Agency Agreement"). The Company agreed to pay deferred cash compensation as follows of three thousand dollars (\$3,000) upon execution and one thousand five hundred dollars (\$1,500) per month for a subsequent eleven (11) payments thereafter on or before the first (1st) of each month. In addition, Agency is entitled to receive sixty seven million shares of restricted common stock at a closing market price equal to .0011.

On March 1 and 15th, 2017, MyDx, Inc. received a payment demand for the initial and subsequent payment of \$50,000 and \$25,000 per month respectively, exclusive of costs and other fees, due and owing under the BCI Advisors, LLC ("BCI") advisory services agreement (the "Advisory Services Agreement"). The Company elected in lieu of cash to pay in unrestricted common stock, registered in form S-8. The Company made an initial payment of seventy five million shares in partial satisfaction of the amount due and owing that does not exceed the Company's obligations under the Advisory Services Agreement to restrict BCI's beneficial ownership to 4.99%. This summary contains only a brief description of the material terms of the Advisory Services Agreement and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such description is qualified in its entirety by reference to the Advisory Services Agreement. A copy of the Advisory Services Agreement was filed in a Current Report on Form 8-K.

In March 2016, the Company sued Phoenix Fund Management, LLC ("Phoenix") to prevent further issuances and conversion notices pursuant to, respectively, a June 2016 \$250,000 Section 3(a)(10) settlement and an October 2016 \$1,000,000 convertible promissory note. Between February 23, 2017 and March 8, 2017, Phoenix submitted five (5) issuance or conversion requests to the Company's transfer agent for a total of 239,188,023 shares of the Company's common stock. As a result of the settlement described below, none of these share were issued.

On March 10, 2017, the Company entered into a Settlement Agreement with Phoenix dated March 9, 2017 (the "Phoenix Settlement"). Pursuant to the Phoenix Settlement, Phoenix has agreed it is no longer entitled to any shares pursuant to these two agreements, which are now considered paid in full. On March 15, 2017, in connection with the Phoenix Settlement, the Company filed a motion to dismiss the pending lawsuit with the Eleventh Judicial Circuit of Florida.

On March 13, 2017, the Company and Bright Light Marketing, Inc. ("BLM"), in a settlement related to the Phoenix Settlement, entered into a Settlement Agreement dated March 10, 2017 (the "BLM Settlement"). In 2016, BLM notified the Company that Phoenix was a potential lender. Pursuant to the BLM Settlement, BLM will pay the Company a total of \$217,500 over the next twelve (12) months. BLM is due to pay the first \$100,000 within thirty (30) business days of the signing of the BLM Settlement. BLM will then pay the Company \$10,000 per month on the first day of the next eleven (11) months with the final payment of \$7,500 due on March 1, 2018.

On March 14, 2017, the Company and Vista Capital Investments, LLC ("Vista") entered into a Settlement Agreement dated March 14, 2017 (the "Vista Settlement"). Vista claimed, and the Company disputed, that Vista was still entitled to certain payments pursuant to convertible promissory notes the Company previously issued. On March 13, 2017, Vista submitted a conversion request of 68,437,500 shares of the Company's common stock. Pursuant to the Vista Settlement, the Company issued 35,000,000 shares to Vista on March 14, 2017 and all convertible promissory notes issued by the Company to Vista are now considered paid in full.

From November 22, 2016 through March 16, 2017, the Company has issued, in reliance upon Section 4(a)(2) of the Securities Act, 1,086,998,015 shares of common stock at a weighted average price per share of \$0.001096 pursuant to conversion notices of convertible promissory notes outstanding totaling approximately \$1,164,000. The shares were issued to a total of five lenders. The issuance of such convertible promissory notes was previously disclosed in the Company's periodic reports filed with the Securities and Exchange Commission.

On March 16, 2017, the Company entered into a securities purchase agreement ("SPA") with TLG, Inc, and TRD, Inc. ("Investors") pursuant to which the Company agreed to sell 25,000,000 restricted shares of the Company's common stock, in an above market transaction at a purchase price of \$0.004 per share for a total of \$100,000. As part of the SPA, the Company granted the Investors the option, within the next 60 days, to purchase an additional 25,000,000 of restricted shares of the Company's common stock at a purchase price of \$0.006 per share for a total of \$150,000. The shares of Common Stock issued pursuant to the Subscription Agreement have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and are "restricted securities" as that term is defined by Rule 144 promulgated under the Securities Act. Pursuant to the securities purchase agreement, the Investors agreed not to sell more than three hundred and seventy-five thousand shares per day (subject to adjustment for forward and reverse stock splits that occur after the date hereof) or more than seven million five hundred thousand shares per month (subject to adjustment for forward and reverse stock splits that occur after the date hereof) of the securities purchased pursuant to the SPA.



## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On May 11, 2016 (the “Dismissal Date”), the Board dismissed BPM LLP (“BPM”) as the Company’s independent registered public accounting firm. During the Company’s two most recent fiscal years, the subsequent interim periods thereto, and through the Dismissal Date, there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K), except that in connection with the audit of the Company’s 2015 financial statements BPM identified material weaknesses in our internal control over financial reporting due to: (i) the Company not maintaining a sufficient complement of personnel with an appropriate level of accounting knowledge and experience in the application of accounting for warrants to purchase common and preferred stock issued in connection with convertible notes payable and convertible preferred stock and accounting for non-employee stock options; (ii) insufficient segregation of duties within the accounting function with respect to the review and approval of the underlying accounting records; (iii) the inability to close the Company’s books and timely issue financial statements; and (iv) inadequate management oversight resulting from the departure of all independent non-employee Board members in February 2016.

In connection with the audit of the Company’s 2014 financial statements, BPM identified a material weakness in our internal control over financial reporting due to the Company not maintaining a sufficient complement of personnel with an appropriate level of accounting knowledge and experience in the application of accounting for warrants to purchase common and preferred stock issued in connection with convertible notes payable and convertible preferred stock and accounting for non-employee stock options.

On May 11, 2016 (the “Engagement Date”), the Board approved the appointment of Anton & Chia as the Company’s independent registered public accounting firm. Since May 11, 2016 there have been no transactions or events that were material and were accounted for or disclosed in a manner different from that which BPM apparently would have concluded was required.

**PART III**

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

**Security ownership of certain beneficial owners and management**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 23, 2017 for:

- each of our directors and nominees for director;
- each of our named executive officers;
- all of our current directors and executive officers as a group; and
- each person, entity or group, who beneficially owned more than 5% of each of our classes of securities.

We have based our calculations of the percentage of beneficial ownership on 1,450,204,599 shares of our Common Stock outstanding as of March 23, 2017 as well as the 51 shares of Series A Preferred held by Mr. Yazbeck which represents 1,509,331,719 voting shares. We have deemed shares of our common stock subject to stock options that are currently exercisable within 60 days of March 23, 2017 to be outstanding and to be beneficially owned by the person holding the stock option or restricted stock unit for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the mailing address of each beneficial owner is c/o MyDx, Inc., 6335 Ferris Square, Suite B, San Diego, California 92121. The information provided in the table is based on our records, information filed with the SEC, and information provided to us, except where otherwise noted.

<b>Name</b>	<b>Position</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Common Stock Beneficially Owned</b>
Daniel Yazbeck (1)	Chairman of the Board, Chief Executive Officer, Chief Financial Officer	1,548,474,219	52.38%
All Executives as a Group (1 person)		1,548,474,219	52.38%

(1) Consists of 39,142,500 shares held by Mr. Yazbeck and YCIG, Inc. and 1,509,331,719 voting shares.

***Securities Authorized for Issuance under Equity Compensation Plans***

The table below sets forth information as of December 31, 2016 with respect to compensation plans under which our common stock is authorized for issuance:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
2015 Equity Incentive Plan (approved by shareholders)	1,490,000	\$ 0.27	4,710,000
2017 Stock Incentive Plan (approved by shareholders)	0	\$ 0	150,000,000

On December 25, 2016, Mr. Yazbeck, in his separate capacities as sole Board member and as the holder of a majority of the Company's voting shares, voted to give the Board, at any time or times until December 25, 2017, to adopt an amendment to the Company's Articles, to effect a reverse stock split at a ratio of (i) 1-for-250; (ii) 1-for-500; (iii) 1-for-750; (iv) 1-for-1000; (v) 1-for-1250; (vi) 1-for-1500; (vii) 1-for-2000; or (viii) 1-for-2500, such ratio to be determined by the Board, or to determine not to proceed with the reverse stock split.

On December 25, 2016, Mr. Yazbeck, in his separate capacities as sole Board member and as the holder of a majority of the Company's voting shares, voted to ratify the MyDx, Inc. 2017 Stock Incentive Plan (the "Plan"). There are 150,000,000 million shares available to be issued pursuant to the Plan. Between January 1, 2017 and March 23, 2017, 78,000,000 shares have been issued.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES*****Audit Fees***

The following table sets forth the fees billed to the Company for professional services rendered by the Company's independent registered public accounting firm, for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
BPM LLP		
Audit fees	\$ 20,190	\$ 144,580
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
	<u>\$ 20,190</u>	<u>\$ 144,580</u>

	<u>2016</u>	<u>2015</u>
Anton & Chia		
Audit fees	\$ 29,150	\$ -
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
	<u>\$ 29,150</u>	<u>\$ -</u>

*Audit Fees.* Consist of fees billed for professional services rendered for the audits of our financial statements and reviews of our interim consolidated financial statements included in quarterly reports.

*Tax Fees.* BPM LLP and Anton & Chia did not provide us with professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

**part iv**

**ITEM 15. EXHIBITS**

<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>			<b>Filed or Furnished</b>
		<b>Form</b>	<b>Exhibit</b>	<b>Filing Date</b>	<b>Herewith</b>
2.1	Agreement and Plan of Merger, dated as of April 9, 2015, by and among the Company, CDX Merge, Inc. and CDx, Inc.	8-K	2.1	04/14/2015	
3.1	Articles of Incorporation.	S-1	3.1	10/15/2013	
3.2	Amendment to Articles of Incorporation.	8-K	3.1	10/04/2016	
3.3	Amendment to Articles of Incorporation (Series A Preferred Designation)	8-K	3.1	01/11/2017	
3.4	Amendment to Articles of Incorporation (Series B Preferred Designation)	8-K	3.2	01/11/2017	
3.5	Bylaws	S-1	3.2	10/15/2013	
4.1	Form of Series B Warrant	8-K	10.7	05/05/2015	
10.1	Patent Assignments, dated as of July 2, 2014, by and between CDx, Inc. and Richard Rouse.	8-K	10.2	05/05/2015	
10.2*	Employment Agreement, dated as of October 15, 2014, between CDx and Daniel Yazbeck	8-K	10.3	05/05/2015	
10.3*	Form of Registration Rights Agreement, dated as of October 2014, by and among CDx and the investors party thereto	8-K	10.6	05/05/2015	
10.4*	2014 Equity Incentive Plan with CDx.	10-K	10.4	04/20/2017	
10.5*	2015 Equity Incentive Plan.	8-K	10.8	05/05/2015	
10.6*	MyDx, Inc. 2017 Stock Incentive Plan	8-K	4.2	02/09/2017	
10.7	Office Lease dated April 1, 2015.	8-K	10.9	05/05/2015	
10.8**	Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.1	05/05/2015	
10.9**	Amendment No. 1 dated April 21, 2014 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.)	8-K/A	10.10	05/19/2015	
10.10**	Amendment No. 2 dated July 1, 2014 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.11	05/19/2015	
10.11**	Amendment No. 3 dated March 23, 2015 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.12	05/19/2015	

10.12	Amendment No. 4 dated May 1, 2015 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.13	05/19/2015
10.13**	Amendment No. 5 dated May 5, 2015 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.14	05/19/2015
10.14**	Exclusive Patent Sublicense Agreement dated April 24, 2015 between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.15	05/26/2015
10.15	Amended Amendment No. 4 dated May 19, 2015 to Joint Development Agreement, dated as of November 1, 2013, between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.16	05/26/2015
10.16	Supply Agreement dated April 24, 2015 between CDx, Inc. and Next Dimension Technologies, Inc.	S-1/A	10.18	10/28/2015
10.17	Securities Purchase Agreement dated December 10, 2015 with between the Company and Kodiak Capital Group, LLC	8-K	10.19	12/16/2015
10.18	Loan Agreement dated December 10, 2015 with YCIG, Inc.	8-K	10.21	12/16/2015
10.19	Equity Purchase Agreement dated February 2, 2016 with Kodiak Capital Group, LLC	8-K	10.30	02/09/2016
10.20	Registration Rights Agreement dated February 2, 2016 with Kodiak Capital Group, LLC	8-K	10.31	02/09/2016
10.21	Convertible Promissory Note in the principal amount of \$50,000 dated February 2, 2016 with Kodiak Capital Group, LLC	8-K	10.32	02/09/2016
10.22	Securities Purchase Agreement dated February 26, 2016 with between the Company and Kodiak Capital Group, LLC	8-K	10.33	02/26/2016
10.23	Convertible Promissory Note in the amount of \$60,000 dated February 26, 2016 issued by the Company to Kodiak Capital Group, LLC	8-K	10.34	02/26/2016
10.24	Securities Purchase Agreement dated March 15, 2016 between the Company and Auctus Fund, LLC	8-K	10.35	03/18/2016
10.25	Convertible Promissory Note in the principal amount of \$55,750 dated March 15, 2016 issued by the Company to Auctus Fund, LLC	8-K	10.36	03/18/2016
10.26	MyDx Affiliate Program Agreement dated April 1, 2016 with Nanolux Technology, Inc.	10-K	10.37	04/27/2016
10.27	Securities Purchase Agreement Dated May 6, 2016 Between The Company and Auctus F	8-K	10.38	05/10/2016
10.28	Convertible Promissory Note in the principal amount of \$55,750 dated May 6, 2016	8-K	10.39	05/10/2016
10.29	Securities Purchase Agreement dated May 10, 2016 with Crown Bridge Partners, LLC	8-K	10.40	05/16/2016
10.30	Convertible Promissory Note in the principal amount of \$50,000 Dated May 10, 2016	8-K	10.41	05/16/2016
10.31	Convertible Note in the principal amount of \$275,000 dated May 24, 2016 Issued to Vista Capital Investments, LLC	8-K	10.1	05/27/2016



10.32	Amendment No. 1 to 8% Convertible Note Dated June 22, 2016 Issued to Adar Bays, LLC	8-K	10.1	07/01/2016	
10.33	Amendment No. 1 to 8% Convertible Note Dated June 22, 2016 Issued to Union Capital, LLC	8-K	10.2	07/01/2016	
10.34	Termination Letter to Kodiak Capital Group, LLC, dated June 30, 2016	8-K	10.1	07/07/2016	
10.35	Distribution License Agreement Between the Company and Powerful Holdings, Ltd.	10-Q	10.1	11/23/2016	
10.36	Consulting Agreement Between the Company and Lynx Consulting Group, Ltd., dated April 3, 2016	10-Q	10.2	11/23/2016	
10.37	Settlement Agreement and Stipulation between the Company and Rockwell Capital Partners, Inc., dated November 29, 2016	8-K	10.1	12/2/2016	
10.38	Advisory Services Agreement Between the Company and BCI Advisors, LLC, dated December 1, 2016	8-K	10.1	01/11/2017	
10.39	Securities Purchase Agreement, dated December 23, 2016	8-K	10.2	01/11/2017	
10.40	Escrow Agreement, dated December 23, 2016	8-K	10.3	01/11/2017	
10.41	Form of Warrant	8-K	10.4	01/11/2017	
10.42*	Settlement & Release Agreement -- Daniel R. Yazbeck and MyDx, Inc., dated December 23, 2016	8-K	10.5	01/11/2017	
10.43*	Settlement & Release Agreement -- YCIG, Inc. and MyDx, Inc., dated January 4, 2017	8-K	10.6	01/11/2017	
10.44**	First Amendment to The Exclusive Patent Sublicense Agreement, Dated November 29, 2016	8-K/A	10.2	01/13/2017	
10.45**	JDA Termination Agreement, dated November 29, 2016	8-K/A	10.3	01/13/2017	
10.46**	Amendment #2 to Supply Agreement, dated November 29, 2016	8-K/A	10.4	01/13/2017	
10.47	Option Agreement and Research and Development Agreement between Company and Torque Research and Development, Inc., dated February 8, 2017	10-K	10.47	04/20/2017	
10.48	Research, Branding, Advertising and Marketing Services Agreement, between Company and Libre Design, LLC, dated February 17, 2017.	10-K	10.48	04/20/2017	
14.1	Code of Ethics.	10-K/A	14.1	05/05/2015	
16.1	Letter From BPM LLP to the SEC Dated May 17, 2016	8-K/A	16.1	05/17/2016	
21.1	Subsidiaries of the Registrant.	10-K	21.1	04/20/2017	
23.1	Consent of Anton & Chia, LLP				X
23.2	Consent of BPM LLP.				X
31.1	Certification of Principal Executive Officer pursuant to 18 U. S. C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer pursuant to 18 U. S. C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1***	Certification of Principal Executive Officer pursuant to 18 U. S. C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2 ***	Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U. S. C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance.				X
101.XSD	XBRL Schema.				X
101.PRE	XBRL Presentation.				X
101.CAL	XBRL Calculation.				X
101.DEF	XBRL Definition.				X
101.LAB	XBRL Label.				X

\* Indicates a management contract or compensatory plan or arrangement, as required by Item 15(a) (3) of Form 10-K.

\*\* The SEC has granted confidential treatment for certain portions of this agreement. Accordingly, certain portions of this agreement have been omitted in the version filed with this report and such confidential portions have been filed with the SEC.

\*\*\* 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.

MyDx, Inc.

Date: April 26 , 2017

By: /s/ Daniel R. Yazbeck  
Name: Daniel R. Yazbeck  
Title: Chief Executive Officer, Chairman of the Board  
and Chief Financial Officer

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Daniel R. Yazbeck</u> Daniel R. Yazbeck	Chief Executive Officer, Chief Financial Officer, and Director (Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)	April 26 , 2017



CERTIFIED PUBLIC ACCOUNTANTS

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders

MyDx, Inc.:

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-215979) of MyDx, Inc. of our report dated April 18, 2017, relating to the consolidated financial statements of MyDx, Inc. as of December 31, 2016 and for the year then ended, which appears in this Form 10-K/A.

We also consent to the reference to us under the caption "Experts" in the Registration Statement.

/s/ Anton & Chia, LLP

Newport Beach, CA

April 25, 2017

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-215979) of MyDx, Inc. of our report dated April 27, 2016, relating to the consolidated financial statements of MyDx, Inc. as of December 31, 2015 and for the year then ended, which appears in this Form 10-K/A.

/s/ BPM LLP

San Jose, California  
April 25, 2017

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

I, Daniel R. Yazbeck, certify that:

1. I have reviewed this amendment to the annual report on Form 10-K/A of MyDx, Inc.;
2. Based on my knowledge, this annual 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 controls 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 for the period in which this quarterly 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;
  - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 26, 2017

By: /s/ Daniel R. Yazbeck  
Daniel R. Yazbeck  
Principal Executive Officer

**CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER  
PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Daniel R. Yazbeck, certify that:

1. I have reviewed this amendment to the annual report on Form 10-K/A of MyDx, Inc.;
2. Based on my knowledge, this annual 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 controls 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 for the period in which this quarterly 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;
  - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 26, 2017

By: /s/ Daniel R. Yazbeck  
Daniel R. Yazbeck  
Principal Accounting Officer

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

In connection with this amendment to the Annual Report of MyDx, Inc. (the "Company"), on Form 10-K/A for the year ended December 31, 2016, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Daniel R. Yazbeck, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such amendment to the Annual Report on Form 10-K/A for the year ended December 31, 2016, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such amendment to the Annual Report on Form 10-K/A for the year ended December 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2017

By: s/ Daniel R. Yazbeck

Daniel R. Yazbeck  
Principal Executive Officer

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

In connection with this amendment to the Annual Report of MyDx, Inc. (the “Company”), on Form 10-K/A for the year ended December 31, 2016, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Daniel R. Yazbeck, Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such amendment to the Annual Report on Form 10-K/A for the year ended December 31, 2016, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such amendment to the Annual Report on Form 10-K/A for the year ended December 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2017

By: /s/ Daniel R. Yazbeck  
Daniel R. Yazbeck  
Principal Financial Officer