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

FORM 10-Q

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

For the quarterly period ended **September 30, 2018**

Commission File Number: **000-55596**

MyDx, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**99-0384160**
(State or other jurisdiction of incorporation or organization)	(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)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See 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	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
(Do not check if a smaller reporting company)		Emerging Growth Company	☒

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

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

Number of shares of common stock outstanding as of November 19, 2018 was 3,905,200,946.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MyDx, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 30,599	$ 119,028
Inventory	148,717	180,503
Prepaid expenses and other current assets	-	821
Total current assets	179,316	300,352
Tooling in process	173,854	-
Property and equipment, net	33,106	66,832
Other assets	21,483	32,580
Total assets	$ 407,759	$ 399,764
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 1,040,550	$ 1,293,443
Customer deposits	42,171	20,107
Accrued liabilities	620,775	454,413
Current portion of leases payable	2,756	2,756
Due to related party	151,075	46,075
Convertible notes payable, current, net of debt discount	275,285	295,750
Derivative liability	503,478	2,596,005
Warrant liability	2,425,914	-
Total current liabilities	5,062,004	4,708,549
Customer deposits	7,646	8,954
Total liabilities	5,069,650	4,717,503
Redeemable Series B Preferred stock, $0.001 par value; 300,000 shares authorized 190,627 and 296,700 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	4,883,401	5,637,300
Commitments and contingencies		
Stockholders' deficit:		
Series A Preferred stock, $0.001 par value; 51 shares authorized 51 and 51 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	-	-
Common stock, $0.001 par value, 10,000,000,000 shares authorized; 3,877,641,423 and 1,859,397,541 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	3,877,641	1,859,397
Additional paid-in capital	21,919,007	19,818,536
Accumulated deficit	(35,341,940)	(31,632,972)
Total stockholders' deficit	(9,545,292)	(9,955,039)
Total liabilities and stockholders' deficit	$ 407,759	$ 399,764

The accompanying notes are an integral part of these condensed consolidated financial statements.

MYDX INC.
Condensed Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended September 30, 2018	For the Three Months Ended September 30, 2017	For the Nine Months Ended September 30, 2018	For the Nine Months Ended September 30, 2017
Sales				
Product revenue	$ 53,375	$ 104,650	$ 204,280	$ 315,851
Product service revenue	3,641	-	15,218	-
Licensing revenue	441	4,315	8,212	4,315
Total sales	57,457	108,965	227,710	320,166
Cost of goods sold				
Product costs	20,254	32,941	82,354	93,976
Total cost of sales	20,254	32,941	82,354	93,976
Gross profit	37,203	76,024	145,356	226,190
Operating Expenses				
Research and development	11,561	39,595	283,869	87,602
Sales and marketing	19,350	68,420	130,475	741,813
General and administrative	245,174	175,936	803,103	1,040,550
Total operating expenses	276,085	283,951	1,217,447	1,869,965
Loss from operations	(238,882)	(207,927)	(1,072,091)	(1,643,775)
Other income (expense)				
Interest expense, net	(16,049)	(47,234)	(32,751)	(330,522)
Change in fair value of derivative liability	625,074	(3,759)	1,817,014	116,083
Change in fair value of warrant liability	1,091,663	-	1,091,663	-
Derivative expense	-	(133,489)	(281,515)	(999,920)
Gain (loss) on settlement of debt	(4,500)	-	-	198,261
Gain on forfeiture of technology transfer deposit	-	-	-	135,000
Gain on extinguishment of debt	-	-	4,581	
Loss on settlement of vendor liability	(5,235,869)	-	(5,235,869)	-
Total Other income (expense)	(3,539,681)	(184,482)	(2,636,877)	(881,098)
Income (loss) before provision for income taxes	(3,778,563)	(392,409)	(3,708,968)	(2,524,873)
Provision for income taxes	-	-	-	-
Net income (loss)	$ (3,778,563)	$ (392,409)	$ (3,708,968)	$ (2,524,873)
Income (loss) per share				
Basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average common shares outstanding - basic and diluted	3,873,380,471	1,669,527,890	2,931,417,714	1,456,764,275

The accompanying notes are an integral part of these condensed consolidated financial statements.

MyDx, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30, 2018	2017
Cash flows from operating activities:		
Net income (loss)	$ (3,708,968)	$ (2,524,873)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	33,726	57,878
Common stock issued in exchange for services	-	473,800
Change in fair value of derivative liability	(1,817,014)	(160,088)
Change in fair value of warrant liability	(1,091,663)	-
Interest expense related to debt issuance cost	-	999,920
Derivative expense	281,515	-
(Gain) / Loss on settlement of vendor liabilities	5,235,869	(154,255)
Stock based compensation	360,846	247,420
Gain on extinguishment of debt	(4,581)	-
Interest expense related to amortization of debt issuance costs and debt discount	3,605	275,407
Changes in assets and liabilities:		
Inventory	31,786	(10,766)
Prepaid expenses and other assets	25,204	41,365
Tooling in process	(173,854)	-
Accounts payable and accrued liabilities	554,344	399,378
Customer deposits	20,756	-
Long term obligations	-	16,265
Current portion leases payable	-	(742)
Net cash used in operating activities	(248,429)	(339,291)
Cash flows from financing activities		
Proceeds from the issuance of common stock	-	245,500
Proceeds from note payable - related party	105,000	165,000
Repayment of related party loans	-	(90,000)
Proceeds from note payable, net of debt discount and issuance cost	-	263,500
Proceeds from the issuance of convertible notes payable, net of issuance costs	55,000	-
Repayments on asset based loans	-	(120,461)
Net cash provided by financing activities	160,000	463,539
Net change in cash	(88,429)	124,248
Cash, beginning of period	119,028	38,203
Cash, end of period	$ 30,599	$ 162,451
Supplemental cash flow information:		
Interest paid	$ -	$ 13,755
Taxes paid	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities:		
Settlement of debt with convertible note	$ 60,000	$ 655,955
Stock issued for settlement of vendor liabilities	$ 640,875	$ -
Conversion of convertible preferred stock to common stock	$ 3,604,300	$ -
Derivative cease to exist upon conversion of notes	$ -	$ 1,783,475

The accompanying notes are an integral part of these condensed consolidated financial statements.

MyDx, INC.
Notes to Condensed 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

MyDx is a science and technology company that develops and deploys products and services in the following focus areas:

1) **Consumer Products** – smart devices and consumables

2) **Data Analytics** – pre-clinical chemical analysis and patient feedback ecosystem

3) **Biopharmaceuticals** – identifying 'green Active Pharmaceutical Ingredients™, (gAPI™) and corresponding formulations

4) **Software as a Service (SaaS)** – Software services for prescribers, patient groups, cultivators, and regulators

We are committed to addressing areas of critical national need to promote public safety, transparency and regulation in the various markets we serve.

The Company's first product, MyDx®, also known as "My Diagnostic", is a patented multiuse hand-held chemical analyzer made for consumers and professional users which feeds our data analytics platform and SaaS business. MyDx is intended to allow consumers to Trust & Verify® what they put into their mind and body by using our science and technology to test for pesticides in food, chemicals in water, toxins in the air, and the safety and potency of cannabis samples, which is our initial focus.

3. Going Concern

The Company has adopted 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 condensed 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 condensed consolidated Financial Statements, the Company had an accumulated deficit at September 30, 2018 and a net cash used in operating activities for the nine months ended September 30, 2018. 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 nine months ended September 30, 2018. 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 $30,599 at September 30, 2018 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.

The condensed 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 - Unaudited Interim Financial Information

The accompanying unaudited interim condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the "SEC") with respect to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements furnished reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's annual report on Form 10-K for the year ended December 31, 2017.

Use of Estimates

The preparation of the consolidated finance 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 condensed 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 and derivatives. 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.

Business Segments

ASC 280 defines operating segments as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performances. Currently, ASC 280 has no effect on the Company's condensed consolidated financial statements as substantially all of the Company's operations are conducted in one industry segment.

Cash

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of September 30, 2018 and December 31, 2017, 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 September 30, 2018 and December 31, 2017, there was an allowance for doubtful accounts of $27,851 and $27,851 respectively.

During the nine months ended September 30, 2018 the Company recorded a bad debt expense of $0.

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 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 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 binomial 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 binomial 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.

Revenue Recognition

The Company adopted ASC 606 effective January 1, 2018 using the modified retrospective method which would require a cumulative effect adjustment for initially applying the new revenue standard as an adjustment to the opening balance of retained earnings and the comparative information would not require to be restated and continue to be reported under the accounting standards in effect for those periods.

Based on the Company's analysis the Company did not identify a cumulative effect adjustment for initially applying the new revenue standards. The Company principally generates revenue through providing product, services and licensing revenue

The adoption of ASC 606 represents a change in accounting principle that will more closely align revenue recognition with the delivery of the Company's services and will provide financial statement readers with enhanced disclosures. In accordance with ASC 606, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services. To achieve this core principle, the Company applies the following five steps:

1) *Identify the contract with a customer*

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the services to be transferred and identifies the payment terms related to these services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

2) *Identify the performance obligations in the contract*

Performance obligations promised in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised services, the Company must apply judgment to determine whether promised services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation.

3) *Determine the transaction price*

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring services to the customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. None of the Company's contracts as of September 30, 2018 contained a significant financing component. Determining the transaction price requires significant judgment, which is discussed by revenue category in further detail below.

4) *Allocate the transaction price to performance obligations in the contract*

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. However, if a series of distinct services that are substantially the same qualifies as a single performance obligation in a contract with variable consideration, the Company must determine if the variable consideration is attributable to the entire contract or to a specific part of the contract. For example, a bonus or penalty may be associated with one or more, but not all, distinct services promised in a series of distinct services that forms part of a single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct service that forms part of a single performance obligation. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

5) *Recognize revenue when or as the Company satisfies a performance obligation*

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

Product revenue

Revenue from multiple-element arrangements is allocated among separate elements based on their estimated sales prices, provided the elements have value on a stand-alone basis.

Licensing revenue

Some of the Company's revenues are generated from software-as-a-service ("SaaS") subscription offerings and related product support and maintenance. SaaS revenues stem mainly from annual subscriptions and are recorded evenly over the term of the subscription. Any customer payments received in advance are deferred until they are earned. Consulting and training revenues are recognized as work is performed.

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 nine months ended September 30, 2018 and 2017 were $283,869 and $87,602, 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 $130,475 and $741,813 for the nine months ended September 30, 2018 and 2017, 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.

Earnings 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 nine months ended September 30, 2018 and 2017 presented in these condescend 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 September 30, 2018 and 2017:

	September 30, 2018	September 30, 2017
Series A Preferred stock	51	51
Series B Preferred stock	1,906,270,000	3,000,000,000
Convertible notes payable	140,209,819	26,462,823
Convertible accounts payable	300,000,000	273,860,683
Options	1,496,250	1,490,026
Warrants	1,267,454,215	260,345,149
Totals	3,615,430,335	3,562,158,732

There were approximately 3,615,430,335 potentially outstanding dilutive common shares for the period ended September 30, 2018. Since the Company incurred a net loss for the period ended September 30, 2018, the inclusion of any common stock equivalents would have been anti-dilutive.

Recent Accounting Guidance Adopted

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 adopted for interim and annual reporting periods beginning after December 15, 2017. The adoption of ASU 2016-10 had no material effect on its financial position or results of operations or cash flows.

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 adoption of ASU 2016-12 had no material effect on its financial position or results of operations or cash flows.

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

5. Inventory

Inventory as of September 30, 2018 and December 31, 2017 is as follows:

	September 30, 2018	December 31, 2017
Finished goods	$ 18,103	$ 49,889
Raw materials	130,614	130,614
	$ 148,717	$ 180,503

6. Debt

Convertible Notes

The following table shows the outstanding balance as of September 30, 2018 and December 31, 2017 respectively.

	September 30, 2018	December 31, 2017
Convertible Note - February 6, 2017	265,750	295,750
Convertible Note - July 23, 2018	25,000	-
	290,750	295,750
Less: Debt Discount	(15,465)	-
Total	$ 275,285	$ 295,750

During the nine months ended September 30, 2018 Hasfer, Inc and Carte Blanche, LLC entered into a note purchase agreement. Hasfer assigned $60,000 to Carte Blanche, LLC. The Company received additional proceeds of $30,000.

During the nine months ended the lenders converted $60,000 of the outstanding principal into 26,086,956 shares of the Company's common stock.

On July 23, 2018 the Company issued convertible notes to third party lenders totaling $25,000. These notes accrue interest at a rate of 12% per annum and mature with interest and principal due July 23, 2019. The note and accrued interest are convertible at a conversion price equal to a 30% discount of the Company's common stock prior day close price.

Due to the fact that these convertible notes have an option to convert at a variable amount, they are subject to derivative liability treatment. The Company has applied ASC 815, due to the potential for settlement in a variable quantity of shares. The conversion feature has been measured at fair value using a Binomial Option Pricing model at the issuance date and the period end. The conversion feature of the convertible note gave rise to a derivative liability of $19,070 which was recorded as a debt discount. The debt discount is charged to other expense ratably over the term of the convertible note.

Due to related party

On May 16, 2018, the Company's officer made non-interest bearing loans of $75,000 to the Company in the form of cash. The loan is due on demand and unsecured.

On May 22, 2018, the Company's officer made non-interest bearing loans of $30,000 to the Company in the form of cash. The loan is due on demand and unsecured.

As of September 30, 2018 and December 31, 2017, the Company is reflecting a liability of $151,075, and $46,075, respectively.

7. Derivative Liabilities

The Company has identified derivative instruments arising from embedded conversion features in the Company's convertible notes payable and accounts payable at September 30, 2018.

The following summarizes the Binomial-lattice model 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 nine months ended September 30, 2018.

	Low	High
Annual dividend rate	0%	0%
Expected life in years	0	1.00
Risk-free interest rate	1.93%	2.59%
Expected volatility	112%	182%

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 convertible notes payable and accounts payable.

The following are the changes in the derivative liabilities during the nine months ended September 30, 2018.

	Nine Months Ended September 30, 2018		
	Level 1	Level 2	Level 3
Derivative liabilities as January 1, 2018	$ -	$ -	$ 2,596,005
Addition	-	-	300,585
Gain on extinguishment of debt	-	-	(59,364)
Loss on settlement of vendor liability	-	-	(516,734)
Gain on changes in fair value	-	-	(1,817,014)
Derivative liabilities as September 30, 2018	$ -	$ -	$ 503,478

The following are the changes in the warrant liabilities during the nine months ended September 30, 2018.

	Nine Months Ended September 30, 2018		
	Level 1	Level 2	Level 3
Loss on settlement of vendor liability	$ -	$ -	$ 3,517,577
Gain on changes in fair value	-	-	(1,091,663)

Derivative liabilities as September 30, 2018	$ -	$ -	$ 2,425,914

8. 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.

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.

Series A Preferred Stock

As of September 30, 2018, and December 31, 2017, the Company has designated 51 shares of Series A Preferred Stock par value $0.001 and 51 shares are issued and outstanding. The Series A Preferred Stock can convert into common stock at a 1:1 ratio. Each one (1) share of the Series A Preferred shall have voting rights equal to (x) 0.019607 multiplied by the total issued and outstanding shares of Common Stock eligible to vote at the time of the respective vote (the "Numerator"), divided by (y) 0.49, minus (z) the Numerator. For purposes of illustration only, if the total issued and outstanding shares of Common Stock eligible to vote at the time of the respective vote is 5,000,000, the voting rights of one share of the Series A Preferred Stock shall be equal to 102,036 (0.019607 x 5,000,000) / 0.49) – (0.019607 x 5,000,000) = 102,036). On December 23, 2016 the 51 shares were issued to Mr. Yazbeck, the Company's sole officer and the sole member of the Board. Mr. Yazbeck, via his ownership of the 51 shares of the Series A Preferred, has control of the majority of the Company's voting stock.

Series B Preferred Stock

The Series B Preferred is convertible into shares of Common Stock at a conversion price of $0.0001. Holders of the Series B Preferred are entitled to receive dividends annually equal to $0.10 for each share of Series B Preferred held. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of Series B Preferred then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, before any payment shall be made to the holders of Common Stock. Until such time as there are fewer than 20,000 shares of Series B Preferred outstanding, the Company needs to obtain the majority votes of the holders of Series B Preferred with regard to certain actions. Holders of Series B Preferred shares are entitled to one vote for each share held, are entitled to elect up to two members to the Board, and, absent such election, are provided certain voting and veto rights with regard to any vote by the Board.

During the year ended December 31, 2017 an investor converted 3,300 Series B Preferred stock in to 33,000,000 shares of common stock.

On July 31, 2018, the Company issued 38,272 shares of the Company's Series B Preferred at a value of $1.00 per Series B Preferred share to settle outstanding vendor liability. The Company also agreed to the assignment or issuance of three warrants giving the holder the right to purchase seven and one half percent (7.5%) of the Company's shares of common stock issued and outstanding at the time of exercise and having an exercise price of $0.001 per share. This form of warrant is referred to herein as the "7.5% Warrant." The Company agreed to the assignment of one previously issued 7.5% Warrant to an entity related to BCI Advisors. This 7.5% Warrant expires on January 15, 2019. In addition, the Company also agreed to the assignment of another previously issued 7.5% Warrant to an entity related to BCI Advisors and agreed to extend the expiration date from March 1, 2019 to March 1, 2022. Finally, the Company agreed to issue a new 7.5% Warrant which will expire on January 15, 2022.

On July 30, 2018, the Company issued 45,355 shares of the Company's Series B Preferred at a value of $1.00 per Series B Preferred share to settle outstanding vendor liability. The Company also agreed to issue a 7.5% Warrant with an expiration date of August 1, 2022.

During the nine months ended September 30, 2018 investors converted 189,700 Series B Preferred stock in to 1,897,000,000 shares of common stock.

Common Stock

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.

On January 24, 2018, the Company issued 5,000,000 shares common stock to settle outstanding vendor liabilities of $30,000. In connection with this transaction the Company also recorded a gain on settlement of vendor liabilities of $4,500.

During the nine months ended September 30, 2018, the Company issued 85,871,212 shares of common stock in exchange for services at a fair value of $358,875.

During the nine months ended September 30, 2018, the Company issued 4,285,714 shares of its restricted common stock to consultants in exchange for services at a fair value of $13,286. These shares were recorded as common stock issued for prepaid services and will be expensed over the life of the consulting contract to share based payments. During the nine months ended September 30, 2018 the Company recorded $13,286 to share based payments.

Total stock-based compensation expense, for both employee and non-employee options, recognized by the Company for the nine months ended September 30, 2018 was $1,971. No tax benefits were recognized in the nine months ended September 30, 2018.

9. Commitments and Contingencies

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 nine months ended September 30, 2018, 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.

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.

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. During the nine months ended September 30, 2018, the Company converted the vendor liability into 45,355 Series B Preferred shares. In connection with this transaction the Company recorded a loss on settlement of vendor liability of $5,233,314.

On January 26, 2018 the Company entered into a joint venture with Ganja Gold to form "NewCo". With the formation of NewCo, the intent is for the Parties to manufacture and distribute a new premium line of physiological based Vape formulations under Ganja Gold Vape Brand ("GGV Brand"). The GGV Brand will be powered by MYDX data and formulations utilizing the Eco Smart Pen Device under an exclusive license of MYDX Power Formulations. MyDx will have the option to acquire 50% of NewCo.

License and Distribution Agreement

On June 12, 2017, MyDx, Inc. (the "Company" or "Licensor") entered into a license and services agreement (the "License Agreement") with Black Swan, LLC (the "Licensee"). The Licensor agrees to grant to the Licensee the Access License which shall consist of:

(a) access to the database to enable Licensee to engage in formulation queries regarding the effects of having different amounts of terpene or other chemicals in cannabis strains;

(b) access to the database's chemical profile library and related definitions;

(c) access to a list with the contact information and fee schedule of cannabis extractors with state licenses so that Licensee can submit the formulation query results to such licensed cannabis extractors. Such licensed extractor list may change and Licensor shall have no obligation to provide Licensee with an updated list; and

(d) access to the CannaDxTM mobile application to track feedback and reviews by up to 20,000 users of Licensee's products.

The Licensor will provide the Product Services which shall consist of:

(1) Licensor providing annual MyDx360 SAAS Premium Subscription at a cost of $15,000 per annum

(2) Licensor providing 6,000 Cartridges every six months to the Licensee at a cost of $2.49 per Cartridge ($14,940 in total every six months). It shall be a requirement of this Agreement that Licensee order 6,000 Cartridges from Licensor every six months;

(3) Licensor providing 1,000 Eco Smart Pens to the Licensee, when available, over the three-year term of this Agreement at a cost of $25 per Eco Smart Pen ($25,000 in total); and

(4) Licensor providing 6,000 batteries to the Licensee over the three-year term of this Agreement at a cost of $3.99 per battery ($23,940 in total).

The term of this Agreement shall be three (3) years. Licensor shall have the right, in its sole discretion, to terminate this Agreement if Licensee does not order and pay for at least 6,000 Cartridges every six months at a cost of $2.49 per Cartridge ($14,940 in total every six months).

On April 26, 2018, MyDx, Inc. (the "Company" or "Licensor") entered into a license and services agreement (the "License Agreement") with Humanity Holdings (the "Licensee"). The Licensor agrees to grant to the Licensee access to the MyDx360 platform. The Licensor agrees to issue the Licensee $25,000 of shares on the 45th day anniversary of this agreement. These shares will vest with achievement-based milestones. As of the date of this filing these shares have not been issued. The Licensee will pay a support and service fee equal to 20% of net sales and a royalty of 30% of net sales. The term of this Agreement shall be two (2) years.

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.

On May 16, 2017, the Company terminated its Marketing and Advertising Advisory Services Agreement with Growth Point Advisors, Ltd. ("Growth Point") entered into in April 2016. Growth Point had been expected to provide a comprehensive marketing, advertising and branding campaign for the Greater China Region on behalf of the Company's MyDx AquaDx sensor. Growth Point failed to satisfy the agreed upon deliverables as stated in the agreement. As of the date of this filing the Company has not received communication from Growth Point.

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 $0.0011.

On March 1st 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%. During the nine months ended September 30, 2018 this agreement was canceled and the Company converted the vendor liability into 38,272 Series B Preferred shares. In connection with this transaction the Company recorded a loss on settlement of vendor liability of $2,884,074.

On November 3, 2017 the Company and Phylos Bioscience, Inc. ("Phylos") entered into a License, Co-Marketing, and Data Sharing Agreement (the "Phylos Agreement"). Pursuant to the Phylos Agreement, the Company and Phylos each granted a non-exclusive license to the other party to access their data and use their trademarks and logo on marketing materials. Neither party paid cash or issued shares in connection with the Phylos Agreement. The license was the consideration given by each party. The term of the Phylos Agreement is five (5) years.

On February 1, 2018 MyDx and Erai Beckmann entered into a twelve (12) month Research, Manufacturing, Advertising and Marketing Services Agreement. The Company agrees to pay $15,000 in restricted common stock on the first day of each quarter. In addition, Erai Beckmann is entitled to 2,500,000 of the Company's common stock on the 60^{th} day anniversary of this agreement.

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.

10. Subsequent Events

Subsequent to September 30, 2018, the Company issued 20,000,000 shares of its restricted common stock to consultants in exchange for services.

Subsequent to September 30, 2018, the Company issued 16,250,000 shares of its restricted common stock to consultants in exchange for services.

Geneva Securities Purchase Agreement

Effective October 1, 2018, the Company entered into a securities purchase agreement (the "Geneva Purchase Agreement") with Geneva Roth Remark Holdings, Inc., ("Geneva"), pursuant to which Geneva purchased a 10% unsecured convertible promissory note (the "Geneva Note") from the Company in the aggregate principal amount of $74,800, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Geneva.

The purchase price of $74,800 of the Geneva Note was paid in cash by Geneva on October 2, 2018. After payment of transaction-related expenses, net proceeds to the Company from the Geneva Note totaled $65,000.

The maturity date of the Geneva Note is October 1, 2019 (the "Geneva Maturity Date"). The Geneva Note shall bear interest at a rate of ten percent (10%) per annum (the "Geneva Interest Rate"), which interest shall be paid by the Company to Geneva in shares of common stock at any time Geneva sends a notice of conversion to the Company. Geneva is entitled to, at its option, convert all or any amount of the principal face amount and any accrued but unpaid interest of the Geneva Note into shares of the Company's common stock, at any time after March 20, 2019, at a conversion price for each share of common stock equal to 71% multiplied by the average of the lowest three (3) trading prices (as defined in the Geneva Purchase Agreement) for the common stock during the fifteen (15) Trading Day period (as defined in the Geneva Purchase Agreement) ending on the latest complete trading day prior to the conversion date.

The Geneva Note may be prepaid until 170 days from the issuance date in accordance with its terms.

The Company shall reserve 270,905,432 of its authorized and unissued common stock (the "Geneva Reserved Amount"), free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of the Geneva Note.

GS Capital Securities Purchase Agreement

Effective October 4, 2018 the Company entered into a securities purchase agreement (the "GSC Purchase Agreement") with GS Capital Partners LLC, ("GSC", and together with Geneva, the "Investors"), pursuant to which GSC purchased a 8% unsecured convertible promissory note from the Company in the aggregate principal amount of $75,000 (the "GSC Note"), such principal and the interest thereon convertible into shares of the Company's common stock at the option of GSC.

The purchase price of $75,000 of the GSC Note was paid in cash by GSC on October 5, 2018. After payment of transaction-related expenses, net proceeds to the Company from the First GSC Note totaled $68,500.

The maturity date of the GSC Note is October 4, 2019 (the "the GSC Maturity Date"). The GSC Note shall bear interest at a rate of eight percent (8%) per annum (the "GSC Interest Rate"), which interest shall be paid by the Company to GSC in shares of common stock at any time GSC sends a notice of conversion to the Company. GSC is entitled to, at its option, convert all or any amount of the principal face amount and any accrued but unpaid interest of the GSC Note into shares of the Company's common stock, at any time, at the conversion price specified in the for each share of common stock equal to 71% of the average of the three lowest closing bid prices of the common stock for the fifteen prior trading days including the day upon which a notice of conversion is received by the Company or its transfer agent.

The GSC Note may be prepaid until 180 days from the issuance date in accordance with its terms.

The Company shall reserve 211,267,000 of its authorized and unissued common stock (the "GSC Reserved Amount"), free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of the GSC Note.

Eagle and GSC Securities Purchase Agreements

Effective October 11, 2018, the Company entered into a securities purchase agreement (the "Eagle Purchase Agreement") with Eagle Equities, LLC ("Eagle"), pursuant to which Eagle purchased an 8% unsecured convertible promissory note (the "Eagle Note") from the Company in the aggregate principal amount of $181,500, such principal and the interest thereon convertible into shares of the Company's common stock at the option of Eagle.

Effective October 11, 2018 the Company entered into a securities purchase agreement (the "GSC Purchase Agreement" and together with the Eagle Purchase Agreement, the "SPAs") with GSC (together with Eagle, the "Investors"), pursuant to which GSC purchased an 8% unsecured convertible promissory note (the "GSC Note" and together with the Eagle Note, the "Notes") from the Company in the aggregate principal amount of $102,000, such principal and the interest thereon convertible into shares of the Company's common stock at the option of GSC.

The purchase price of $181,500, and of $102,000, of the Eagle Note and the GSC Note, respectively, was paid in cash by the Investors on October 11, 2018. After payment of transaction-related expenses, net proceeds to the Company from the Eagle Note and the GSC Note totaled $165,000 and $95,000, respectively.

The maturity date of the Notes is October 11, 2019 (the "Maturity Date"). The Notes shall bear interest at a rate of eight percent (8%) per annum (the "Interest Rate"), which interest shall be paid by the Company to the Investors in shares of common stock at any time Eagle or GSC sends a notice of conversion to the Company (the "Notice of Conversion"). The Investors are entitled to, at their option, convert all or any amount of the principal face amount and any accrued but unpaid interest of their respective Notes into shares of the Company's common stock, at any time, at a conversion price for each share of common stock equal to 65% multiplied by the lowest closing bid price of the common stock as reported on the marketplace upon which the Company's shares are traded during the fifteen (15) trading day period ending on the day upon which a Notice of Conversion is received by the Company.

The Notes may be prepaid until 180 days from the issuance date in accordance with its terms.

The Company shall reserve 532,000,000, and 299,000,000, of its authorized and unissued common stock free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of the Eagle Note (the "Eagle Reserved Amount"), and the GSC Note (the "GSC Reserved Amount" and together with the Eagle Reserved Amount, the "Total Reserved Amount"), respectively.

Change in Officers and Directors

On November 10, 2018, the Company entered into a consulting agreement (the "Mr. Cannabis Consulting Agreement") with Mr. Cannabis, Inc., a California corporation (the "Consultant"), pursuant to which the Consultant would perform management type services for the Company as further defined in the Mr. Cannabis Consulting Agreement. The term of the Mr. Cannabis Consulting Agreement is from November 10, 2018 through November 9, 2021 (the "Term"). The Mr. Cannabis Consulting Agreement shall not be terminated within the first six months of the Term. The Company or the Consultant may terminate this Agreement, with or without cause, at any time after the first six months of the Term upon providing ninety day written notice to the other party.

Pursuant to, and in accordance with the terms and conditions of the Mr. Cannabis Consulting Agreement, the Consultant was issued a common stock purchase warrant (the "Warrant") to purchase twenty two and one half percent (22.5%) of the issued and outstanding shares of the Company's common stock, par value $0.001 per share (the "Common Stock") at the time of the first notice of exercise given by the Consultant to the Company, exercisable at a price of $0.001 per share and for a term of three years from the date of issuance (the "Mr. Cannabis Warrant").

In connection with the Mr. Cannabis Consulting Agreement, Mr. Daniel Yazbeck resigned from his position as the Company's Chief Executive Officer (the "Yazbeck Resignation"), but remains a member of the Company's Board of Directors (the "Board"). Upon Mr. Yazbeck's resignation, the Board appointed Mr. Matthew Bucciero, an affiliate of the Consultant, as Chief Executive Officer of the Company. Additionally, Mr. Erai Beckmann, currently President of the Consultant, was appointed to the Board

Mr. Beckmann was the CEO of Humanity Holdings through February 2018. At the time the Company entered into the License and Services Agreement with Humanity Holdings in April 2018, Mr. Beckmann's position was Co-Founder and he owned 23% of the entity. In addition, on February 1, 2018, the Company and Mr. Beckmann entered into a twelve (12) month Research, Manufacturing, Advertising and Marketing Services Agreement. For the nine months ended September 30, 2018, the Company has issued 43,906,926 restricted shares of common stock to Mr. Beckmann in connection with the February agreement.

Item 2. 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 as filed with the Securities and Exchange Commission ("SEC") on April 17, 2018. This discussion contains certain forward-looking statements that involve risks and uncertainties, as described under the heading "Forward-Looking Statements" in this quarterly 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 quarterly report.

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.

Overview

MyDx is a science and technology company that develops and deploys products and services in the following focus areas:

1) **Consumer Products** – smart devices and consumables

2) **Data Analytics** – pre-clinical chemical analysis and patient feedback ecosystem

3) **Biopharmaceuticals** – identifying 'green Active Pharmaceutical Ingredients™, (gAPI™) and corresponding formulations

4) **Software as a Service (SaaS)** – Software services for prescribers, patient groups, cultivators, and regulators

We are committed to addressing areas of critical national need to promote public safety, transparency and regulation in the various markets we serve.

The Company's first product, MyDx®, also known as "My Diagnostic", is a multiuse hand-held chemical analyzer made for consumers and professional users which feeds our data analytics platform and SaaS business. MyDx is intended to allow consumers to Trust & Verify® what they put into their mind and body by using our science and technology to test for pesticides in food, chemicals in water, toxins in the air, and the safety and potency of cannabis samples, which is our initial focus.

Business Plan

The Company is currently focused on 4 key business segments to service the cannabis industry.

1. Consumer Products

Smart Devices & Consumables

1) CannaDx™

- The cannabis industry's first hand-held cannabis sensor and analyzer with disposable single use inserts.
- Comes with a mobile app that acts as a 'virtual budtender'.
- Analyzes cannabis sample and provides a Total Canna Profile™ (TCP), a more complete chemical profile to include THC and the most prevalent cannabinoids and terpenes found in cannabis plants.
- Cannabinoids such as THC and CBD have been reported to bind the CB1 and CB2 receptors found throughout the human body and have been reported to provide relief to an array of symptoms, including pain, nausea, and inflammation to name a few. Terpenes, which have been reported to compound the effects of cannabinoids on the body via an "Entourage Effect", are also important in determining the overall physiological effects various cannabis chemical profiles.
- Enables users to log their ailments and side effects and tie those back to the exact chemical profile.
- Provides strain recommendations based on desired "relief" input based on crowdsourced community feedback.

2) Eco Smart Pen™ and Other Delivery Devices

- MyDx plans to develop additional smart hardware that gather user data, such as the Eco Smart Pen. MyDx plans to release the Eco Smart Pen in the first quarter of 2019.

- Integrated with Bluetooth as well as other technologies that will allow for mobile-app control, dose restrictions, safety controls, and usage statistics.
- We plan to OEM these product to third-party customers.

3) MyDx Tablet Edition

- MyDx plans to develop he first touchscreen kitchen tablet in the market with integrated MyDx sensor reading capability.
- Sensor lineup to include OrganaDx, AquaDx, and AeroDx.
- Company plans to offer CannaDx data portal management ability in MyDx Tablet Edition.

MyDx plans to evaluate the 510K FDA device approval process to leverage its consumer products and the ability of insurance companies to support sales of its smart devices and generate HIPPA compliant crowdsourced data.

2. Data Analytics

Pre-Clinical Chemical Analysis and Patient Feedback Ecosystem.

MyDx has four classes of data and algorithms:

1) User Data

- When users download the CannaDx mobile app, we may ask them put in personal details such as gender, location, height, weight, age etc. that we maintain while complying with HIPAA.

2) Chemical Composition Data

- This information is sourced from a number of inputs including the CannaDx Handheld's Total Canna Profile (TCP), partner laboratories analyses, and branded pre-tested concentrates.

3) User Feedback

- Provided by users in our CannaDx mobile app as they try various products and record their experiences with those products.

4) Usage Statistics

- We plan to capture type, frequency, dosage, ailments relieved, and side effects.

MyDx plans to leverage this data, which combined is referred to as the Total Canna Profile^{TM} (TCP), combined with our proprietary algorithms, to develop key insights into user behavior based on unique chemical profiles. Our goal is to track how a specific sample is expected to help relieve certain ailments and to validate the results.

3. Biopharmaceutical

Identifying 'green Active Pharmaceutical Ingredients^{TM}' (gAPI^{TM}) and corresponding formulations

1) Sale and License of Product Formulations

- MyDx plans to work with third party customers to license crowdsourced formulated chemical profiles that are expected to address a specific "relief" desired using its own proprietary formulas derived from our extensive dataset and algorithms.

2) Sale of green Active Pharmaceutical Ingredients (gAPI^{TM})

- This division will also look to provide an organic source of extracted green Active Pharmaceutical Ingredients (gAPI^{TM}), such as a predefined terpene formulation, for consumer and industrial use.
- Given that certain classes of gAPI's such hemp derived CBD and terpenes might offer "relief" without the "high" THC provides, MyDx intends to partner with leaders in the industry to offer branded products without THC, akin to a "virgin" cocktail, if it finds that these formulations offer the benefits desired and the legal framework to sell them is viable.

4. SaaS (Software as a Service)

Software services for prescribers, patient groups, cultivators, and regulators

1) MyDx App

- Available in iOS and Android and controls the MyDx Analyzer.
- Tracks patient tested samples and physiological feedback.
- Prints a Certificate of Analysis, which includes patient feedback.
- Offers patients groups and their doctors with OEM software to track what the community is experiencing.
- Centrally hosted in our secure cloud based server.
- Will offer in App purchases for additional software subscription features.

2) MYDX360

- MyDx360 is a Software As A Service (SAAS)-based community engagement platform designed to help entrepreneurs develop, launch and track the effects of new formulated products on consumers to help penetrate their target markets more effectively.
- As part of the service, companies will choose from among MyDx's many chemical formulations that best align with the physiological response its target demographic is seeking. From there, MyDx will outsource the delivery of those formulations through licensed concentrate manufacturing facilities and provide customer-engagement support via its SAAS platform and MyDx smart devices such as the EcoSmartPen to acquire and analyze user feedback.
- Collectively, this suite of services will be called MyDx360.

3) Software to Support Laboratory Marketing, Customer Service and Data Aggregation

- MyDx will offer what we believe will be the premier lead generator and outsourced services provider for cannabis testing labs.
- Through certain assets MyDx expects to develop or acquire, as well as leads generated from our handheld analysis and smart devices, we believe MyDx will be positioned to become a world leader in cannabis laboratory marketing and services and as the largest "data holder" of tested cannabis and the associated chemical profiles tied to the ailment therapy.

Recent Developments

License and Services Agreement

On April 26, 2018, the Company entered into a License and Services Agreement with Humanity Holdings Inc. and Humanity Products, Inc. (collectively "Humanity Holdings"). Humanity Holdings currently operates a manufacturing and distribution facility, licensed by the state of California, through which it engages in the sale and distribution of various cannabis related products. The Company granted Humanity Holdings a non-exclusive license to manufacture, sell, and distribute products within California using proprietary product formulations owned or licensed by the Company. The Company agreed to issue Humanity Holdings shares of Common Stock worth $25,000 on the 45th day following the effective date of the agreement. This is in exchange for Humanity Holdings not contracting with a competitor of the Company who provides formulation services, smart vape device hardware and related software applications to its network, product branding or access to reporting from its data set that ties a user's experience to a chemical profile of the product they are consuming. Humanity Holdings will pay 20% of net sales to the Company as a support services fee and 30% of net sales to the Company as a royalty.

Torque Research and Development Settlement Agreement

On July 30, 2018, the Company entered into a Settlement Agreement and Mutual Release with Torque Research & Development, Inc. (the "TRD Settlement"). Pursuant to the TRD Settlement, the parties agreed to terminate the February 8, 2017 Research & Development Agreement and the February 8, 2017 Exclusive License Agreement. In return for a full release by Torque Research & Development, Inc. ("TRD"), the Company issued 45,355 shares of Series B Preferred Stock to TRD. The Company also agreed to issue a warrant giving the holder the right to purchase seven and one half percent (7.5%) of the Company's shares of common stock issued and outstanding at the time of exercise and having an exercise price of $0.001 per share. This form of warrant is referred to herein as the "7.5% Warrant." The 7.5% Warrant issued to TRD has an expiration date of August 1, 2022.

BCI Settlement Agreement

On July 31, 2018, the Company entered into a Settlement Agreement and Mutual Release with BCI Advisors (the “BCI Settlement”). Pursuant to the BCI Settlement, the parties agreed to terminate the December 1, 2016 Advisory Services Agreement. In return for a full release by BCI, the Company issued 38,272 shares of Series B Preferred Stock to BCI Advisors. The Company also agreed to the assignment or issuance of three 7.5% Warrants. The Company agreed to the assignment of one previously issued 7.5% Warrant to an entity related to BCI Advisors. This 7.5% Warrant expires on January 15, 2019. In addition, the Company also agreed to the assignment of another previously issued 7.5% Warrant to an entity related to BCI Advisors and agreed to extend the expiration date from March 1, 2019 to March 1, 2022. Finally, the Company agreed to issue a new 7.5% Warrant which will expire on January 15, 2022.

Issuance of Convertible Note

On July 23, 2018, the Company issued a 12% Convertible Promissory Note for $25,000 (the “Note”) to Erai Beckmann. The Note matures on July 23, 2019 and is convertible into shares of the Company’s common stock at a conversion price equal to a 30% discount to the closing price on the day prior to the conversion date.

This Part I, Item 1 contains only a brief description of the material terms of the TRD Settlement, the BCI Settlement, the form of warrant issued to TRD and BCI, and 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 documents and agreements. A copy of the TRD Settlement, the BCI Settlement, and the Note are filed as Exhibits 10.1, 10.2, and 10.7, respectively, to this Quarterly Report on Form 10-Q. A copy of the four 7.5% Warrants issued to TRD and BCI are filed as Exhibits 10.3, 10.4, 10.5, and 10.6 to this Quarterly Report on Form 10-Q.

Change in Officers and Directors

On November 10, 2018, the Company entered into a consulting agreement (the “Mr. Cannabis Consulting Agreement”) with Mr. Cannabis, Inc., a California corporation (the “Consultant”), pursuant to which the Consultant would perform management type services for the Company as further defined in the Mr. Cannabis Consulting Agreement. The term of the Mr. Cannabis Consulting Agreement is from November 10, 2018 through November 9, 2021 (the “Term”). The Mr. Cannabis Consulting Agreement shall not be terminated within the first six months of the Term. The Company or the Consultant may terminate this Agreement, with or without cause, at any time after the first six months of the Term upon providing ninety day written notice to the other party.

Pursuant to, and in accordance with the terms and conditions of the Mr. Cannabis Consulting Agreement, the Consultant was issued a common stock purchase warrant (the “Warrant”) to purchase twenty two and one half percent (22.5%) of the issued and outstanding shares of the Company’s common stock, par value $0.001 per share (the “Common Stock”) at the time of the first notice of exercise given by the Consultant to the Company, exercisable at a price of $.001 per share and for a term of three years from the date of issuance (the “Mr. Cannabis Warrant”).

In connection with the Mr. Cannabis Consulting Agreement, Mr. Daniel Yazbeck resigned from his position as the Company’s Chief Executive Officer (the “Yazbeck Resignation”), but remains a member of the Company’s Board of Directors (the “Board”). Upon Mr. Yazbeck’s resignation, the Board appointed Mr. Matthew Bucciero, an affiliate of the Consultant, as Chief Executive Officer of the Company. Additionally, Mr. Erai Beckmann, currently President of the Consultant, was appointed to the Board

Mr. Beckmann was the CEO of Humanity Holdings through February 2018. At the time the Company entered into the License and Services Agreement with Humanity Holdings in April 2018, Mr. Beckmann’s position was Co-Founder and he owned 23% of the entity. In addition, on February 1, 2018, the Company and Mr. Beckmann entered into a twelve (12) month Research, Manufacturing, Advertising and Marketing Services Agreement. For the nine months ended September 30, 2018, the Company has issued 43,906,926 restricted shares of common stock to Mr. Beckmann in connection with the February agreement.

Results of Operations

As shown in the accompanying consolidated financial statements, the Company incurred net losses of $3,708,968 and net losses of $2,524,873, respectively, for the nine months ended September 30, 2018 and September 30, 2017. The Company had an accumulated deficit of $35,341,940 and $ $31,632,972 respectively, as of September 30, 2018 and December 31, 2017.

Comparison of Three Months Ended September 30, 2018 and 2017

Revenue

For the three months ended September 30, 2018 and 2017, the Company had licensing revenue of $441 and $4,315, respectively. The decrease is from one of the Company’s main licensing contracts expiring as of second quarter 2018. For the three months ended September 30, 2018 and 2017, the Company had product revenue of $53,375 and $104,650 respectively. The decrease in revenue for the three months ended September 30, 2018 compared to 2017 was a result of the Company having CannaDx on back order and not being able to deliver CannaDx units in order to recognize the revenue.

Cost of Goods Sold and Gross Profit

Gross profit as a percentage of net revenues for the three months ended September 30, 2018 and 2017 were 65% and 69%, respectively.

Operating Expenses

For the three months ended September 30, 2018, the Company incurred operating expenses in the amount of $276,085 compared to $283,951 for the three months ended September 30, 2017. These operating expenses were composed of research and development costs, sales and marketing and general and administrative expenses. The decrease mainly resulted from the decrease of research and development costs, decrease in sales and marketing which were partially offset by the increase in general and administrative activities.

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 three months ended September 30, 2018, the Company expended $11,561 for various research and development projects for hardware, database, software and sensor development as compared to $39,595 for the three months ended September 30, 2017. The decrease of $28,034, or 71%, resulted primarily from the Company decreasing its research and development efforts as a result of limited cashflow.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of consulting fees for third-party services and general marketing expenses. For the three months ended September 30, 2018, the Company expended $19,350 as compared to $68,420 for the three months ended September 30, 2017. The decrease of $49,070, or 72 %, resulted primarily from the Company resulted primarily from the Company decreasing its marketing efforts as a result of limited cashflow.

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 three months ended September 30, 2018, the Company expended $245,174 as compared to $175,936 for the three months ended September 30, 2017. The increase of $69,238, or 39%, resulted primarily from increase in wages and miscellaneous general administrative expenses. These increases were offset by an decrease in independence contractors.

Other income (expense)

Other expenses increased by $3,355,199, resulted primarily from the increase from the loss on settlement of vendor liability. This was offset by an increase in change in fair value of derivative liability and warrant liability and a decrease in interest expense and derivative expense.

Comparison of the Nine Months Ended September 30, 2018 and 2017

Revenue

For the nine months ended September 30, 2018 and 2017, the Company had licensing revenue of $8,212 and $4,315, respectively. The increase is from the Company not having licensing contracts as of June 30, 2017. For the nine months ended September 30, 2018 and 2017, the Company had product service revenue of $15,218 and $0, respectively. The increase is from the Company recognizing revenue from its MyDx360 Services. For the nine months ended September 30, 2018 and 2017, the Company had product revenue of $204,280 and $315,851 respectively. The decrease in revenue for the nine months ended September 30, 2018 compared to 2017 was a result of was a result of the Company having CannaDx on back order and not being able to deliver CannaDx units in order to recognize the revenue.

Cost of Goods Sold and Gross Profit

Gross profit as a percentage of net revenues for the nine months ended September 30, 2018 and 2017 were 64% and 71%, respectively.

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 nine months ended September 30, 2018, the Company expended $283,869 for various research and development projects for hardware, database, software and sensor development as compared to $87,602 for the nine months ended September 30, 2017. The increase of $196,267, resulted primarily from the Company developing new products (such as the Eco Smart PenTM) as well as improving existing products, including CannaDxTM, AquaDxTM and OrganaDxTM.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of consulting fees for third-party services and general marketing expenses. For the nine months ended September 30, 2018, the Company expended $130,475 as compared to $741,813 for the nine months ended September 30, 2017. The decrease of $611,338, or 83%, resulted primarily from the Company issuing less stock based compensation during the nine months ended September 30, 2018.

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 nine months ended September 30, 2018, the Company expended $803,103 as compared to $1,040,550 for the nine months ended September 30, 2017. The decrease of $237,447, or 23%, resulted primarily from decreases in investor relation fees and miscellaneous general administrative expenses. Management intends to keep General and Administrative Expenses at this level for the foreseeable future.

Other income (expense)

Other expenses increased by $1,755,779, resulted primarily from the increase from the loss on settlement of vendor liability. This was offset by an increase in change in fair value of derivative liability and warrant liability and a decrease in interest expense, gain on settlement of debt, gain on forfeiture of technology transfer deposit and derivative expense.

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 September 30, 2018, the Company had remaining cash of $30,599 with a net working capital deficit of $4,882,688. 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.

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 $30,599 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. 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. 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

	September 30, 2018	December 31, 2017
Current assets	$ 179,316	$ 300,352
Current liabilities	5,062,004	4,708,549
Working Capital Deficit	$ (4,882,688)	$ (4,408,197)

Current assets for September 30, 2018 decreased compared to December 31, 2017 primarily due to a decrease in cash and inventory.

Current liabilities for September 30, 2018 increased compared to December 31, 2017 primarily due to an increase in Warrant liability and accrued liabilities.

Cash Flows

	Nine Months Ended September 30,	
	2018	**2017**
Net Cash Provided by (Used in) Operating Activities	$ (248,429)	$ (339,291)
Net Cash Provided by Financing Activities	160,000	463,539
Net Change	$ (88,429)	$ 124,248

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 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, 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 gain of settlement of liabilities during the nine months ended September 30, 2018, as well as the effect of changes in working capital and other activities.

Net Cash Provided by Financing Activities

For the nine months ended September 30, 2018 and 2017, financing activities provided cash of $160,000 and $674,000.

Going Concern

At September 30, 2018, we had an accumulated deficit of $35,341,940. 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

There have not been any material changes to our exposures to market risk during the nine months ended September 30, 2018 that would require an update to the relevant disclosures provided in our 2017 Annual Report on Form 10-K filed with the SEC on April 17, 2018.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Quarterly Report on Form 10-Q, to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are not effective as of September 30, 2018, due to the fact that management has not fully remediated the material weakness described in our Current Report on Form 10-K filed with the Securities and Exchange Commission on April 17, 2018.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the nine months ended September 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

We must maintain effective internal controls to provide reliable financial reports and to detect and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as would be possible with an effective control system in place. We have not performed an in-depth analysis to determine if historical undiscovered failures of internal controls exist, and may in the future discover areas of our internal control that need improvement.

We have been assessing our internal controls to identify areas that need improvement. We are in the process of implementing changes to internal controls, but have not yet completed implementing these changes. Failure to implement these changes to our internal controls or any others that it identifies as necessary to maintain an effective system of internal controls could harm our operating results and cause investors to lose confidence in our reported financial information. Any such loss of confidence would have a negative effect on the trading price of our common stock.

For the year ended December 31, 2017, we and our independent registered public accounting firm 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. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis. If the Company does not address the material weaknesses, we may not be able to manage our business as effectively as would be possible with an effective control system in place.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our Company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.. Any of these situations could have a material adverse effect on our business.

Item 1A. RISK FACTORS

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K, filed with the SEC on April 17, 2018.

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

During the nine months ended September 30, 2018, we issued shares of our common stock that were not registered under the Securities Act, and were not previously disclosed in a Current Report on Form 8-K or in a 10-K or 10-Q as follows. Except where noted, all of the securities discussed in this Part II, Item 2 were issued in reliance on the exemption under Section 4(a)(2) of the Securities Act.

On July 11, 2018, the Company issued 16,250,000 shares of its restricted common stock to consultants in exchange for services. In the fourth quarter of 2018, these shares were returned by the consultant and cancelled.

On July 23, 2018, the Company issued the $25,000 Note to Erai Beckmann. The Note matures on July 23, 2019 and is convertible into shares of the Company's common stock at a conversion price equal to a 30% discount to the closing price on the day prior to the conversion date.

On August 3, 2018, the Company issued 12,121,212 shares of its restricted common stock to Erai Beckmann.

Item 3. DEFAULTS UPON SENIOR SECURITIES

There has been no default in the payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

Item 4. MINE SAFETY DISCLOSURES

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference		Filed or Furnished	
		Form	Exhibit	Filing Date	Herewith
10.1	Settlement Agreement and Mutual Release with Torque Research & Development, Inc., dated July 30, 2018.	10-Q	10.1	08/14/2018	
10.2	Settlement Agreement and Mutual Release with BCI Advisors, dated July 31, 2018.	10-Q	10.2	08/14/2018	
10.3	Common Stock Purchase Warrant A-1 Issued to BCI Venture Partners, LLC	10-Q	10.3	08/14/2018	
10.4	Common Stock Purchase Warrant A-2 Issued to BCI Venture Partners, LLC	10-Q	10.4	08/14/2018	
10.5	Common Stock Purchase Warrant A-3 Issued to BCI Venture Partners, LLC	10-Q	10.5	08/14/2018	
10.6	Common Stock Purchase Warrant A-4 Issued to Torque Research and Development, Inc.	10-Q	10.6	08/14/2018	
10.7	Form of 12% Convertible Promissory Note	10-Q	10.7	08/14/2018	
31.1	Certification of Principal Executive Officer and 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 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

* In accordance with SEC Release 33-8238, Exhibit 32.1 is 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: November 20, 2018	By:	/s/ Matthew Bucciero
	Name:	Matthew Bucciero
	Title:	Chief Executive Officer and Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew Bucciero, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MyDx, Inc.;

2. Based on my knowledge, this quarterly 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: November 20, 2018

By: /s/ Matthew Bucciero
Matthew Bucciero
Chief Executive Officer and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER
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 Quarterly Report of MyDx, Inc. (the "Company"), on Form 10-Q for the period ended September 30, 2018, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Matthew Bucciero, Chief Executive Officer and Chief 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 Quarterly Report on Form 10-Q for the period ended September 30, 2018, 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 Quarterly Report on Form 10-Q for the period ended September 30, 2018, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 20, 2018

By: /s/ Matthew Bucciero
Matthew Bucciero
Chief Executive Officer and
Chief Financial Officer