

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

FORM 10-K

(Mark One)

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

For the fiscal year ended **December 31, 2018**

OR

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

For the transition period from _____ to _____.

Commission File Number: **000-55596**

MyDx, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

99-0384160

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

**6335 Ferris Square, Suite B
San Diego, CA 92121**

(Address of principal executive offices) (Zip Code)

(800) 814-4550

(Registrant's telephone number, including area code)

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

Title of each class:

None

Name of each exchange on which registered:

None

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

Common Stock, par value \$0.001

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

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

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

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

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging Growth Company

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates 2,028,341,997 of the registrant at June 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter) was \$9,127,539, based upon the closing price \$0.0045 of the registrant's common stock on that date as reported on the OTC Pink Current Information marketplace of the OTC Markets Group Inc.

Number of shares of common stock outstanding as of April 23, 2019 was 3,905,200,946.

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FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

PART I

ITEM 1. BUSINESS

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 (date of inception). The Company’s wholly owned subsidiary, CDx, Inc., was incorporated under the laws of the State of Delaware on September 16, 2013.

On April 9, 2015, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with CDx Merger Inc., a Nevada corporation and wholly owned subsidiary of the Company (“Merger Sub”), and CDx, Inc. (“CDx”), a Delaware corporation. Pursuant to the Merger Agreement, Merger Sub was to merge with and into CDx with CDx surviving the merger as the Company’s wholly owned subsidiary (the “Merger”). The Merger is treated as a reverse acquisition of the Company, a public shell company, for financial accounting and reporting purposes. As such, CDx is treated as the acquirer for accounting and financial reporting purposes while the Company is treated as the acquired entity for accounting and financial reporting purposes. On April 24, 2015, in anticipation of closing the Merger, the Company changed its name to MyDx, Inc. On April 30, 2015, the Merger was consummated. The Merger was structured such that as a result of the Merger, each outstanding share of CDx common stock (other than shares owned by any stockholder of CDx who is entitled to and properly exercises dissenters’ rights under Delaware law) were converted into the right to receive one share of the Company’s common stock as set forth in the Merger Agreement. The Company received approximately 94% of CDx shares outstanding. None of the CDx shareholders who held shares representing the other 6% of CDx shares outstanding properly exercised dissenters’ rights under Delaware law. As a result, pursuant to the Merger Agreement, these 6% shares, although never exchanged, ceased to exist in 2015. The Company has 100% ownership of CDx and there is no indication of non-controlling interest that needs to be considered.

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 the Company’s common stock, par value \$0.001 per share (the “Common Stock”). Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, the Company assumed all of CDx’s options and warrants issued and outstanding immediately prior to the Merger, 6,069,960 and 7,571,395 shares of Common Stock, respectively. Prior to and as a condition to the closing of the Merger, each then-current Company stockholder agreed to sell certain shares of Common Stock held by such holder to the Company and the then-current Company stockholders retained an aggregate of 1,990,637 shares of Common Stock. Therefore, following the Merger, CDx’s former stockholders held 19,855,295 shares of the Common Stock which was approximately 91% of the Common Stock outstanding on April 30, 2015.

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 IngredientsTM, (gAPITM) 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.

The Company's founder and member of the Board, Daniel Yazbeck, is an experienced executive with over 15 years of product research, development and commercialization experience including at Fortune 500 companies. Mr. Yazbeck was a scientist for Pfizer Pharmaceuticals, specializing in Chemical R&D technologies that identify and manufacture Active Pharmaceutical Ingredients at scale using green chemistry and a strategic product and market developer for Panasonic, engineering new consumer electronic products and deploying them with strategic partners in the healthcare industry. Mr. Yazbeck is also a seasoned asset-backed investor at Yazbeck Investments and holds a master of science degree from McGill University.

The Company has received cash investments of approximately \$8.6 million to date. The MyDx Analyzer was released in the third quarter of 2015 and the Company received an additional \$250,000 loan from an entity affiliated with Mr. Yazbeck to help finance its operations in the fourth quarter of 2015. Since the MyDx Analyzer's launch in 2015 it has generated close to \$1.5M in revenues. In 2016, we believe the Company continued to penetrate the market and increased brand recognition. In addition, in 2016, the Company launched additional products that tests for pesticides in food and chemicals in water and financed the company's operations primarily through the issuance of convertible debt. In January of 2018, MyDx's Biopharmaceutical division commenced clinical trials on its unique MyDx360 Pain Management Formula, appointed Dr. Heiner Dreismann, Former CEO of Roche Molecular Systems and Diagnostics Veteran to its Executive Advisory Board on April 24, 2018, secured city and state legal cannabis manufacturing and distribution for its MyDx360 customers in May 2018, and featured the Eco Smart Pen working Prototype on CFN Media in August 2018. The MyDx Analyzer was selected to be used in a large HIV Study by the University of Florida in September 2018. MyDx recruited Mr. Cannabis Group to operate the Company in November 2018, onboarding a new experienced CFO/CEO (Mr. Matthew Bucciero), a leading Harvard neuroscientist (Just Vincent) to its scientific advisory board, and Mr. Erai Beckmann, a seasoned cannabis industry professional, as a member of the Board.

Business Segments (Cannabis Industry Focus)

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

1. Consumer Products

Smart Devices & Consumables

1) CannaDxTM

- 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 ProfileTM (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 has developed additional smart hardware that gather user data, such as the Eco Smart Pen. MyDx plans to release the Eco Smart Pen in 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 products to third-party customers
- We plan to deploy the Eco Smart Pen with strategic cannabis industry partners and influencers appealing to our target markets

3) MyDx Tablet Edition

- MyDx plans to develop the 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 2.

MyDx is in the process of submitting a medical device designation for CannaDx and the Eco Smart Pen in Canada to leverage its consumer products and the ability of insurance companies to support sales of its smart devices and generate HIPPA compliant crowdsourced data. There are no guarantees that the current device configurations and MyDx manufacturers and suppliers will meet the qualifications for medical device designation, however, the company plans to explore this avenue further in 2019.

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 to 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 will capture type, frequency, dosage, ailments relieved, and side effects.

MyDx is leveraging this data, which combined is referred to as the Total Canna Profile™ (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 (gAPITM) and corresponding formulations

1) Sale and License of Product Formulations

- MyDx plans to work with third party customers under the MyDx360 platform 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. The current database still requires human validation in the form of clinical trials to prove the efficacy of MyDx crowdsourced formulation.

2) Sale of green Active Pharmaceutical Ingredients (gAPITM)

- This division will also look to provide an organic source of extracted green Active Pharmaceutical Ingredients (gAPITM), 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
- The MyDx App is currently in development to incorporate a greater data focus for the patients and the ability to share information throughout social networks.

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 Eco Smart Pen 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 plans to 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 Highlights

The following are some of our 2018 achievements:

MyDx's Biopharmaceutical Division Commences Clinical Trials On Its Unique MyDx360 Pain Management Formula (January 2018)
Dr. Heiner Dreismann, Former CEO of Roche Molecular Systems and Diagnostics Veteran, Joins MyDx Executive Advisory Board (April 24, 2018)
MyDx Secures City and State Legal Cannabis Manufacturing and Distribution for Its MyDx360 Customers (May 2018)
MyDx Eco Smart Pen working Prototype featured by CFN Media (August 2018)
MyDx Analyzer to be Used in Large HIV Study by the University of Florida (September 2018)
MyDx Recruits Mr. Cannabis Group to Operate Company (November 2018)
MyDx Recruits Matthew Bucciero as new CEO of the Company (November 2018)
MyDx Recruits Justin Vincent, a leading Harvard neuroscientist, on the scientific advisory board (November 2018)
MyDx Adds Erai Beckmann to the Board of Directors of MyDx (November 2018)

The following are some of our 2017 achievements:

- **CannaDx™** was featured on HBO's Daily Vice News (February 2017)
- MyDx Introduced the Eco Smart Pen™ (April 2017)
- Introduced MyDx 360 Service (May 2017)
- MyDx Released MyDx 2.0 (May 2017)
- MyDx Filed Patents and Started Accepting Preorders For The Eco Smart Pen™ (November 2017)
- MyDx Appointed Dr. Jessica Peatross, a Board Certified Internal Medicine Doctor to Lead MyDx Clinical Research Initiatives and Support MyDx360 Formulations Services as MyDx's new Chief Medical Officer (January 2018)

Product Overview: MyDx

Our core technology is centered on a portable chemical sensing and analyzing method, represented by our first product, MyDx. MyDx is a portable chemical hand-held analyzer, combined with a sensor and associated mobile app, which together, act as an electronic nose by detecting and analyzing molecules present in a given sample. MyDx aims to complement chemical analysis in the lab by putting it into the palm of the user's hand.

Each MyDx sensor has sensitivity that can reach parts per billion, which the Company believes is unique for a handheld chemical analyzer at our consumer price-point for MyDx. The MyDx device has a user-friendly interface and is designed to easily communicate via Bluetooth with our mobile app, which can be downloaded on any iOS, Android, or Windows smartphone. Given the sensitivity of the MyDx device, once the app is downloaded and the device is synced, a small sample can be placed in the sample chamber, which is then stimulated, releasing the chemicals of interest into a vapor for identification by the MyDx Analyzer. The process of analysis takes about three minutes, after which the user will be able to view the interpreted chemical composition of the sample on his or her mobile smart phone via our mobile app. In addition, the app will track and save the results of each analysis for future reference and comparison, and will aggregate reports on and analyses of various chemical compounds to help educate the consumer about the results. MyDx sensors can be switched by the user based on the type of the sample being tested, and the user will simply launch the associated app from their smartphone. The Company believes that, based on its portability, MyDx is the first portable multi-use chemical sensing and analyzing technology available for use by a broad range of consumers, especially in our target market applications.

Product Features/MyDx Service

The MyDx Analyzer comes with a variety of product features that is intended to provide consumers with a user-friendly experience. The Company has developed what we believe is a sleek and durable unit that, paired with one of our four sensors, has capabilities to analyze a variety of chemical compounds in the palm of the user's hand. The MyDx Service connects the MyDx Analyzer to the MyDx App using BLE (Bluetooth Low Energy) connection. The MyDx App communicates with the secure MyDx Cloud via the Internet.

The MyDx Analyzer comes with Bluetooth connectivity in order to engage the MyDx App, which provides the user with additional information to help them understand the chemicals found by the MyDx Analyzer. The MyDx Cloud compares what was sensed by the MyDx Analyzer with scientific data about that sample on the back-end, revealing cannabinoid and terpene levels found in the sample for the CannaDx application for example.

The MyDx App

The MyDx App is available for iPhone and Android platforms. Once the MyDx App is installed on the consumer's mobile device, the consumer can turn on the MyDx Analyzer using the small button on the side next to the power cable slot. Using the MyDx App, the consumer can initiate the testing process. The MyDx App then attempts to find and sync with the MyDx Analyzer via a wireless Bluetooth connection. The consumer can then load their sample into the Sample Chamber. They will take an empty disposable Sample Insert and place their sample into the Sample Insert. This is done by gently grinding the sample between their fingers and letting the contents fall into the chamber. They fill the sample up to just below the rim of the insert. Once the sample is loaded and the chamber is closed, they follow the onscreen instructions and click "Next". The MyDx Analyzer is placed on a flat surface, and the consumer presses the "Start" button. Within approximately three minutes later the results are available.

Target Audiences

The Company believes the CannaDx sensor may have broad appeal to individuals who use medicinal cannabis for their health. In many cases, the chemical compounds consumers need to know about are not correctly identified at the point-of-sale, and the consumers may not be aware of how a strain will affect them. Using the CannaDx sensor, consumers will be able to identify certain chemical compounds in different strains of cannabis that are associated with the desired response to its use. This makes MyDx an important tool for both cannabis patients and recreational users who want to understand the product they are consuming, how it affects their body and allows them to track how certain chemical profiles are treating any symptoms they may have.

In addition to the consumer audience for our CannaDx sensor, we expect businesses in the cannabis industry, including cultivators, processors, dispensaries, and retail distributors to use MyDx as an additional test for their own products or the products that they are buying for resale to consumers. However, MyDx is not a replacement for commercial lab testing using standard gas chromatography and other lab equipment.

Distribution and Marketing Strategy

The Company distributes its products through various channels, including e-commerce via the Company's website, direct to retail, amazon.com, and sales through affiliate partners. The company also intends to expand into retail distribution. As part of our marketing strategy, the Company also works with bloggers, websites and social media channels with large audiences, to ensure that the potential market knows and understands the promise of the MyDx Analyzer. The Company plans to use industry conferences, media outreach, and social media channels such as Facebook, LinkedIn, Twitter, Instagram, Google+ and more to push its message to the right audiences. Public relations efforts through Tier 1 news media interviews and conference speaking engagements has been a critical cost effective source of marketing for the Company to date.

Competition

Chemical Analysis Smart Devices

Currently, the Company believes there are no portable, consumer-focused, reasonably-priced chemical analysis platforms on the market that compete directly with MyDx in the cannabis sector for Cannabis flower. The Company is aware of two hand-held analyzer devices in development which are being marketed to consumers. One is Scio, which plans to use spectrometer technology to externally scan food, medicine and plants. The other one is FOOD sniffer, which is being marketed as the world's first electronic nose that helps consumers determine the quality of meat, poultry and fish before they eat it, thereby reducing the risk of food poisoning by testing food to confirm that it is safe to consume. In addition, larger gas chromatography units that range from \$25,000 to well over \$100,000, are available, but we believe these larger units ultimately will not compete for the consumer base to which that the Company plans to market MyDx.

In contrast, the Company has brought to market a consumer-focused, chemically sensitive device for under \$700. The Company believes that the combination of a relatively low price point, chemical sensitivity, and patentable intellectual property provide barriers to competition. However, companies with far greater resources than the Company could develop competing technologies and products that could impact the market for the Company's products.

Currently, the Company is not aware of any competitors that have crowdsourced cannabis flower TCP data based on a tested chemical profile in real time.

Research and Development

The Company incurred research and development expenses of approximately \$285,000 and \$170,000 during the years ended December 31, 2018 and 2017 related to the development of the MyDx Analyzer and the sensors.

Manufacturing

We do not intend to manufacture our products in our own facilities. Rather, we intend to outsource the manufacture of our products to one or more independent manufacturers that also manufacture electronic products for a number of other businesses. The manufacturer will be expected to test our products and conduct quality control in all aspects of manufacturing. During this testing, we expect to be making further adjustments to our formulations. While we believe that we may be able to contract or engage a manufacturer to perform these functions, we may not be able to do so.

We currently have an arrangement with All Quality & Services, Inc. a Silicon Valley based Electronics Manufacturing Services provider to manufacture and assemble our current MyDx analyzer.

Intellectual Property

MyDx owns the exclusive right to the following patents for our cannabis market field of use:

Patent #	Serial #	Title	Issue date
7,359,802	10/618,546	Methods for Remote Characterizations of an Odor	4/15/2008
7,189,353	11/054,055	Use of Spatiotemporal Response Behavior in Sensor Arrays to Detect Analytes in Fluids	3/13/2007
7,144,553	10/651,917	Use of An Array of Polymeric Sensors of Varying Thickness for Detecting Analytes in Fluids	12/5/2006
6,759,010	09/910,243	Use of An Array of Polymeric Sensors of Varying Thickness for Detecting Analytes in Fluids	7/6/2004
6,610,367	09/910,242	Use of An Array of Polymeric Sensors of Varying Thickness for Detecting Analytes in Fluids	8/26/2003
6,170,318	09/183,724	Methods of Use for Sensor Based Fluid Detection Devices	1/9/2001
6,093,308	09/258,713	Sensors for Detecting Analytes in Fluids	7/25/2000
6,013,229	09/095,376	Sensor Arrays for Detecting Analytes in Fluids	1/11/2000
6,010,616	08/986,500	Sensor Arrays for Detecting Analytes in Fluids	1/4/2000
5,959,191	09/006,279	Sensor Arrays for Detecting Analytes in Fluids	9/28/1999
5,951,846	09/006,142	Sensor Arrays for Detecting Analytes in Fluids	9/14/1999
5,911,872	08/949,730	Sensors for Detecting Analytes in Fluids	6/15/1999
5,891,398	09/154,604	Sensor Arrays for Detecting Analytes in Fluids	4/6/1999
5,788,833	08/696,128	Sensors for Detecting Analytes in Fluids	8/4/1998
5,698,089	08/689,227	Sensor Arrays for Detecting Analytes in Fluids	12/16/1997
5,571,401	08/410,809	Sensor Arrays for Detecting Analytes in Fluids	11/5/1996

Patent #	Serial #	Title	Issue date
DE 0820585	696 05 906.1-08	Sensor Arrays for Detecting Analytes in Fluids	12/29/1999
3,963,474	08-529590/96	Sensor Arrays for Detecting Analytes in Fluids	6/1/2007
1,151,272	99960357.4	Simultaneous Determination of Equilibrium and Kinetic Properties	9/30/2009
918986	97938223.1	Sensor Arrays for Detecting Analytes in Fluids	10/17/2007
820585	96910563.4	Sensor Arrays for Detecting Analytes in Fluids	12/29/1999
8,394,330	09/409,644	Conductive Organic Sensors, Arrays and Methods of Use	3/12/2013
7,966,132	12/082,972	Methods for Remote Characterizations of an Odor	6/21/2011
7,955,561	11/108,538	Colloidal Particles Used in Sensing Arrays	6/7/2011
7,595,023	11/490,732	Spatiotemporal and Geometric Optimization of Sensor Arrays for Detecting Analytes in Fluids	9/29/2009
7,175,885	09/770,089	Compositionally Different Polymer-Based Sensor Elements and Method for Preparing Same	2/13/2007
7,122,152	09/842,204	Spatiotemporal and Geometric Optimization of Sensor Arrays for Detecting Analytes in Fluids	10/17/2006
6,962,675	10/214,794	Use of Spatiotemporal Response Behavior in Sensor Arrays to Detect Analytes in Fluids	11/8/2005
6,773,926	09/963,788	Nanoparticle-Based Sensors for Detecting Analytes in Fluids	8/10/2004
6,631,333	09/596,758	Methods for Remote Characterizations of an Odor	10/7/2003
6,571,603	09/318,900	Method of Resolving Analytes In a Fluid	6/3/2003
6,455,319	09/568,784	Use of Spatiotemporal Response Behavior in Sensor Arrays to Detect Analytes in Fluids	9/24/2002
6,387,329	09/442,074	Use of An Array of Polymeric Sensors of Varying Thickness for Detecting Analytes in Fluids	5/14/2002
6,350,369	09/291,932	Method and System for Determining Analyte Activity	2/26/2002
6,290,911	09/106,791	Compositionally Different Polymer-Based Sensor Elements and Method for Preparing Same	9/18/2001
2,264,839	2264839	Sensors Arrays for Detecting Analytes in Fluids	5/9/2006
993,605	98931709.4	Compositionally Different Polymer-Based Sensor Elements and Method for Preparing Same	4/19/2000
334,530	334530	Sensor Arrays for Detecting Analytes in Fluids	7/6/2000
206,322	992497	Sensor Arrays for Detecting Analytes in Fluids	1/30/2002
193,532	977351	Sensor Arrays for Detecting Analytes in Fluids	9/27/1999
n/a	99930562.6	Polymer/Plasticizer Based Sensor	n/a
n/a	99931777.9	Colloidal Particles Used In Sensing Arrays	n/a
n/a	n/a	A Portable Electronic Nose	n/a
7,359,802	10/618,546	Methods for Remote Characterizations of an Odor	4/15/2008
7,189,353	11/054,055	Use of Spatiotemporal Response Behavior in Sensor Arrays to Detect Analytes in Fluids	3/13/2007
7,144,553	10/651,917	Use of An Array of Polymeric Sensors of Varying Thickness for Detecting Analytes in Fluids	12/5/2006
6,759,010	09/910,243	Use of An Array of Polymeric Sensors of Varying Thickness for Detecting Analytes in Fluids	7/6/2004
6,610,367	09/910,242	Use of An Array of Polymeric Sensors of Varying Thickness for Detecting Analytes in Fluids	8/26/2003
6,170,318	09/183,724	Methods of Use for Sensor Based Fluid Detection Devices	1/9/2001
6,093,308	09/258,713	Sensors for Detecting Analytes in Fluids	7/25/2000
6,013,229	09/095,376	Sensor Arrays for Detecting Analytes in Fluids	1/11/2000
6,010,616	08/986,500	Sensor Arrays for Detecting Analytes in Fluids	1/4/2000
5,959,191	09/006,279	Sensor Arrays for Detecting Analytes in Fluids	9/28/1999
5,951,846	09/006,142	Sensor Arrays for Detecting Analytes in Fluids	9/14/1999
5,911,872	08/949,730	Sensors for Detecting Analytes in Fluids	6/15/1999
5,891,398	09/154,604	Sensor Arrays for Detecting Analytes in Fluids	4/6/1999
5,788,833	08/696,128	Sensors for Detecting Analytes in Fluids	8/4/1998
5,698,089	08/689,227	Sensor Arrays for Detecting Analytes in Fluids	12/16/1997
5,571,401	08/410,809	Sensor Arrays for Detecting Analytes in Fluids	11/5/1996
7,966,132	12/082,972	Methods for Remote Characterizations of an Odor	6/21/2011
6,571,603	09/318,900	Method of Resolving Analytes In a Fluid	6/3/2003
6,350,369	09/291,932	Method and System for Determining Analyte Activity	2/26/2002

On July 2, 2014, the Company filed assignments of all right, title and interest for four United States provisional patent applications that were recorded with the United States Patent and Trademark Office on July 3, 2014. The United States provisional patent applications assigned to the Company were acquired for consideration that included cash and stock. The Company filed an international patent application with an international filing date of July 14, 2014 that cites priority to the four United States provisional patent applications. The international patent application is currently pending with a U.S. National Stage Filing App Ser. No: 14/905,780 entitled Apparatus for Detection and Delivery of Volatilized Compounds and Related Methods filed on January 15, 2016.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a Patent Cooperation Treaty ("PCT") application or a non-provisional patent application, subject to any disclaimers or extensions. The term of a patent in the United States can be adjusted and extended due to the failure of the United States Patent and Trademark Office following certain statutory and regulation deadlines for issuing a patent.

Although we believe that our portfolio of intellectual property rights provides us with a strong and defensible market position from which to commercialize our portable electronic nose and analyzing technology and to build our business by expanding our core technology across a variety of applications, there is no guarantee the patents or patent rights we own will be sufficient to adequately protect the technology owned or licensed by us. We strive to protect the proprietary technologies that we believe are important to our business, including seeking and maintaining patent protection intended to cover the device products, their methods of use, related technology and other inventions that are important to our business. We also rely on trade secrets and monitoring of our proprietary information to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

Government Regulations

Our products require CE Marking (European Conformity), Federal Communications Commission and other government safety approvals. We are working with various partners to secure all approvals. Inasmuch as we are a sensor technology company, except with respect to government regulations related to the cannabis industry described in more detail below, we do not foresee any other probable government regulations on our business outside of normal business practices.

With respect to our CannaDx sensor, there is a substantial amount of change occurring in the United States regarding both the medical and recreational use of cannabis, and a number of individual states have enacted state laws to enable distribution, possession, and use of cannabis for medical, and in some cases, recreational purposes. Despite the development of a legal medical or recreational cannabis industry under certain state laws, cannabis use and possession remains illegal under federal law, and such state laws are in conflict with the Federal Controlled Substances Act. The Obama Administration had effectively stated that it was not an efficient use of resources to direct federal law enforcement agencies to prosecute individuals lawfully abiding by state-designated laws allowing for use and distribution of medical and recreational cannabis. However, there is no guarantee that the Trump Administration will not change the previous Administration's stated policy regarding enforcement of federal laws in states where cannabis has been legalized. Also, the possession, use, cultivation, or transfer of cannabis remains illegal under the Federal Controlled Substances Act. Our CannaDx sensor may be sold to customers that are engaged in the business of possession, use, cultivation, or transfer of cannabis. As a result, law enforcement authorities regulating the illegal use of cannabis may seek to bring an action or actions against us, including, but not limited, to a claim of aiding and abetting another's criminal activities. The federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." 18 U.S.C. §2(a).

Subsidiary

We have one wholly -owned subsidiary, CDx, Inc., a Delaware Corporation which was incorporated on September 16, 2013.

Employees

As of April 23, 2019, we had 1 full-time officer, 1 part-time officer, 1 full-time employee and 5 independent contractors and consultants. For the immediate future, we intend to use independent contractors and consultants to assist in many aspects of our business on an as needed basis pending financial resources being available. Even if we receive sufficient funding to hire additional employees, we may rely principally on independent contractors for substantially all of our technical and manufacturing needs.

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”). Separate from the Mr. Cannabis Warrant and separate from the Mr. Cannabis Consulting Agreement Mr. Cannabis was also issued a common stock purchase warrant to purchase fifteen (15%) of the issued and outstanding shares of the Company’s common stock, par value \$0.001 per share at the time of the first notice of exercise given by Mr. Cannabis to the Company, exercisable at a price of \$0.001 per share and for a term of three years from the date of issuance.

In connection with the Mr. Cannabis Consulting Agreement, Mr. Daniel Yazbeck resigned from his position as the Company’s Chief Executive Officer but remained 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.

ITEM 1A. RISK FACTORS

Investing in our Common Stock involves risk. Before making an investment in our Common Stock, you should carefully consider the risks described below, together with the other information included in this Annual Report and all other reports the Registrant has filed with the SEC and the risks we have highlighted in other sections of this Annual Report. The risks described below are those which we believe are the material risks we face. Any of the risks described below could significantly and adversely affect our business, prospects, financial condition and results of operations. As a result, the trading price of our Common Stock could decline and you may lose part or all of your investment. Additional risks and uncertainties not presently known to us or not currently believed by us to be immaterial may also impact us. The risks discussed below include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements.

Risks Related to our Business

We have a limited operating history and a history of operating losses, and we may not be able to achieve or sustain profitability. In addition, we may be unable to continue as a going concern.

MyDx was incorporated in December 2012 and has a limited operating history. We had not generated any revenues until July 2015. We are not profitable and have incurred losses since our inception. We continue to incur research and development and general and administrative expenses related to our operations.

We have experienced significant losses to date and may require additional capital to fund our operations. The current financial climate may make it more difficult to secure financing, if we need it. If our business model is not successful, or if we are unable to generate sufficient revenue to offset our expenditures, we may not become profitable, and the value of your investment may decline.

We incurred a net loss of approximately \$8,332,000 for the year ended December 31, 2018 and a cumulative deficit of approximately \$39,965,000 as of December 31, 2018.

We expect to continue to incur losses for the foreseeable future, and these losses will likely increase as we continue to commercialize our products. The amount of future losses and when, if ever, we will achieve profitability are uncertain. If our products do not achieve market acceptance, we may never become profitable. The initial cost of completing development of our products and penetrating our anticipated markets will be substantial, and there is no assurance that we will be successful in doing so. Although we shipped our first revenue units in the third quarter of 2015, if we are not successful in growing revenues and controlling costs, we will not achieve profitable operations or positive cash flow, and even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Absent of a significant increase in revenue or additional equity or debt financing, we may not be able to sustain our ability to continue as a going concern.

Furthermore, we are experiencing the costs and uncertainties of a young operating company, including unforeseen costs and difficulties. We cannot be sure that we will be successful in meeting these challenges and addressing these risks and uncertainties. If we are unable to do so, our business will not be successful.

Negative Operating Cash Flow

We reported negative cash flow from operations for the year ended December 31, 2018. It is anticipated that we will continue to report negative operating cash flow in future periods until we are able to increase our product sales volumes.

We believe our cash balance, together with anticipated cash flows from operations, is insufficient to fund our operations for at least the next 12 months. We project that additional funding in the amount of \$500,000 will be required to fund our operations for the next 12 months. Additionally, if we are unable to generate sufficient revenues to pay our expenses, we will need to raise additional funds to continue our operations. We have historically financed our operations through private equity and debt financings. The delays in our ability to ship products and generate revenues may have adversely affected our capital raising opportunities. We do not have any commitments for financing at this time, and financing may not be available to us on favorable terms, if at all. If we are unable to obtain debt or equity financing in amounts sufficient to fund our operations, if necessary, we will be forced to suspend or curtail our operations.

Changes in accounting guidance could have an adverse effect on our results of operations, as reported in our financial statements.

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, which is periodically revised and/or expanded. Accordingly, from time to time we are required to adopt new or revised accounting guidance and related interpretations issued by recognized authoritative bodies, including the Financial Accounting Standards Board and the SEC. Market conditions have prompted these organizations to issue new guidance that further interprets or seeks to revise accounting pronouncements related to various transactions as well as to issue new guidance expanding disclosures. The impact of accounting pronouncements that have been issued but not yet implemented is disclosed in our annual report on Form 10-K and our quarterly reports on Form 10-Q. An assessment of proposed standards is not provided, as such proposals are subject to change through the exposure process and, therefore, their effects on our financial statements cannot be meaningfully assessed. It is possible that future accounting guidance we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have an adverse effect on our results of operations, as reported in our consolidated financial statements.

We are an early-stage company, and as such, we have no meaningful operating or financial history, we have a limited amount of products in the marketplace.

CDx commenced operations in January 2014. Therefore, there is limited historical financial information upon which to base an evaluation of our performance and future prospects. Due to our lack of operating history, our prospects must be considered in light of the uncertainties, risks, expenses, and difficulties frequently encountered by companies in the early-stage of operations, including, without limitation, the following:

- absence of an operating history;
- a limited amount of products in the marketplace;
- insufficient capital;
- expected continual losses for the foreseeable future;
- no history on which to evaluate our ability to anticipate and adapt to a developing market;
- uncertainty as to market acceptance of our initial and future products;
- limited marketing experience and lack of sales organization; and
- competitive and highly regulated environment.

Because we are subject to these risks, potential investors may have a difficult time evaluating our business and their investment in our Company. We may be unable to successfully overcome these risks, any of which could irreparably harm our business.

The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with a new enterprise, the commercial launch of a new product which still requires testing, and the operation in a competitive industry. We expect to sustain losses in the future as we implement our business plan. There can be no assurance that we will ever operate profitably.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all.

Our cash balance as of December 31, 2018 was approximately \$103,000. We do not have adequate funds to fully develop our business, and we need other capital investment to fully implement our business plans. Our current estimate of additional funds required for the next year is \$500,000. We do not have any contracts or commitments for additional funding, and there can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. The inability to obtain additional capital will restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we are unable to obtain additional financing, we will likely be required to curtail our development plans. 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.

While in 2018 we satisfied over \$100,000 in convertible debt used to finance the Company's critical obligations in 2016 and 2017, this same convertible debt used to finance our operations has resulted in heavy dilution and a sharp decline in share price. The Company expects to continue to experience dilution in the near future.

Our director and insider stockholder beneficially owns or controls a majority of our outstanding voting stock, which may limit your ability and the ability of our other stockholders, whether acting alone or together, to propose or direct the management or overall direction of our Company.

On December 23, 2016, the Board designated 51 shares of Preferred Stock as Series A Preferred Stock ("Series A Preferred"). Among other provisions, 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 $102,036 (0.019607 \times 5,000,000) / 0.49 - (0.019607 \times 5,000,000) = 102,036$. On December 23, the 51 shares were issued to Mr. Yazbeck, a 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.

On December 23, 2016, the Company designated 300,000 shares of Preferred Stock as Series B Preferred Stock ("Series B Preferred"). 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. On January 6, all 300,000 shares of the Series B Preferred were issued to Mr. Yazbeck. On June 30, 2017, Mr. Yazbeck sold 100,000 shares of Series B Preferred for proceeds of \$45,000. Mr. Yazbeck then lent the \$45,000 to the Company.

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 the investor who had bought 100,000 shares of Series B Preferred from Mr. Yazbeck in June 2017 converted 3,300 shares of Series B Preferred into 33,000,000 shares of Common Stock. Per the terms of the Series B Preferred Certificate of Designation, upon conversion, the 3,300 shares converted were retired and cancelled and cannot be reauthorized or reissued as shares of Series B Preferred.

During the second quarter of 2018, the investor who had bought 100,000 shares of Series B Preferred from Mr. Yazbeck in June 2017 converted 14,700 shares of Series B Preferred into 147,000,000 shares of Common Stock. Per the terms of the Series B Preferred Certificate of Designation, upon conversion, the 14,700 shares converted were retired and cancelled and cannot be reauthorized or reissued as shares of Series B Preferred.

During the second quarter of 2018, Mr. Yazbeck converted 175,000 shares of Series B Preferred into 1,750,000,000 shares of Common Stock. Per the terms of the Series B Preferred Certificate of Designation, upon conversion, the 175,000 shares converted were retired and cancelled and cannot be reauthorized or reissued as shares of Series B Preferred.

During the second quarter of 2018, Mr. Yazbeck sold his remaining 25,000 shares of Series B Preferred for proceeds of \$290,000 to the same investor who bought 100,000 shares of Series B Preferred from him in June 2017. As of April 23, 2019, \$105,000 of the \$290,000 sale price has been paid by this investor to Mr. Yazbeck. Mr. Yazbeck lent the \$105,000 to the Company.

Following Mr. Yazbeck's second sale of shares of Series B Preferred, there were 107,000 shares of Series B Preferred outstanding all held by one third-party investor. There were zero (0) shares of Series B Preferred available to be issued. As of April 23, 2019, there were still 107,000 shares of Series B Preferred outstanding and held by the same investor.

For the reasons detailed below, these changes to the ownership of the shares of the Series B Preferred have been disruptive to the management and operations of the Company and could have a material adverse effect on our business, operating results, and financial condition.

The third-party investor is currently asserting they have the power to control the election of members of the Board and the approval of actions for which the approval of our stockholders is required, including amendments to our Articles of Incorporation, as amended (the "Articles"), mergers or other business combinations. If you acquire shares of Common Stock, you may have no effective voice in the management of our Company. Such concentrated control of our Company may adversely affect the price of our Common Stock. Such concentrated control may also make it difficult for our stockholders to receive a premium for their shares of our Common Stock in the event we merge with a third party or enter into different transactions which require stockholder approval. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Common Stock. Additionally, this concentration of ownership could discourage or prevent a potential takeover of our Company that might otherwise result in an investor receiving a premium over the market price for his or her shares.

Additionally, this third party may take action that could be a conflict of interest and not in the best interest of all stockholders. Such actions could adversely affect the price of our stock and discourage new stockholders from purchasing shares of our stock.

On July 30, 2018, the Company agreed to eventually issue 45,355 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share to settle outstanding vendor liability. The shares of Series B Preferred Stock will be issued upon an increase in the authorized shares of Series B Preferred. The Company also agreed to 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 has an expiration date of July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,587,425.

On July 31, 2018, the Company agreed to eventually issue 38,272 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share to settle outstanding vendor liability. The shares of Series B Preferred Stock will be issued upon an increase in the authorized shares of Series B Preferred. 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 will expire on July 31, 2020. 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 July 31, 2020. Finally, the Company agreed to issue a new 7.5% Warrant which will expire on July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,262,976.

We have one Independent Board Member and only two Board Members.

Currently, the Company has only two Board members. One of our Board members, Mr. Yazbeck, beneficially owns or controls a majority of our outstanding voting stock. Therefore, the Company does not receive the benefit of independent oversight over actions being taken. Without independent oversight, actions may be taken that may not be in the best interest of all stockholders which could adversely affect the price of our stock and discourage new stockholders from purchasing our stock.

Initially we will be dependent on one product.

Our Aero, Aqua and Organa Sensors we don't plan to commercialize in the next 12 months. Therefore, the CannaDx sensor, the Eco Smart Pen, and future version of the MyDx App will account for a substantial portion of our revenues for the foreseeable future. As a result, our future operating results are dependent upon market acceptance of those products, only one of which has been commercially launched as of the date hereof. Factors adversely affecting the pricing of, demand for, or market acceptance of the sensors, such as regulatory complications, competition, or technological change, could have a material adverse effect on our business, operating results, and financial condition.

One of our initial products, the CannaDx sensor, relates to cannabis, which is a controlled substance under federal law.

Despite the development of a legal medical or recreational cannabis industry under certain state laws, cannabis use and possession remains illegal under federal law, and such state laws are in conflict with the Federal Controlled Substances Act. Since our initial product, the CannaDx sensor, relates to the use of cannabis, it may generate public controversy and be the subject of federal regulation or other action. Political and social pressures and negative publicity could limit or restrict the introduction and marketing of our initial or future product candidates. Adverse publicity from cannabis misuse, adverse side effects from cannabis or other cannabinoid products may harm the commercial success or market penetration achievable by our CannaDx sensor. The nature of our CannaDx sensor product attracts a high level of public and media interest, and in the event of any resultant negative publicity, our reputation may be harmed.

Laws and regulations affecting the cannabis industry are constantly changing, which could detrimentally affect our business, and we cannot predict the impact that future legislation or changes in enforcement practices may have on our company.

There is a substantial amount of change occurring in the United States regarding both the medical and recreational use of cannabis, and a number of individual states have enacted state laws to enable distribution, possession, and use of cannabis for medical, and in some cases, recreational purposes. The Obama Administration had effectively stated that it was not an efficient use of resources to direct federal law enforcement agencies to prosecute individuals lawfully abiding by state-designated laws allowing for use and distribution of medical and recreational cannabis. However, there is no guarantee that the Trump Administration will not change the previous Administration's stated policy regarding enforcement of federal laws in states where cannabis has been legalized.

Future active enforcement of the current federal regulatory position on cannabis on a regional or national basis may directly and adversely affect the willingness of customers to invest in or buy our CannaDx sensor, which is used in connection with cannabis. In addition, federal or state legislation could be enacted in the future that could prohibit customers of our CannaDx sensor from distributing, possessing, or using cannabis. If such legislation were enacted, customers may discontinue use of our CannaDx sensor, our potential source of customers would be reduced, and our revenues may decline. Violation of any federal or state law, or allegations of such violations, could disrupt our business and result in a material adverse effect on our revenues, profitability, and financial condition.

As the possession and use of cannabis is illegal under the Federal Controlled Substances Act, we may be deemed to be aiding and abetting illegal activities through the services that we provide to users, and as such may be subject to enforcement actions which could materially and adversely affect our business

The possession, use, cultivation, or transfer of cannabis remains illegal under the Federal Controlled Substances Act. Our CannaDx sensor may be sold to customers that are engaged in the business of possession, use, cultivation, or transfer of cannabis. As a result, law enforcement authorities regulating the illegal use of cannabis may seek to bring an action or actions against us, including, but not limited to, a claim of aiding and abetting another's criminal activities. The federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." 18 U.S.C. §2(a). As a result of such an action, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

Due to the use of our first product, the CannaDx sensor, in the cannabis industry, we may have a difficult time obtaining the various insurances that are desired to operate our business, which may expose us to additional risk and financial liabilities.

Insurance that is generally readily available, such as workers compensation, general liability, and directors and officers insurance, may be more difficult for us to find, and more expensive, because our CannaDx sensor provides a service to companies and customers in the cannabis industry. There are no guarantees that we will be able to secure such insurances in the future, or that the cost will be affordable to us. If we are forced to go without such insurances, we may be prevented from entering into certain business sectors, our growth may be inhibited, and we may be exposed to additional risks and financial liabilities.

We expect to derive revenue from sales of our MyDx units and other products we may develop. If we fail to generate revenue from these sources, our results of operations and the value of our business will be materially and adversely affected.

We expect our revenue to be generated from our MyDx units and other products we may develop. Future sales of these products, if any, will be subject to, among other things, possible receipt of governmental approvals and commercial and market uncertainties that may be outside of our control. If we fail to generate our intended revenues from these products, our results of operations and the value of our business and securities would be materially affected.

We may not be able to compete effectively against products introduced into our market space.

The industry surrounding handheld consumer analyzers is rapidly evolving, and the market landscape is currently uncertain. However, we expect that as consumers begin to learn and adapt to having handheld analyzer capability, products that will compete with our offerings will rapidly proliferate. These competitive products could have similar applications, perhaps using superior technology, and may provide additional benefits that our sensors do not. We expect that the market could be occupied by larger competitors with greater financial and other resources, which could hinder our market share. We may be forced to modify or alter our business and regulatory strategy, as well as our sales and marketing plans, in response to, among other things, changes in the market, competition, and technological limitations. Such modifications may pose additional delays in achieving our goals.

We rely on third parties to manufacture and supply all of our initial products.

Our initial products are manufactured by third parties. If these manufacturing partners are unable to produce our products or component parts in the amounts or on the timeline that we require, the development and initial commercialization of our products may be delayed, depriving us of potential product revenue and resulting in other losses. Our ability to replace any then-existing manufacturer may be difficult because the number of potential manufacturers is limited. It may be difficult or impossible for us to identify and engage a replacement manufacturer on acceptable terms in a timely manner, or at all. If we need to engage a replacement manufacturer but are unable to do so, our business and results of operations could be severely impacted.

We depend on third-party suppliers for materials and components for our products.

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.

We may be subject to product liability claims, and may not have sufficient product liability insurance to cover any such claims, which may expose us to substantial liabilities.

We may be exposed to product liability claims from consumers of our products. It is possible that any product liability insurance coverage we obtain will be insufficient to protect us from future claims. Further, we may not be able to obtain or maintain insurance on acceptable terms or such insurance may be insufficient to cover any potential product liability claim or recall. Failure to obtain or maintain sufficient insurance coverage could have a material adverse effect on our business, prospects, and results of operations if claims are made that exceed our coverage.

From time to time we may need to license patents, intellectual property, and proprietary technologies from third parties, which may be difficult or expensive to obtain.

We may need to obtain licenses to patents and other proprietary rights held by third parties to successfully develop, manufacture and market our products. As an example, it may be necessary to use a third party's proprietary technology to reformulate a product in order to create a new type of sensor in response to market demand, or to improve the abilities of our current sensors. If we are unable to timely obtain these licenses on reasonable terms, our ability to commercially exploit our products may be inhibited or prevented.

If we are unable to adequately protect our technology or enforce our intellectual property rights, our business could suffer.

Our success with the products we will develop will depend, in part, on our ability to obtain and maintain patent protection for these products. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and the patent's scope can be modified after issuance. Furthermore, if patent applications that we file or license are not approved or, if approved, are not upheld in a court of law, our ability to competitively exploit our products would be substantially harmed. Additionally, such patents may or may not provide competitive advantages for their respective products or they may be challenged or circumvented by our competitors, in which case our ability to commercially exploit any related products may be diminished.

We also will rely on trade secret and contractual protections for our unpatented, confidential, and proprietary technology. Trade secrets are difficult to protect. While we will enter into proprietary information agreements with certain of our employees, consultants, and others, these agreements may not successfully protect our trade secrets or other confidential and proprietary information. It is possible that these agreements will be breached, or that they will not be enforceable in every instance, and that we will not have adequate remedies in the case of any such breach. It is also possible that our trade secrets will become known or independently developed by our competitors. If we are unable to adequately protect our technology, trade secrets, or proprietary know-how, or enforce our patents, our business, financial condition, and prospects could suffer.

In addition to patents, we expect to rely on a combination of trade secrets, copyright and trademark laws, nondisclosure agreements and other contractual provisions and technical security measures to protect our intellectual property rights. These measures may not be adequate to safeguard our technology. If they do not protect our rights adequately, third parties could use our technology, and our ability to compete in the market would be reduced. Although we are attempting to obtain patent coverage for our technology where available and where we believe appropriate, there are aspects of the technology for which patent coverage may never be sought or received. We may not possess the resources to or may not choose to pursue patent protection outside the United States or any or every country other than the United States where we may eventually decide to sell our future products. Our ability to prevent others from making or selling duplicate or similar technologies will be impaired in those countries in which we have no patent protection. Although we have in excess of 30 licensed issued patents as well as pending patent applications on file in the United States protecting aspects of our technology under development, our patents may not issue as a result of those applications drawing priority or otherwise based on those patent applications, may issue only with limited coverage or may issue and be subsequently successfully challenged by others and held invalid or unenforceable.

Similarly, even if patents do issue based on our applications or future applications, any issued patents may not provide us with any competitive advantages. Competitors may be able to design around our patents or develop products that provide outcomes comparable or superior to ours. Our patents may be held invalid or unenforceable as a result of legal challenges by third parties, and others may challenge the inventorship or ownership of our patents and pending patent applications. In addition, if we choose to and are able to secure protection in countries outside the United States, the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of the United States. In the event a competitor infringes upon our patent or other intellectual property rights, enforcing those rights may be difficult and time consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents against a challenge.

Our strategy is to deploy our technology into the market, license patent and other proprietary rights to aspects of our technology to third parties and customers. Disputes with our licensors may arise regarding the scope and content of these licenses. Further, our ability to expand into additional fields with our technologies may be restricted by existing licenses or licenses we may grant to third parties in the future.

The policies we use to protect our trade secrets may not be effective in preventing misappropriation of our trade secrets by others. In addition, confidentiality agreements executed by our employees, consultants and advisors may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure. Litigating a trade secret claim is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge methods and know-how. If we are unable to protect our intellectual property rights, we may be unable to prevent competitors from using our own inventions and intellectual property to compete against us, and our business may be harmed.

We may be subject to patent infringement or other intellectual property lawsuits that could be costly to defend.

Because our industry is characterized by competing intellectual property, we may become involved in litigation based on claims that we have violated the intellectual property rights of others. Determining whether a product infringes a patent involves complex legal and factual issues, and the outcome of patent litigation actions is often uncertain. No assurance can be given that third party patents containing claims covering our products, parts of our products, technology or methods do not exist, have not been filed, or could not be filed or issued. Because of the number of patents issued and patent applications filed in our technical areas or fields (including some pertaining specifically to wireless charging technologies), our competitors or other third parties may assert that our products and technology and the methods we employ in the use of our products and technology are covered by United States or foreign patents held by them. In addition, because patent applications can take many years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending which may result in issued patents that our technology under development or other future products would infringe. Also, because the claims of published patent applications can change between publication and patent grant, there may be published patent applications that may ultimately issue with claims that we infringe. There could also be existing patents that one or more of our technologies, products or parts may infringe and of which we are unaware. As the number of competitors in the market for wire-free power and alternative recharging solutions increases, and as the number of patents issued in this area grows, the possibility of patent infringement claims against us increases. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

Intellectual property litigation is increasingly common and increasingly expensive, and may result in restrictions on our business and substantial costs, even if we prevail.

Patent and other intellectual property litigation is becoming more common, and such litigation may be necessary to defend against or assert claims of infringement, to protect trade secrets, to determine the scope and validity of proprietary rights of third parties, or to enforce our patent rights, including those we may license from others. Currently, no third party is asserting that we are infringing upon their patent or other intellectual property rights, nor are we aware or believe that we are infringing or will infringe upon any third party's patent or other intellectual property rights. We may, however, currently be infringing or infringe in the future upon a third party's patent or other intellectual property rights. In that event, litigation asserting such claims might be initiated in which we may not prevail, or may not be able to obtain the necessary licenses on reasonable terms, if at all. All such litigation, whether meritorious or not, as well as litigation initiated by us against third parties, is time-consuming and very expensive to defend or prosecute and to resolve. In addition, if we infringe the intellectual property rights of others, we could lose our right to develop, manufacture, or sell our products or could be required to pay monetary damages or royalties to license proprietary rights from third parties. An adverse determination in a judicial or administrative proceeding or a failure to obtain necessary licenses could prevent us from manufacturing or selling our products, which could harm our business, financial condition, and prospects.

If our competitors prepare and file patent applications in the United States that claim technology we also claim, we may have to participate in interference or derivation proceedings required by the United States Patent and Trademark Office to determine priority of invention, which could result in substantial costs, even if we ultimately prevail. Results of these proceedings are highly unpredictable and may result in us having to try to obtain licenses in order to continue to develop or market our product candidate.

If our competitors file administrative challenges of our patent applications after grant, we may have to participate in post-grant challenge proceedings, such as oppositions, inter-partes review, post grant review or a derivation proceeding, that challenge our entitlement to an invention or the patentability of one or more claims in our patent applications or issued patents. Such proceedings could result in substantial costs, even if we ultimately prevail. Results of these proceedings are highly unpredictable and may result in us losing proprietary intellectual property rights as claimed in the challenged patents.

We may encounter unanticipated obstacles to execution of our business plan which may cause us to change or abandon our current business plan.

Our business plan may change significantly based on our encountering unanticipated obstacles. Many of our potential business endeavors are capital intensive, and may be subject to statutory or regulatory requirements and other factors that we cannot control, and which could be detrimental to our business plan. We believe that our chosen undertakings and strategies make our plans achievable in light of current economic and legal conditions and with the skills, background, and knowledge of our management team and advisors. We reserve the right to make significant modifications to our stated strategies depending on future events.

We depend on contract manufacturers to manufacture substantially all of our products, and any delay or interruption in manufacturing by these contract manufacturers would result in delayed or reduced shipments to our customers and may harm our business.

We have various manufacturers for the components of our products, including Next Dimension Technologies, Inc. We do not have long-term purchase agreements with our contract manufacturers and we depend on a concentrated group of contract manufacturers for a substantial portion of manufacturing our products. There can be no assurance that our contract manufacturers will be able or willing to reliably manufacture our products, in volumes, on a cost-effective basis or in a timely manner. If we cannot compete effectively for the business of these contract manufacturers, or if any of the contract manufacturers experience financial or other difficulties in their businesses, our revenue and our business could be adversely affected. In particular, if Next Dimension Technologies decides to cease doing business with us or becomes subject to bankruptcy proceedings, we may not be able to obtain the sensors for our products, which could be detrimental to our business.

Risks Related to Our Common Stock

There is currently a limited public trading market for our Common Stock and one may never develop.

There currently is a limited public trading market for our securities, and it is not assured that any such public market will develop in the foreseeable future. While this is true of any small cap company, the fact that one of our initial products is a device that will be associated with the use of cannabis, the legal status of which has not been completely resolved at the state level in many states or on the federal level, may make the path to a listing on an exchange or actively traded in the over-the-counter market more problematic. Moreover, there can be no assurance that even if our Common Stock is approved for listing on an exchange or is quoted in the over-the-counter market in the future, that an active trading market will develop or be sustained. Therefore, we cannot predict the prices at which our Common Stock will trade in the future, if at all. As a result, our investors may have limited or no ability to liquidate their investments.

Trading in the Common Stock is conducted on the OTC Pink Current Information marketplace owned by OTC Markets Group Inc., as we currently do not meet the initial listing criteria for any registered securities exchange. The OTC Pink is a less recognized marketplace than the registered securities exchanges and is often characterized by low trading volume and significant price fluctuations. These and other factors may further impair our stockholders' ability to sell their shares when they want to and/or could depress our stock price. As a result, stockholders could find it difficult to dispose of, or obtain accurate quotations of the price of our securities because smaller quantities of shares could be bought and sold, transactions could be delayed and security analyst and news coverage of our Company may be limited. If a public market for our Common Stock does develop, these factors could result in lower prices and larger spreads in the bid and ask prices for our shares of Common Stock.

The market price of our Common Stock may be highly volatile and such volatility could cause you to lose some or all of your investment.

The market price of our Common Stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- the announcement of new products or product enhancements by us or our competitors;
- developments concerning intellectual property rights;
- changes in legal, regulatory, and enforcement frameworks impacting our products;
- variations in our and our competitors' results of operations;
- fluctuations in earnings estimates or recommendations by securities analysts, if our Common Stock is covered by analysts;
- the results of product liability or intellectual property lawsuits;
- future issuances of Common Stock or other securities;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- general market conditions and other factors, including factors unrelated to our operating performance.

Further, the stock market has recently experienced extreme price and volume fluctuations. The volatility of our Common Stock could be further exacerbated due to low trading volume. Continued market fluctuations could result in extreme volatility in the price of our Common Stock, which could cause a decline in the value of our Common Stock and the loss of some or all of our investors' investment.

Some or all of the "restricted" shares of our Common Stock held by our stockholders, may be offered from time to time in the open market pursuant to an effective registration statement under the Securities Act, or without registration pursuant to Rule 144 promulgated thereunder, and these sales may have a depressive effect on the market price of our Common Stock.

A significant numbers of shares of our Common Stock held by our officer and director and our employees may become tradable in the near future based on meeting the restrictions pursuant to Rule 144. Such future transactions may have an adverse effect on the market price of our Common Stock.

Because our Common Stock is a “penny stock,” it may be more difficult for investors to sell shares of our Common Stock, and the market price of our Common Stock may be adversely affected.

Our Common Stock is a “penny stock” because, among other things, the stock price is below \$5.00 per share, it is not listed on a national securities exchange, and the Company has not met certain net tangible asset or average revenue requirements. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. This risk-disclosure document provides information about penny stocks and the nature and level of risks involved in investing in the penny-stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that the penny stock is a suitable investment for the purchaser and obtain the purchaser’s written agreement to the purchase. Broker-dealers must also provide customers that hold penny stock in their accounts with such broker-dealer a monthly statement containing price and market information relating to the penny stock. If a penny stock is sold to an investor in violation of the penny stock rules, the investor may be able to cancel its purchase and get their money back.

The penny stock rules may make it difficult for stockholders to sell their shares of our Common Stock. Because of the rules and restrictions applicable to a penny stock, there is less trading in penny stocks and the market price of our Common Stock may be adversely affected. Also, many brokers choose not to participate in penny stock transactions. Accordingly, stockholders may not always be able to resell their shares of our Common Stock publicly at times and prices that they feel are appropriate.

Financial Industry Regulatory Authority, Inc. (“FINRA”) sales practice requirements may limit a shareholder’s ability to buy and sell our common shares.

In addition to the “penny stock” rules described above, FINRA has adopted rules that require that in recommending an investment to a client, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that client. Prior to recommending speculative low priced securities to their non-institutional clients, broker-dealers must make reasonable efforts to obtain information about the client’s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some clients. FINRA requirements make it more difficult for broker-dealers to recommend that their clients buy our common shares, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

We may be the subject of securities class action litigation due to future stock price volatility.

In the past, when the market price of a stock has been volatile, holders of that stock have often instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management.

We have never paid dividends on our Common Stock, and we do not anticipate paying any dividends in the foreseeable future.

We have paid no cash dividends on our Common Stock to date. We currently intend to retain our future earnings, if any, to fund the development and growth of our business. In addition, the terms of any future debt or credit facility, if any, may preclude us from paying dividends. As a result, capital appreciation, if any, of our Common Stock will be our stockholders’ sole source of gain for the foreseeable future.

Our Common Stock is quoted on the OTC Pink, which may be detrimental to investors.

Our Common Stock is currently quoted on the OTC Pink. Stocks quoted on the OTC Pink generally have limited trading volume and exhibit a wide spread between the bid/ask quotation. Accordingly, you may not be able to sell your shares quickly or at the market price if trading in our stock is not active.

Because we became public by means of a reverse merger, we may not be able to attract the attention of brokerage firms.

Additional risks may exist because we became public through a “reverse merger.” Securities analysts of brokerage firms may not provide coverage of our Company since there is little incentive for brokerage firms to recommend the purchase of our Common Stock. No assurance can be given that brokerage firms will want to conduct secondary offerings on our behalf in the future.

Compliance with the reporting requirements of federal securities laws can be expensive.

We are a public reporting company in the United States, and accordingly, subject to the information and reporting requirements of the Exchange Act and other federal securities laws, and the compliance obligations of the Sarbanes-Oxley Act of 2002. The costs of preparing and filing annual and quarterly reports and other information with the SEC and furnishing audited reports to stockholders are substantial. If we do not provide current information about our Company to market makers, they will not be able to trade our stock. Failure to comply with the applicable securities laws could result in private or governmental legal action against us or our officers and directors, which could have a detrimental impact on our business and financials, the value of our stock, and the ability of stockholders to resell their stock.

There are limitations in connection with the availability of quotes and order information on the OTC Pink.

Trades and quotations on the OTC Pink involve a manual process and the market information for such securities cannot be guaranteed. In addition, quote information, or even firm quotes, may not be available. The manual execution process may delay order processing and intervening price fluctuations may result in the failure of a limit order to execute or the execution of a market order at a significantly different price. Execution of trades, execution reporting and the delivery of legal trade confirmation may be delayed significantly. Consequently, one may not be able to sell shares of our Common Stock at the optimum trading prices.

There are delays in order communication on the OTC Pink.

Electronic processing of orders is not available for securities traded on the OTC Pink and high order volume and communication risks may prevent or delay the execution of one's OTC Pink trading orders. This lack of automated order processing may affect the timeliness of order execution reporting and the availability of firm quotes for shares of our Common Stock. Heavy market volume may lead to a delay in the processing of OTC Pink security orders for shares of our Common Stock, due to the manual nature of the market. Consequently, one may not be able to sell shares of our Common Stock at the optimum trading prices.

There is a risk of market fraud on the OTC Pink.

OTC Pink securities are frequent targets of fraud or market manipulation. Not only because of their generally low price, but also because the OTC Pink reporting requirements for these securities are less stringent than for securities on a national securities exchange, and no exchange requirements are imposed. Dealers may dominate the market and set prices that are not based on competitive forces. Individuals or groups may create fraudulent markets and control the sudden, sharp increase of price and trading volume and the equally sudden collapse of the market price for shares of our Common Stock.

There is a limitation in connection with the editing and canceling of orders on the OTC Pink.

Orders for OTC Pink securities may be canceled or edited like orders for other securities. All requests to change or cancel an order must be submitted to, received and processed by the OTC Markets. Due to the manual order processing involved in handling OTC Pink trades, order processing and reporting may be delayed, and one may not be able to cancel or edit one's order. Consequently, one may not be able to sell its shares of our Common Stock at the optimum trading prices.

Increased dealer compensation could adversely affect our stock price.

The dealer's spread (the difference between the bid and ask prices) may be large and may result in substantial losses to the seller of shares of our Common Stock on the OTC Pink if the stock must be sold immediately. Further, purchasers of shares of our Common Stock may incur an immediate "paper" loss due to the price spread. Moreover, dealers trading on the OTC Pink may not have a bid price for shares of our Common Stock on the OTC Pink. Due to the foregoing, demand for shares of our Common Stock on the OTC Pink may be decreased or eliminated.

The Board has the right to issue additional shares of Common Stock or preferred stock, without stockholder consent, which could have the effect of creating substantial dilution or impeding or discouraging a takeover transaction.

Pursuant to our certificate of incorporation, the Board may issue additional shares of common or preferred stock. Any additional issuance of Common Stock or the issuance of preferred stock could have the effect of impeding or discouraging the acquisition of control of us by means of a merger, tender offer, proxy contest or otherwise, including a transaction in which our stockholders would receive a premium over the market price for their shares, thereby protecting the continuity of our management. Specifically, if in the due exercise of its fiduciary obligations, the Board was to determine that a takeover proposal was not in the best interest of the Company or our stockholders, shares could be issued by the Board without stockholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover by:

- diluting the voting or other rights of the proposed acquirer or insurgent stockholder group;
- putting a substantial voting block in institutional or other hands that might undertake to support the incumbent board of directors; or
- effecting an acquisition that might complicate or preclude the takeover

Our investors' ownership in the Company may be diluted in the future.

In the future, we may issue additional authorized but previously unissued equity securities, resulting in the dilution of ownership interests of our present stockholders. We expect to need to issue a substantial number of shares of Common Stock or other securities convertible into or exercisable for Common Stock in connection with hiring or retaining employees, future acquisitions, raising additional capital in the future to fund our operations, and other business purposes. On December 25, 2016, Mr. Yazbeck, in his separate capacities as sole Board member and as the holder of a majority of the Company's voting shares, voted to ratify the MyDx, Inc. 2017 Stock Incentive Plan (the "Plan"). There were 150,000,000 million shares available to be issued pursuant to the Plan. In the year ended December 31, 2017, 143,500,000 shares were issued under the Plan.

On July 5, 2018, Mr. Yazbeck, in his separate capacities as sole Board member and as the holder of a majority of the Company's voting shares, voted to adopt the MyDx, Inc. 2018 Stock Incentive Plan (the "2018 Plan"). There are 150,000,000 million shares available to be issued pursuant to the 2018 Plan. Between July 5, 2018 and April 23, 2019, 0 shares have been issued.

Mr. Yazbeck controls a majority of our voting stock, and he may make decisions that our stockholders do not consider to be in their best interests.

As of the date of this Report, Mr. Yazbeck, a member of our Board, and affiliated entities beneficially controls, in the aggregate, approximately 82.18% of our outstanding voting stock. Mr. Yazbeck owns 45.83% of the shares of Common Stock outstanding, however, via his control of the "super-voting" shares of Series A Preferred Stock, Mr. Yazbeck controls a majority of our voting stock. As a result, Mr. Yazbeck has the ability to exert substantial influence over the election of the Board and the outcome of issues requiring approval by our stockholders. This concentration of ownership may also have the effect of delaying or preventing a change in control of our Company that may be favored by other stockholders. This could prevent transactions in which stockholders might otherwise recover a premium for their shares over current market prices. This concentration of ownership and influence in management and the Board's decision-making could also harm the price of our capital stock by, among other things, discouraging a potential acquirer from seeking to acquire shares of our capital stock (whether by making a tender offer or otherwise) or otherwise attempting to obtain control of our Company.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or detect fraud. Consequently, investors could lose confidence in our financial reporting and this may decrease the trading price of our stock.

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 years ended December 31, 2018 and 2017, we and our auditors 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.

Our future operating results may vary substantially from period to period and may be difficult to predict.

On an annual and a quarterly basis, there are a number of factors that may affect our operating results, many of which are outside our control. These include, but are not limited to:

- changes in market demand;
- customer cancellations;
- competitive market conditions;
- new product introductions by us or our competitors;
- market acceptance of new or existing products;
- cost and availability of components;
- timing and level of expenditures associated with new product development activities;
- mix of our customer base and sales channels;
- mix of products sold;
- continued compliance with industry standards and regulatory requirements; and
- general economic conditions.

These factors are difficult to forecast and may contribute to substantial fluctuations in our quarterly revenues and substantial variation from our projections. Any failure to meet investor expectations regarding our operating results may cause our stock price to decline.

We may experience delays in introducing products or services to the market and our products or services may contain defects which could seriously harm our results of operations.

We may experience delays in introducing new or enhanced products or services to the market. Such delays, whether caused by factors such as unforeseen technology issues or otherwise, could negatively impact our sales revenue in the relevant period. In addition, we may terminate new product, service or enhancement development efforts prior to any introduction of a new product, service or enhancement. Any delays for new offerings currently under development or any product defect issues or product recalls could adversely affect the market acceptance of our products or services, our ability to compete effectively in the market, and our reputation, and therefore, could lead to decreased sales and could seriously harm our results of operations.

Our success also depends on third parties in our distribution channels.

Our plan is to sell our products both directly to customers and through distribution channels. We may not be successful in developing additional distribution. In addition, distributors and resellers may not dedicate sufficient resources or give sufficient priority to selling our products. Our failure to develop new distribution channels, the loss of a distribution relationship or a decline in the efforts of a reseller or distributor could adversely affect our business.

Risks Related to Our Financial Condition

The impact of the current economic climate and tight financing markets may impact consumer demand for our products and services.

Our customers often have limited discretionary funds, which they may choose to spend on items other than our products and services. If our customers experience economic hardship, it could negatively affect the overall demand for our products and services, could cause delay and lengthen sales cycles and could cause our revenue to decline.

Although we maintain allowances for returns and doubtful accounts for estimated losses resulting from product returns and the inability of our customers to make required payments, and such losses have historically been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same return and bad debt rates that we have in the past, especially given the current economic conditions. Additionally, challenging economic conditions could have a negative impact on the results of our operations.

We have experienced significant losses to date and may require additional capital to fund our operations. The current financial climate may make it more difficult to secure financing, if we need it. If our business model is not successful, or if we are unable to generate sufficient revenue to offset our expenditures, we may not become profitable, and the value of your investment may decline.

We incurred a net loss of approximately \$8,332,000 for the year ended December 31, 2018 and a cumulative deficit of approximately \$39,965,000 as of December 31, 2018.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. DESCRIPTION OF PROPERTIES

The Company owns no properties. Since September 1, 2018, the Company has subleased 1,000 square feet of office and space at 6335 Ferris Square, Suite B, San Diego, California. The sublease is a month-to-month arrangement and there is a net rent of \$0 per month due to the Company's sublessor leasing furniture from the Company for \$1,000 per month (the same amount as the monthly rental cost to the Company).

The Company believes its leased office and laboratory space are adequate for its current needs.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, we are subject to claims and litigation, including claims that we infringe third party patents, trademarks and other intellectual property rights. Although we believe it is unlikely that any current claims or actions will have a material adverse impact on our operating results or our financial position, given the uncertainty of litigation, we cannot be certain of this. Moreover, the defense of claims or actions against us, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Our involvement in any patent dispute, other intellectual property dispute or action to protect trade secrets and know-how could result in a material adverse effect on our business. Adverse determinations in current litigation or any other litigation in which we may become involved and regulatory non-compliance, including with respect to export regulations, could subject us to significant liabilities to third parties or government agencies, require us to grant licenses to or seek licenses from third parties and prevent us from manufacturing and selling our products. Any of these situations could have a material adverse effect on our business.

All Quality & Services, Inc. Matter

On October 18, 2018, ALL QUALITY & SERVICES, INC., a California corporation ("AQS"), filed a complaint (the "AQS Complaint") in the Superior Court of California, County of Alameda against the Company alleging breach of contract relating to certain purchase orders and purchases related thereto. On February 14, 2019, the Company settled the matter with AQS by paying \$25,000 cash to AQS and agreeing to pay a minimum of \$15,000 each month until 2,000 units have been purchased from AQS which shall not be later than March 1, 2021.

Lawsuit Against Jerome Dewald and Skip Sanzeri

As previously disclosed, in July 2017, the Company and its CEO (collectively, the "Plaintiffs") filed a lawsuit against Jerome Dewald and Skip Sanzeri. On or about July 9, 2018, the Company settled with Mr. Dewald and has dismissed the matter with prejudice as to Mr. Dewald. On or about July 25, 2018, the Company settled with Mr. Sanzeri, which settlement calls for settlement payments of \$1,000 per month over the course of five months, after which the Company will dismiss the matter as to Mr. Sanzeri and fully dispose of the lawsuit. As of April 23, 2019, all five \$1,000 payments have been made to the Company and the matter has not yet been dismissed.

Lawsuit Against Bright Light Marketing, Inc.

On March 10, 2017, the Company and Bright Light Marketing, Inc. ("BLM") entered into a Settlement Agreement (the "BLM Settlement"). Pursuant to the BLM Settlement, BLM was to pay the Company a total of \$217,500 over the twelve (12) months following March 13, 2017. BLM's first payment of \$100,000 was due within thirty (30) business days of the signing of the BLM Settlement. BLM was then to pay the Company \$10,000 per month on the first day of the next eleven (11) months and the final payment of \$7,500 was due on March 1, 2018.

As of January 22, 2018, BLM had not made any payments to the Company pursuant to the BLM Settlement. On that date, the Company filed a complaint in Superior Court of California against BLM to enforce the BLM Settlement amount of \$217,500 and to collect interest at the default rate of \$47.67 per day. In addition, the Company is seeking court costs and attorney's fees. BLM answered the complaint on March 12, 2018. The initial case management conference was in May 2018. Defendant did not make an appearance and the court set a continued case management conference for July 24, 2018, where the court struck the answer for BLM. The court set trial for May 13, 2019 at 8:30 a.m. and required MyDx's counsel to reach out to defendant for settlement purposes.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for our Common Stock

PRICE RANGE OF OUR COMMON STOCK AND DIVIDEND INFORMATION

Our Common Stock trades publicly on the OTC Pink Current Information marketplace of the OTC Markets Group Inc under the symbol "MYDX".

The trading volume of our securities fluctuates and may be limited during certain periods. As a result of these volume fluctuations, the liquidity of an investment in our securities may be adversely affected.

Shareholders of Record

As of April 23, 2019, an aggregate of 3,905,200,946 shares of our Common Stock were issued and outstanding and owned by approximately 155 shareholders of record. Due to shares of our Common Stock being held by depositaries, brokers and other nominees, the number of beneficial holders of our shares is substantially larger than the number of stockholders of record.

On December 23, 2016, the Board designated 51 shares of Series A Preferred Stock. Among other provisions, 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 of the Company 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 of the Company 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 $102,036 (0.019607 \times 5,000,000) / 0.49 - (0.019607 \times 5,000,000) = 102,036$. The 51 shares were issued to Daniel Yazbeck, the Company's 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.

On December 23, 2016, the Company designated 300,000 shares of Preferred Stock as 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. On January 6, the 300,000 shares of the Series B Preferred were issued to Mr. Yazbeck. On June 30, 2017, Mr. Yazbeck sold 100,000 shares of Series B Preferred for net proceeds of \$45,000. Mr. Yazbeck then lent the \$45,000 to the Company.

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 the investor who had bought 100,000 shares of Series B Preferred from Mr. Yazbeck in June 2017 converted 3,300 shares of Series B Preferred into 33,000,000 shares of Common Stock. Per the terms of the Series B Preferred Certificate of Designation, upon conversion, the 3,300 shares converted were retired and cancelled and cannot be reauthorized or reissued as shares of Series B Preferred.

During the second quarter of 2018, the investor who had bought 100,000 shares of Series B Preferred from Mr. Yazbeck in June 2017 converted 14,700 shares of Series B Preferred into 147,000,000 shares of Common Stock. Per the terms of the Series B Preferred Certificate of Designation, upon conversion, the 14,700 shares converted were retired and cancelled and cannot be reauthorized or reissued as shares of Series B Preferred.

During the second quarter of 2018, Mr. Yazbeck converted 175,000 shares of Series B Preferred into 1,750,000,000 shares of Common Stock. Per the terms of the Series B Preferred Certificate of Designation, upon conversion, the 175,000 shares converted were retired and cancelled and cannot be reauthorized or reissued as shares of Series B Preferred.

During the second quarter of 2018, Mr. Yazbeck sold his remaining 25,000 shares of Series B Preferred for proceeds of \$29,000 to the same investor who bought 100,000 shares of Series B Preferred from him in June 2017. As of April 23, 2019, \$105,000 of the \$290,000 sale price has been paid by this investor to Mr. Yazbeck. Mr. Yazbeck lent the \$105,000 to the Company.

Following Mr. Yazbeck's second sale of shares of Series B Preferred, there were 107,000 shares of Series B Preferred outstanding all held by one third-party investor. There were zero (0) shares of Series B Preferred available to be issued. As of April 23, 2019, there were still 107,000 shares of Series B Preferred outstanding and held by the same investor.

On July 30, 2018, the Company agreed to eventually issue 45,355 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share to settle outstanding vendor liability. The shares of Series B Preferred will be issued upon an increase in the authorized shares of Series B Preferred. The Company also agreed to issue a 7.5% Warrant with an expiration date of July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B shares and therefore, have recorded them as a liability at their fair value of \$1,587,425.

On July 31, 2018, the Company agreed to eventually issue 38,272 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share to settle outstanding vendor liability. The shares of Series B Preferred will be issued upon an increase in the authorized shares of Series B Preferred. 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 will expire on July 31, 2020. 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 July 31, 2020. Finally, the Company agreed to issue a new 7.5% Warrant which will expire on July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,262,976.

Recent Sales of Unregistered Securities

During the year ended December 31, 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 on a Quarterly Report on Form 10-Q as follows:

On May 7, 2018, YCIG acquired 1,750,000,000 shares of the Company's common stock through the conversion of 175,000 shares of the Company's Series B Preferred via a cashless conversion of the stated value of \$1.00 per Series B Preferred share divided by a conversion price of \$0.0001 per share.

On July 23, 2018, the Company issued a 12% Convertible Promissory Note for \$25,000 (the "Beckmann 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 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 to eventually issue 45,355 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share. The shares of Series B Preferred will be issued upon an increase in the authorized shares of Series B Preferred. The Company also agreed to issue a 7.5% Warrant with an expiration date of July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,587,425.

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 agreed to eventually issue 38,272 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share. The shares of Series B Preferred will be issued upon an increase in the authorized shares of Series B Preferred. 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 will expire on July 31, 2020. 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 July 31, 2020. Finally, the Company agreed to issue a new 7.5% Warrant which will expire on July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,262,976.

On 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 a 29% discount of the average of the lowest 3 trading days with a 15 day lookback 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.

On October 4, 2018 the Company entered into a securities purchase agreement (the "First GSC Purchase Agreement") with GS Capital Partners LLC, ("GSC") pursuant to which GSC purchased two 8% unsecured convertible promissory notes from the Company in the aggregate principal amount of \$125,000, comprised of the first note in the amount of \$75,000 (the "First October GSC Note"), and the second note in the amount of \$50,000 (the "Second October GSC Note", and together with the First October GSC Note, the "October GSC Notes"), such principal and the interest thereon convertible into shares of the Company's common stock at a 29% discount of the average of the lowest 3 trading days with a 15 day lookback at the option of GSC. The purchase price of \$75,000 of the First October 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 First October GSC Note is October 4, 2019.

On 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 a 35% discount of the average of the lowest 3 trading days with a 15 day lookback at the option of Eagle.

On October 11, 2018 the Company entered into a securities purchase agreement (the “Second GSC Purchase Agreement”) with GSC, pursuant to which GSC purchased an 8% unsecured convertible promissory note (the “October 11th GSC Note”) 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 a 35% discount of the average of the lowest 3 trading days with a 15 day lookback at the option of GSC. The purchase price of \$181,500, and of \$102,000, of the Eagle Note and the October 11th GSC Note, respectively, was paid in cash by the Eagle and GSC on October 11, 2018. After payment of transaction-related expenses, net proceeds to the Company from the Eagle Note and the October 11th GSC Note totaled \$157,000 and \$90,000, respectively. The maturity date of the Eagle Note and the October 11th GSC Note is October 11, 2019.

The Company and GSC completed the purchase and sale of the First October GSC Note. The Second October GSC Note was due to be funded on or before November 4, 2018. Effective, however, October 11, 2018, the Company and GSC agreed to amend the First GSC Purchase Agreement (the “Amendment”) to remove all references, obligations, duties and/or rights of the Company and GSC to purchase and sell the Second October GSC Note. All references, obligations, duties and/or rights relating to the Second October GSC Note are of no effect and neither party is under any obligation to perform with respect to the Second October GSC Note.

On November 10, 2018, the Company entered into the Mr. Cannabis Consulting Agreement with Mr. Cannabis, Inc., a California corporation, pursuant to which Mr. Cannabis 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 “Mr. Cannabis Consulting Agreement Term”). The Mr. Cannabis Consulting Agreement shall not be terminated within the first six months of the Mr. Cannabis Consulting Agreement Term. The Company or Mr. Cannabis may terminate this Agreement, with or without cause, at any time after the first six months of the Mr. Cannabis Consulting Agreement 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, Mr. Cannabis 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 at the time of the first notice of exercise given by Mr. Cannabis 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”). Separate from the Mr. Cannabis Warrant and separate from the Mr. Cannabis Consulting Agreement Mr. Cannabis was also issued a common stock purchase warrant to purchase fifteen (15%) of the issued and outstanding shares of the Company’s common stock, par value \$0.001 per share at the time of the first notice of exercise given by Mr. Cannabis to the Company, exercisable at a price of \$0.001 per share and for a term of three years from the date of issuance.

On November 10, 2018, the Company entered into a settlement agreement and general release (the “Settlement and Release Agreement”) with Mr. Yazbeck whereby Mr. Yazbeck agreed to grant the Company an extension to repay certain obligations in the aggregate amount of \$410,689.99 currently due and owing to Mr. Yazbeck pursuant to his employment agreement with the Company entered into on October 15, 2014 (the “Settled Claims”). As consideration for extending the date for the Company to repay the Settled Claims to January 1, 2020, the Company agreed to extend the expiration date of warrant to purchase shares of Common Stock previously issued to an entity controlled by Mr. Yazbeck (the “YCIG Warrant”) to November 10, 2022 and to revise certain other provisions of the YCIG Warrant. As of April 23, 2019, the revised warrant had not yet been issued to Mr. Yazbeck.

On December 19, 2018 the Company entered into a securities purchase agreement (the “Third GSC Purchase Agreement”) with GSC, pursuant to which GSC purchased an 8% unsecured convertible promissory note (the “Third GSC Note”) from the Company in the aggregate principal amount of \$82,000, such principal and the interest thereon convertible into shares of the Company’s common stock at a 33% discount of the average of the lowest 3 trading days with a 15 day lookback at the option of GSC. The purchase price of \$80,000 of the Third GSC Note was paid in cash by GSC on December 20, 2018. After payment of transaction-related expenses, net proceeds to the Company from the Note totaled \$76,000. The maturity date of the Third GSC Note is December 19, 2019.

The shares identified in this Part II, Item 5 were not registered under the Securities Act. The shares qualified for exemption under Section 4(a)(2) of the Securities Act since the issuance of the shares by us did not involve a public offering. The offering was not a “public offering” as defined in Section 4(a)(2) due to the insubstantial number of persons involved in the deal, size of the offering, manner of the offering and number of securities offered. We did not undertake an offering in which we sold a high number of securities to a high number of investors. Based on an analysis of the above factors, we have met the requirements to qualify for exemption under Section 4(a)(2) of the Securities Act.

Repurchase of Equity Securities

We have no plans, programs or other arrangements in regards to repurchases of our common stock.

Dividends

We have not since December 12, 2012 (date of inception) declared or paid any cash dividends on shares of our Common Stock and currently do not anticipate paying such cash dividends on shares of our Common Stock. Any determination to pay dividends in the future on shares of our Common Stock will be at the discretion of the Board and will depend upon our results of operations, financial condition, tax laws and other factors as the Board, in its discretion, deems relevant.

Holders of the Series B Preferred are entitled to receive dividends annually equal to \$0.10 for each share of Series B Preferred held.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data to our financial statements located elsewhere in this Annual Report on Form 10-K is not required for smaller reporting companies under Article 8 Regulation S-X.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

THE FOLLOWING DISCUSSION OF OUR PLAN OF OPERATION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND RELATED NOTES TO THE FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS REPORT. THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT RELATE TO FUTURE EVENTS OR OUR FUTURE FINANCIAL PERFORMANCE. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. THESE RISKS AND OTHER FACTORS INCLUDE, AMONG OTHERS, THOSE LISTED UNDER "FORWARD-LOOKING STATEMENTS" AND "RISK FACTORS" AND THOSE INCLUDED ELSEWHERE IN THIS REPORT.

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 IngredientsTM, (gAPITM) 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.

The Company's founder and member of the Board, Daniel Yazbeck, is an experienced executive with over 15 years of product research, development and commercialization experience including at Fortune 500 companies. Mr. Yazbeck was a scientist for Pfizer Pharmaceuticals, specializing in Chemical R&D technologies that identify and manufacture Active Pharmaceutical Ingredients at scale using green chemistry and a strategic product and market developer for Panasonic, engineering new consumer electronic products and deploying them with strategic partners in the healthcare industry. Mr. Yazbeck is also a seasoned asset-backed investor at Yazbeck Investments and holds a master of science degree from McGill University.

The Company has received cash investments of approximately \$8.6 million to date. The MyDx Analyzer was released in the third quarter of 2015 and the Company received an additional \$250,000 loan from an entity affiliated with Mr. Yazbeck to help finance its operations in the fourth quarter of 2015. Since the MyDx Analyzer's launch in 2015 it has generated close to \$1.5M in revenues. In 2016, we believe the Company continued to penetrate the market and increased brand recognition. In addition, in 2016, the Company launched additional products that tests for pesticides in food and chemicals in water and financed the company's operations primarily through the issuance of convertible debt. In January of 2018, MyDx's Biopharmaceutical division commenced clinical trials on its unique MyDx360 Pain Management Formula, appointed Dr. Heiner Dreismann, Former CEO of Roche Molecular Systems and Diagnostics Veteran to its Executive Advisory Board on April 24, 2018, secured city and state legal cannabis manufacturing and distribution for its MyDx360 customers in May 2018, and featured the Eco Smart Pen working Prototype on CFN Media in August 2018. The MyDx Analyzer was selected to be used in a large HIV Study by the University of Florida in September 2018. MyDx recruited Mr. Cannabis Group to operate the Company in November 2018, onboarding a new experienced CFO/CEO (Mr. Matthew Bucciero), a leading Harvard neuroscientist (Just Vincent) to its scientific advisory board, and Mr. Erai Beckmann, a seasoned cannabis industry professional, as a member of the Board.

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 the 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 to 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™ (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™' (gAPI™) 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™)

- This division will also look to provide an organic source of extracted green Active Pharmaceutical Ingredients (gAPI™), 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 Eco Smart Pen 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

MYDX360 SAAS Ecosystem License and Services Agreements

In April 2018 the Company entered into a separate MYDX360 SAAS Ecosystem License and Services Agreements with Q'NCH, LLC, a Delaware limited liability company and HotNife, LLC, a California limited liability company. (the "SAAS Agreements"). Under the terms of the SAAS Agreements, the Company granted the counterparties a non-exclusive limited license to: (i) access the Company's Database (as defined in the SAAS Agreements) (the "Access License"), and (ii) use the Company's "Powered by MyDx" trademark and the MyDx logo on the counterparties' products (the "Brand License", and together with the Access License, the "MyDx License"). Additionally, the SAAS Agreement provides the counterparties with (i) market research regarding the packaging of the counterparties' products in coordination with the counterparties' objectives (the "Brand Services") and (ii) delivery of certain quantities of the Company's smart devices, cartridges, batteries, and other hardware to the counterparties (the "Product Services") and, together with the Brand Services, the "MyDx Services"). The total consideration to the Company from each of the counterparties in exchange for the grant of the MyDx License and the MyDx Services will be \$15,000 per year and the costs of the Eco Smart Pens' hardware. The payments will not begin until the Company releases the Eco Smart Pen. The Company expects to release the Eco Smart Pen in 2019.

Management Changes

On November 10, 2018, the Company entered into the Mr. Cannabis Consulting Agreement with Mr. Cannabis, Inc., pursuant to which Mr. Cannabis 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 Mr. Cannabis Consulting Agreement shall not be terminated within the first six months of the Mr. Cannabis Consulting Agreement Term. The Company or Mr. Cannabis may terminate this Agreement, with or without cause, at any time after the first six months of the Mr. Cannabis Consulting Agreement 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, Mr. Cannabis was issued a common stock purchase 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 at the time of the first notice of exercise given by Mr. Cannabis to the Company, exercisable at a price of \$0.001 per share and for a term of three years from the date of issuance. Separate from the Mr. Cannabis Warrant and separate from the Mr. Cannabis Consulting Agreement Mr. Cannabis was also issued a common stock purchase warrant to purchase fifteen (15%) of the issued and outstanding shares of the Company's common stock, par value \$0.001 per share at the time of the first notice of exercise given by Mr. Cannabis to the Company, exercisable at a price of \$0.001 per share and for a term of three years from the date of issuance.

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 remained a member of 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 (the "Bucciero CEO Appointment"). Additionally, Mr. Erai Beckmann, currently President of the Consultant, was appointed to the Board (the "Beckmann Board Appointment").

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 year ended December 31, 2018, the Company issued 43,906,926 restricted shares of common stock to Mr. Beckmann in connection with the February agreement.

On November 10, 2018, the Company entered into a settlement agreement and general release (the "Settlement and Release Agreement") with Mr. Yazbeck whereby Mr. Yazbeck agreed to grant the Company an extension to repay certain obligations in the aggregate amount of \$410,689.99 currently due and owing to Mr. Yazbeck pursuant to his employment agreement with the Company entered into on October 15, 2014 (the "Settled Claims"). As consideration for extending the date for the Company to repay the Settled Claims to January 1, 2020, the Company agreed to extend the expiration date of warrant to purchase shares of Common Stock previously issued to an entity controlled by Mr. Yazbeck (the "YCIG Warrant") to November 10, 2022 and to revise certain other provisions of the YCIG Warrant. As of April 23, 2019, the revised warrant had not yet been issued to Mr. Yazbeck.

Appointment of Dr. Heiner Dreismann to Business Advisory Board

On April 1, 2018, the Company verbally agreed to enter into an agreement to appoint Dr. Heiner Dreismann to its business advisory board to assist the Company's management with evaluating potential merger and acquisition opportunities, developing a plan to secure a medical device designation from Health Canada for CannaDx, and other advice related to the Company's business.

Heiner Dreismann, Ph.D. is an international executive with more than 24 years of experience in the biotech and healthcare industries. From 2000 to 2006, Dr. Dreismann served as the President and CEO of Roche Molecular Systems, Inc. leading a staff of more than 1,600 and growing the RMS molecular IVD business from \$640M to \$1.2B in annual sales. Prior to serving as a senior executive at Roche Molecular Systems, Dr. Dreismann served as the Head of Global Business Development at Roche Diagnostics, responsible for business development for the Roche Diagnostics \$7B IVD business. Dr. Dreismann served in a number of other leadership capacities at Roche Diagnostics and Roehm GmbH, dating back to 1983. Dr. Dreismann's post-doctoral fellowship was earned at the French Center for Nuclear Research in Saclay. He earned a Ph.D. in Microbiology/Molecular Biology from Westfaelische Wilhelms University, Muenster (summa cum laude).

License and Services Agreement

On April 9, 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. 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 agreed to eventually issue 45,355 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share to settle outstanding vendor liability. The shares of Series B Preferred will be issued upon an increase in the authorized shares of Series B Preferred. The Company also agreed to issue a 7.5% Warrant with an expiration date of July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,587,425.

BCI Settlement Agreement

On July 31, 2018, the Company agreed to eventually issue 38,272 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share to settle outstanding vendor liability. The shares of Series B Preferred will be issued upon an increase in the authorized shares of Series B Preferred. 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 expired 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 July 31, 2020. Finally, the Company agreed to issue a new 7.5% Warrant which will expire on July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,262,976.

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.

Results of Operations

As shown in the accompanying consolidated financial statements, the Company incurred net losses of \$8,332,259 and \$5,233,519, respectively, for the years ended December 31, 2018 and 2017, and had an accumulated deficit of \$39,965,231 as of December 31, 2018.

Comparison of Years Ended December 31, 2018 and 2017

Revenue

For the years ended December 31, 2018 and 2017, the Company had licensing revenue of \$8,654 and \$8,829, respectively. For the years ended December 31, 2018 and 2017, the Company had product service revenue of \$22,168 and \$13,384, respectively. For the years ended December 31, 2018 and 2017, the Company had product revenue of \$238,090 and \$398,401, respectively. The decrease in revenue for the year ended December 31, 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 year ended December 31, 2018 and 2017 were 51% and 73%, respectively. The gross margin was negatively affected by the decrease in direct to consumer sales compared to sales via distributors.

Research and Development Expenses

Research and development expenses primarily consist of engineering and product development, incurred in the design, development, testing and enhancement of our products. For the year ended December 31, 2018, the Company expended \$285,395 for various research and development projects for hardware, database, software and sensor development as compared to \$170,385 for the year ended December 31, 2017. The increase of \$115,010, or 68%, resulted primarily from the Company increasing its research and development efforts around the eco smart pen including both the engineering as well as the design of the eco smart pen.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of consulting fees for third-party services and general marketing expenses. For year ended December 31, 2018, the Company expended \$153,626 as compared to \$968,687 for the year ended December 31, 2017. The decrease of \$815,061, or 84 %, resulted primarily from the Company not being able to produce units for most of 2018 which overall led to a decrease in marketing expenditures.

General and Administrative Expenses

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

For the year ended December 31, 2018, the Company expended \$1,375,480 as compared to \$1,589,485 for the year ended December 31, 2017. The decrease of \$214,005, or 13%, resulted primarily from a decrease in wages, stock – based compensation, independent contractors, and miscellaneous general administrative expenses all due to reduced overall revenue and cash for the Company.

Other income (expense)

Other expenses increased \$3,843,683, resulted primarily from the increase of loss on settlement of vendor liability relating to amendments to vendor contracts, and change in fair value of warrant liability. This was offset by a decrease in interest expense relating to notes payable, change in fair value of warrant liability derivative expense relating to the fair value of the conversion features, and change in fair value of derivative liability.

Liquidity and Capital Resources

Since its inception, capital raised by the Company has been used primarily for the Company's research and development efforts and to support its operations. As of December 31, 2018, the Company had remaining cash of \$102,698 with a net working capital deficit of \$12,426,546. 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 \$102,698 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 their investment. Additional funding that we do obtain may be dilutive to the interests of existing stockholders.

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

Working Capital

	December 31, 2018	December 31, 2017
Current assets	\$ 216,729	\$ 300,352
Current liabilities	12,643,275	4,708,549
Working Capital Deficit	<u>\$ (12,426,546)</u>	<u>\$ (4,408,197)</u>

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

Current liabilities for December 31, 2018 increased compared to December 31, 2017 primarily due to an increase in Warrant Liability and Preferred share liability and offset by a decrease in Derivative Liability.

Cash Flows

	Years Ended December 31,	
	2018	2017
Net Cash Used in Operating Activities	\$ (307,739)	\$ (401,214)
Net Cash Used in Investing activities	(175,092)	-
Net Cash Provided by Financing Activities	466,501	482,039
Net Change	<u>\$ (16,330)</u>	<u>\$ 80,825</u>

Net Cash Provided by (Used in) Operating Activities

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

Cash used in operating activities consist of net loss adjusted for certain non-cash items, primarily equity-based compensation expense, common stock issued in exchange for services, accretion of debt discount and debt issuance costs on convertible notes and the change in fair value of derivative liabilities due primarily to the mark to market of the Company's derivatives embedded in the convertible notes, and a gain of settlement of liabilities during the year ended December 31, 2018, as well as the effect of changes in working capital and other activities.

In addition, the net decreased in cash from changes in working capital activities from the year ended December 31, 2018 to the year ended December 31, 2017 primarily consisted of increase of Warrant Liability.

Net Cash Provided by Financing Activities

For the years ended December 31, 2018, financing activities provided cash of \$466,501 which resulted from a decrease of \$245,500 in net proceeds from the issuance of common stock, \$60,000 in proceeds from note payable – related party. For the year ended December 31, 2017, financing activities provided \$482,039 which resulted from an increase of \$245,500 in proceeds from the issuance of convertible notes payable, and \$263,500 in proceeds from issuance of asset based loans.

Going Concern

At December 31, 2018, we had an accumulated deficit of \$39,965,231 and incurred a net loss of \$8,332,259 for the year ended December 31, 2018. We expect to incur further losses in the development of our business, all of which casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due.

Off-Balance Sheet Arrangements

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of MyDx, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MyDx, Inc. (“the Company”) as of December 31, 2018 and 2017, the related consolidated statements of operations, stockholders’ deficit, and cash flows for each of the years in the two-year period ended December 31, 2018 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows each of the years in the two-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses and negative cash flows from operations and has a net capital deficiency which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

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

/s/ Sadler, Gibb & Associates, LLC

We have served as the Company’s auditor since 2018.

Salt Lake City, UT
April 24, 2019

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MyDx, Inc.
Consolidated Balance Sheets

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
ASSETS		
Current assets:		
Cash	\$ 102,698	\$ 119,028
Inventory	114,031	180,503
Prepaid expenses and other current assets	-	821
Total current assets	<u>216,729</u>	<u>300,352</u>
Tooling in process	173,854	-
Property and equipment, net	26,748	66,832
Other assets	18,983	32,580
Total assets	<u>\$ 436,314</u>	<u>\$ 399,764</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 1,101,853	\$ 1,293,443
Customer deposits	69,330	20,107
Accrued liabilities	692,071	454,413
Current portion of leases payable	2,756	2,756
Due to related party	1,075	46,075
Convertible notes payable, current, net of debt discount	436,177	295,750
Derivative liability	1,222,186	2,596,005
Preferred shares liability	2,850,401	-
Warrant liability	6,267,426	-
Total current liabilities	<u>12,643,275</u>	<u>4,708,549</u>
Customer deposits	-	8,954
Total liabilities	<u>12,643,275</u>	<u>4,717,503</u>
Redeemable Series B Preferred stock, \$0.001 par value; 10,000,000 shares authorized 107,000 and 296,700 shares issued and outstanding as of December 31, 2018 and December 31, 2017, respectively	2,033,000	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 December 31, 2018 and December 31, 2017, respectively	-	-
Common stock, \$0.001 par value, 10,000,000,000 shares authorized; 3,905,200,946 and 1,859,397,541 shares issued and outstanding as of December 31, 2018 and December 31, 2017, respectively	3,905,201	1,859,397
Additional paid-in capital	21,820,069	19,818,536
Accumulated deficit	(39,965,231)	(31,632,972)
Total stockholders' deficit	<u>(14,239,961)</u>	<u>(9,955,039)</u>
Total liabilities and stockholders' deficit	<u>\$ 436,314</u>	<u>\$ 399,764</u>

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

MYDX INC.
Consolidated Statements of Operations

	For the Year Ended December 31,	
	2018	2017
Sales		
Product revenue	\$ 238,090	\$ 398,401
Product service revenue	22,168	13,384
Licensing revenue	8,654	8,829
Total sales	<u>268,912</u>	<u>420,614</u>
Cost of goods sold		
Product costs	131,653	114,616
Total cost of sales	<u>131,653</u>	<u>114,616</u>
Gross profit	<u>137,259</u>	<u>305,998</u>
Operating Expenses		
Research and development	285,395	170,385
Sales and marketing	153,626	968,687
General and administrative	1,375,480	1,589,485
Total operating expenses	<u>1,814,501</u>	<u>2,728,557</u>
Loss from operations	<u>(1,677,242)</u>	<u>(2,422,559)</u>
Other income (expense)		
Interest expense, net	(164,485)	(341,068)
Change in fair value of derivative liability	1,504,006	(196,545)
Change in fair value of warrant liability	(344,898)	-
Derivative expense	(284,343)	(1,987,888)
Gain (loss) on settlement of debt	-	179,276
Gain on forfeiture of technology transfer deposit	-	135,000
Gain on extinguishment of debt	4,581	-
Loss on settlement of vendor liability	<u>(7,369,504)</u>	<u>(599,735)</u>
Total Other income (expense)	<u>(6,654,643)</u>	<u>(2,810,960)</u>
Loss before provision for income taxes	<u>(8,331,885)</u>	<u>(5,233,519)</u>
Provision for income taxes	374	-
Net loss	<u>\$ (8,332,259)</u>	<u>\$ (5,233,519)</u>
Dividends	<u>(61,770)</u>	<u>(119,670)</u>
Net loss attributable to common shareholders	<u>(8,394,029)</u>	<u>(5,353,189)</u>
Loss per share		
Basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average common shares outstanding - basic and diluted	<u>3,170,425,601</u>	<u>1,539,192,898</u>

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

MyDx, INC.
Statements of Stockholders' Deficit
For the Years Ended December 31, 2018 and 2017

	Convertible Preferred Stock Series A		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Shareholders' Deficit
	Shares	Amount	Shares	Amount			
Balances as of December 31, 2016	51	\$ -	645,060,704	\$ 645,061	\$ 16,695,552	\$ (26,399,453)	\$ (9,058,840)
Proceeds from the issuance of common stock	-	-	50,000,000	50,000	195,500	-	245,500
Conversion of series B preferred stock into common stock	-	-	33,000,000	33,000	29,700	-	62,700
Common stock issued upon conversion of convertible notes	-	-	976,896,487	976,896	(19,873)	-	957,023
Derivative cease to exist upon conversion of notes	-	-	-	-	1,845,677	-	1,845,677
Issuance of common stock for services rendered	-	-	143,977,273	143,977	524,718	-	668,695
Common stock issued to settle vendor liabilities	-	-	3,500,000	3,500	64,050	-	67,550
Common issued to settle payroll liabilities	-	-	6,963,077	6,963	9,142	-	16,105
Stock based compensation	-	-	-	-	473,770	-	473,770
Net loss for year ended December 31, 2017	-	-	-	-	-	(5,233,519)	(5,233,519)
Balances as of December 31, 2017	51	\$ -	1,859,397,541	\$ 1,859,397	\$ 19,818,536	\$ (31,632,972)	\$ (9,955,039)
Issuance of series B for settlement of vendor liabilities	-	-	-	-	1,884,218	-	1,884,218
Conversion of series B preferred stock into common stock	-	-	1,897,000,000	1,897,000	(176,918)	-	1,720,082
Issuance of common stock for services rendered	-	-	93,430,735	93,431	242,319	-	335,750
Common stock issued to settle vendor liabilities	-	-	25,000,000	25,000	40,500	-	65,500
Issuance of common stock for prepaid services	-	-	4,285,714	4,286	9,000	-	13,286
Common stock issued upon conversion of convertible notes	-	-	26,086,956	26,087	88,696	-	114,783
Settlement of Warrants issued in prior year	-	-	-	-	(88,253)	-	(88,253)
Stock based compensation	-	-	-	-	1,971	-	1,971
Net income for three months ended March 31, 2018	-	-	-	-	-	(8,332,259)	(8,332,259)
Balances as of December 31, 2018	51	\$ -	3,905,200,946	\$ 3,905,201	\$ 21,820,069	\$ (39,965,231)	\$ (14,239,961)

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

MyDx, INC.
Consolidated Statements of Cash Flows

	For the Years Ended	
	December 31,	
	2018	2017
Cash flows from operating activities:		
Net income (loss)	\$ (8,332,259)	\$ (5,233,519)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	41,322	72,051
Common stock issued in exchange for services	-	668,695
Change in fair value of derivative liability	(1,504,006)	196,545
Change in fair value of warrant liability	344,898	-
Derivative expense	284,343	1,987,888
(Gain) / Loss on settlement of vendor liabilities	7,369,503	473,770
Loss on settlement of debt	-	(179,276)
Stock based compensation	520,785	599,735
Loss on extinguishment of debt	(4,581)	27,851
Interest expense related to amortization of debt issuance costs and debt discount	110,868	280,841
Changes in assets and liabilities:		
Inventory	66,472	(25,270)
Prepaid expenses and other assets	27,704	96,409
Accounts payable and accrued liabilities	726,943	621,496
Customer deposits	40,269	-
Long term obligations	-	12,294
Current portion leases payable	-	(724)
Net cash provided by (used in) operating activities	<u>(307,739)</u>	<u>(401,214)</u>
Cash flows from investing activities:		
Purchase of Tooling in process	(173,854)	-
Purchases of property & equipment	(1,238)	-
Net cash used in investing activities	<u>(175,092)</u>	<u>-</u>
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	(150,000)	(120,000)
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	511,501	48,500
Repayments on asset based loans	-	(120,461)
Net cash provided by financing activities	<u>466,501</u>	<u>482,039</u>
Net change in cash	(16,330)	80,825
Cash, beginning of period	119,028	38,203
Cash, end of period	<u>\$ 102,698</u>	<u>\$ 119,028</u>
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	\$ 908,828
Stock issued for settlement of vendor liabilities	\$ 680,875	-
Conversion of debt	\$ (60,000)	\$ 1,836,127
Convertible notes issues through extinguishment of debt	\$ -	\$ 465,295
Conversion of convertible preferred stock to common stock	\$ 3,604,300	\$ 465,295
Derivative cease to exist upon conversion of notes	\$ -	\$ 1,845,677

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 IngredientsTM, (gAPITM) 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 consolidated Financial Statements, the Company had an accumulated deficit at December 31, 2018 and a net cash used in operating activities for the year ended December 31, 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 year ended December 31, 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 \$102,968 at December 31, 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/Principals of Consolidation

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

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the 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 and Cash Equivalents

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

During the year ended December 31, 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.

Income Taxes

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

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

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

Revenue Recognition

The Company 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 December 31, 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.

The following table presents sales by operating segment disaggregated based on type of product and geographic region for the years ended December 31, 2018 and 2017.

	Years ended December 31, 2018			Years ended December 31, 2017		
	United States	International	Total	United States	International	Total
Product revenue	\$ 128,004	\$ 110,086	\$ 238,090	\$ 322,346	\$ 76,055	\$ 398,401
Product service revenue	16,023	6,145	22,168	9,674	3,710.00	13,384
Licensing revenue	8,654	-	8,654	8,829	-	8,829
	<u>\$ 152,681</u>	<u>\$ 116,231</u>	<u>\$ 268,912</u>	<u>\$ 340,849</u>	<u>\$ 79,765</u>	<u>\$ 420,614</u>

Product revenue

Product revenue is recognized when or as we satisfy a performance obligation. We generally satisfy performance obligations at a point in time upon delivery of goods, in accordance with the terms of the contract customer.

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.

Cost of Sales

We include product costs (i.e. material, direct labor and overhead costs), shipping and handling expense, product royalty expense, and product license agreement expense in cost of sales.

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.

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 year ended December 31, 2018 and 2017 were \$285,395 and \$170,385, 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 \$153,626 and \$968,687 for the years ended December 31, 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.

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 years ended December 31, 2018 and 2017 presented in these condensed consolidated financial statements, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive.

The Company had the following common stock equivalents at December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Series A Preferred stock	51	51
Series B Preferred stock	1,906,270,000	3,000,000,000
Convertible notes payable	570,915,465	26,462,823
Convertible accounts payable	366,666,667	273,860,683
Options	1,496,250	1,490,026
Warrants	2,651,153,428	260,345,149
Totals	<u>5,496,491,053</u>	<u>3,562,158,732</u>

There were approximately 5,496,491,053 potentially outstanding dilutive common shares for the period ended December 31, 2018. Since the Company incurred a net loss for the period ended December 31, 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.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” Under ASU 2016-02, lessees will, among other things, require lessees to recognize a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 does not significantly change lease accounting requirements applicable to lessors; however, certain changes were made to align, where necessary, lessor accounting with the lessee accounting model and ASC Topic 606, “Revenue from Contracts with Customers.” ASU 2016-02 will be effective for us on January 1, 2019 and initially required transition using a modified retrospective approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued ASU 2018-11, “Leases (Topic 842) - Targeted Improvements,” which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In December 2018, the FASB also issued ASU 2018-20, “Leases (Topic 842) - Narrow-Scope Improvements for Lessors,” which provides for certain policy elections and changes lessor accounting for sales and similar taxes and certain lessor costs. As of January 1, 2019, the Company adopted ASU 2016-02 and has recorded a right-of-use asset and lease liability on the balance sheet for its operating leases. We elected to apply certain practical expedients provided under ASU 2016-02 whereby we will not reassess (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases and (iii) initial direct costs for any existing leases. We also do not expect to apply the recognition requirements of ASU 2016-02 to any short-term leases (as defined by related accounting guidance). We expect to account for lease and non-lease components separately because such amounts are readily determinable under our lease contracts and because we expect this election will result in a lower impact on our balance sheet.

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 December 31, 2018 and December 31, 2017 is as follows:

	December 31, 2018	December 31, 2017
Finished goods	\$ 9,781	\$ 49,889
Raw materials	104,250	130,614
	<u>\$ 114,031</u>	<u>\$ 180,503</u>

6. Property and Equipment, net

	December 31, 2018	December 31, 2017
Computer and test equipment	\$ 74,925	\$ 198,684
Website development costs	124,996	39,870
Furniture and fixtures	26,948	26,948
Software	10,791	10,791
Leasehold improvements	18,288	18,288
Website Development Costs	39,870	
Tooling in process	173,854	-
	469,672	294,581
Accumulated depreciation and amortization	(269,071)	(155,698)
	<u>\$ 200,601</u>	<u>\$ 138,883</u>

Depreciation expenses was \$41,322 and \$72,051 for the year ended December 31, 2018 and 2017, respectively.

As of December 31, 2018 Tooling in Process has not yet been placed into service.

7. Accrued Expenses

	December 31, 2018	December 31, 2017
Accrued compensation for employees	398,939	333,048
Deferred compensation to non-employee	-	11,673
Accrued interest on notes payable	-	50,853
Other Payables	293,132	58,839
	<u>692,071</u>	<u>454,410</u>

8. Debt

Convertible Notes

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

	December 31, 2018	December 31, 2017
Convertible Note - February 1, 2017	265,750	295,750
Convertible Note - July 23, 2018	25,000	-
Convertible Note – October 1, 2018	74,800	
Convertible Note – October 4, 2018	73,500	
Convertible Note – October 11, 2018	283,500	
Convertible Note – December 19, 2018	82,000	
	<u>804,550</u>	<u>295,750</u>
Less: Debt Discount	(368,373)	-
Total	<u>\$ 436,177</u>	<u>\$ 295,750</u>

On May 24, 2016, MyDx, Inc. (the “Company”) entered into a Convertible Note (the “Note”) with Vista Capital Investments, LLC (“Vista”) in the Original Principal Amount of \$275,000 (including a 10% Original Issue Discount (“OID”)). The Company and Vista agreed to an initial funding under the Note of \$55,000, including an OID of \$5,000 (“Initial Funding”). Future advances under the Note are at the sole discretion of Vista. The Company is only required to repay the amount funded, including the prorated portion of the OID. The note bears interest at the rate of 10% and must be repaid on or before May 24, 2018. The Note may be prepaid by the Company at any time prior to the date, which is 180 days after issuance of the Note at a premium to the amount outstanding at the time of prepayment (as determined in the Note). The Note may be converted by Vista at any time after the six (6) month anniversary of the Note into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The Note also contains certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults. The foregoing is only a brief description of the Note and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such descriptions are qualified in their entirety by reference to the agreements and their exhibits, which were filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 27, 2016.

The issuance of the Note was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(a)(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor. During the year ended December 31, 2017 the, the Company amortized a total of \$13,148 of the debt issuance cost. As of December 31, 2017 and 2016, the Note had an outstanding balance of \$0 and \$21,900 respectively, and a remaining unamortized debt discount of \$0 and \$13,148 respectively.

On March 14, 2017, the Company and Vista Capital Investments, LLC ("Vista") entered into a Settlement Agreement dated March 14, 2017 (the "Vista Settlement"). Vista claimed, and the Company disputed, that Vista was still entitled to certain payments pursuant to convertible promissory notes the Company previously issued. On March 13, 2017, Vista submitted a conversion request of 68,437,500 shares of the Company's common stock. Pursuant to the Vista Settlement, the Company issued 35,000,000 shares to Vista on March 14, 2017 and all convertible promissory notes issued by the Company to Vista are now considered paid in full. During the year ended December 31, 2017 the, the Company amortized a total of \$9,084 of the debt issuance cost. As of December 31, 2017 and 2016, the Note had an outstanding balance of \$0 and \$0 respectively, and a remaining unamortized debt discount of \$0 and \$0 respectively.

On August 9, 2016, the Company entered into Securities Purchase Agreement (the "SPA") and Convertible Promissory Note in the original principal amount of \$35,000 (the "Note") with Crown Bridge Partners, LLC ("Crown") pursuant to which Crown funded \$30,000 to the Company after the deduction of a \$3,500 original issue discount and \$1,500 for legal fees. The Note bears interest at the rate of 8% and must be repaid on or before August 9, 2017. The Note may be prepaid by the Company at any time prior to the date which is 180 days after the date of issuance of the Note at a premium to the amount outstanding at the time of prepayment (as determined in the Note). The Note may be converted by Crown at any time after the six (6) month anniversary of the Note into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults.

The issuance of the Note was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(a)(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor. During the year ended December 31, 2017, the Company amortized a total of \$21,250 of the debt issuance cost. During the year ended December 31, 2016, the Company amortized a total of \$13,750 of the debt issuance cost. As of December 31, 2017 and 2016, the Note had an outstanding balance of \$0 and \$35,000 respectively, and a remaining unamortized debt discount of \$0 and \$21,250 respectively.

During the year ended December 31, 2017, the Note holder elected to convert the Note and accrued interest of \$36,522 into 86,654,550 share of the Company's common stock.

On November 14, 2016, the Company entered into Securities Purchase Agreement (the "SPA") and Convertible Promissory Note in the original principal amount of \$35,000 (the "Note") with Crown Bridge Partners, LLC ("Crown") pursuant to which Crown funded \$31,500 to the Company after the deduction of a \$3,500 original issue discount and \$1,500 for legal fees. The Note bears interest at the rate of 8% and must be repaid on or before August 9, 2017. The Note may be prepaid by the Company at any time prior to the date which is 180 days after the date of issuance of the Note at a premium to the amount outstanding at the time of prepayment (as determined in the Note). The Note may be converted by Crown at any time after the six (6) month anniversary of the Note into shares of Company common stock at a conversion price equal to 50% of the market price (as determined in the Note). The SPA and Note also contain certain representations, warranties, covenants and events of default, and increases in the amount of the principal and interest rates under the Note in the event of such defaults.

The issuance of the Note was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act. The Company's reliance upon Section 4(a)(2) of the Securities Act in issuing the securities was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one recipient; (c) there were no subsequent or contemporaneous public offerings of the securities by the Company; (d) the securities were not broken down into smaller denominations; (e) the negotiations for the issuance of the securities took place directly between the individual and the Company; and (f) the recipient of the Note was an accredited investor. During the year ended December 31, 2017, the Company amortized a total of \$30,577, of the debt issuance cost. As of December 31, 2017 and 2016, the Note had an outstanding balance of \$0 and \$35,000 respectively, and a remaining unamortized debt discount of \$0 and \$30,577 respectively.

During the year ended December 31, 2017, the Note holder elected to convert the Note and accrued interest of \$36,749 into 14,699,616 share of the Company's common stock.

On December 1, 2016, MyDx, Inc. ("MyDx", or the "Company") entered into an advisory services agreement (the "Advisory Services Agreement") and an indemnification agreement ("Indemnification Agreement") with BCI Advisors, LLC ("BCI") pursuant to which BCI shall, provide advice and counsel to senior management of the Company on business planning and strategy, restructuring and recapitalization, and consultation to the Board of Directors. BCI will be paid an initial fee of \$50,000 in cash or unrestricted shares of the Company's Common Stock, and a retainer fee of \$25,000 per month for the eleven (11) months subsequent thereto. In addition, on the 45 and 90th day anniversary of the effectiveness of this Agreement and performance of its services, BCI shall have the right to receive a two (2) year A-1 and A-2 warrant based on a fully diluted basis, each equal to seven-and-one-half percent (7.5%) for a total of (15%) subject to adjustment of the then issued and outstanding Company common shares. The initial fee as well as A-1 and A-2 warrants have been completely earned, free of liens or encumbrances, and non-assessable and can be exercised at any time at an exercise price of \$0.001 per share. This summary contains only a brief description of the material terms of the Advisory Services Agreement and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such description is qualified in its entirety by reference to the Advisory Services Agreement. A copy of the Advisory Services Agreement was filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 11, 2017. As of December 31, 2017 and 2016, the Note had an outstanding balance of \$239,182 and \$0 respectively.

During the year ended December 31, 2017, the Note holder elected to convert the principal of \$137,103 into 140,000,000 share of the Company's common stock.

On February 6, 2017, YCIG, Inc. ("Seller") entered into a purchase and sale agreement where it sold the rights to its loan agreement with the Company to Hasfer, Inc. in exchange for the assumption of liabilities under the note and a commitment to fund additional advances to the company. The loans accrue interest at a rate of 12% per annum and all amounts loaned are due and payable on or before September 28, 2018. The amounts loaned may be prepaid by the Company at any time without penalty. The Loan Agreement provides that in the event of a default, the loan amount becomes immediately due and payable, which may be repaid by the Company common stock at a conversion price of \$0.0023 the trading price on January 4, 2017 or at the close of business on the date of conversion. Interest is due on June 1, 2017 and the first of every month thereafter.

Amendment 1

On August 22, 2017 the Company and Hasfer, Inc. entered into an amendment to the note. The note was modified as follows:

- The facility limit was increased to \$850,000.
- The company received proceeds of \$263,500.
- Fees related to the amendment totaled \$18,500. The fees were recorded as a loss on extinguishment of debt.
- The maturity date of the principal is September 28, 2018

All remaining terms of the Revolving note remained the same.

In accordance with ASC 470, since the present value of the cash flows under the new debt instrument was at least ten percent different from the present value of the remaining cash flows under the terms of the original debt instrument, the Company accounted for the amendment to SPA as a debt extinguishment. Accordingly, the Company recorded a loss on extinguishment of debt of \$384,903.

Amendment 2

On December 27, 2017 the Company, Hasfer, Inc. and Legacy, entered into an amendment to the note. The note was modified as follows:

- A portion of the outstanding principal and interest was assigned to Legacy.
- The company received proceeds of \$48,500.
- Fees related to the amendment totaled \$1,500. The fees were recorded as a loss on extinguishment of debt.

All remaining terms of the Revolving note remained the same.

In accordance with ASC 470, since the present value of the cash flows under the new debt instrument was at least ten percent different from the present value of the remaining cash flows under the terms of the original debt instrument, the Company accounted for the amendment to SPA as a debt extinguishment. Accordingly, the Company recorded a loss on extinguishment of debt of \$155,086.

During the year ended December 31, 2017 Hasfer converted \$236,250 of the outstanding principal into 99,891,304 share of the company's common stock.

As of December 31, 2017 and 2016 the balance of this agreement was \$295,750 and \$0 respectively.

During the year ended December 31, 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 year 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.

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. In connection with this note the Company recorded a \$54,121 debt discount.

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. In connection with this note the Company recorded a \$58,855 debt discount.

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 \$157,000 and \$90,000, 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. In connection with this note, the Company recorded a \$149,702 and \$85,085 debt discounts.

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.

Effective December 19, 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 \$82,000 (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 \$82,000 of the GSC Note was paid in cash by GSC on December 19, 2018. After payment of transaction-related expenses, net proceeds to the Company from the First GSC Note totaled \$76,000.

The maturity date of the GSC Note is December 19, 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 67% 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. In connection with this note, the Company recorded a \$76,000 debt discount.

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.

Due to related party

On December 10, 2015, YCIG, Inc. (“YCIG”), an entity owned and controlled by Daniel Yazbeck, who is an officer, director and major shareholder of the Company, entered into a Loan Agreement (the “Loan Agreement”) with the Company. The Loan Agreement provides that the amounts loaned accrue interest at a rate of 12% per annum and all amounts loaned are due and payable on or before September 28, 2018. The amounts loaned may be prepaid by the Company at any time without penalty. The Loan Agreement provides that in the event of a default, the loan amount becomes immediately due and payable, which may be repaid by the Company in its election in cash or a number of shares of Company common stock equal to four times the amount outstanding at the date of default.

On January 4, 2017 the Company and YCIG. entered into an amendment to the note. The note was modified as follows:

- The note may be repaid by the Company common stock at a conversion price of \$0.0023 or at the close of business on the date of conversion upon default
- Interest shall be due in a single lump sum payment on June 1, 2017.
- Subsequent to June 1, 2017, all monthly interest payments that accrue shall be payable on the first (1st) day of next month during the remainder life of the Note.

On February 7, 2017, the Company’s officer made non-interest bearing loans of \$25,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On April 20, 2017, the Company’s officer made non-interest bearing loans of \$20,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On May 8, 2017, the Company’s officer made non-interest bearing loans of \$10,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On June 19, 2017, the Company’s officer made non-interest bearing loans of \$35,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On July 17, 2017, the Company’s officer made non-interest bearing loans of \$10,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On July 20, 2017, the Company’s officer made non-interest bearing loans of \$20,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On August 22, 2017, the Company’s officer made non-interest bearing loans of \$45,000 to the Company in the form of cash. The loan is due on demand and unsecured. This was the result of the officer selling 100,000 personal owned shares of Series B Preferred for net proceeds of \$45,000.

During the year ended December 31, 2017, the Company has repaid \$120,000. As of December 31, 2017, and 2016 the Company is reflecting a liability of \$46,075, and \$1,075, respectively.

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. The loan was repaid during the year.

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. The loan was repaid during the year.

As of December 31, 2018 and December 31, 2017, the Company is reflecting a liability of \$1,075, and \$46,075, respectively.

Settlement of Liabilities

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

On March 10, 2017, the Company entered into a Settlement Agreement with Phoenix dated March 9, 2017 (the "Phoenix Settlement"). Pursuant to the Phoenix Settlement, Phoenix has agreed it is no longer entitled to any shares pursuant to these two agreements, which are now considered paid in full. On March 15, 2017, in connection with the Phoenix Settlement, the Company filed a motion to dismiss the pending lawsuit with the Eleventh Judicial Circuit of Florida. The Company recorded a gain on settlement of debt of \$80,315

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

On April 25, 2017, the Company and its previous auditor, BPM LLP ("BPM"), entered into a Settlement Agreement pursuant to which the Company agreed to pay BPM \$80,000 by May 31, 2018. The Company and BPM agreed that, following the Company's receipt of each new debt or equity investment (including investments paid in tranches over time) by a party who was not, as of April 25, an officer, director, shareholder, or creditor of the Company, the Company shall pay fifteen percent (15%) of the net proceeds to BPM on the first day of the month following receipt of the investment until the \$80,000 has been paid. The Company recorded a gain on settlement of debt of \$70,781. During the year ended December 31, 2017 the Company repaid \$0.

On June 16, 2017, the Company issued 500,000 shares valued at \$3,950 for the settlement of an outstanding accounts payable balance of \$4,870. The company recorded a gain on settlement of debt of \$920.

9. Derivative Liabilities

The Company has identified derivative instruments arising from embedded conversion features in the Company's convertible notes payable and accounts payable at December 31, 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 year ended December 31, 2018.

	<u>Low</u>	<u>High</u>
Annual dividend rate	0%	0%
Expected life in years	0.56	1.00
Risk-free interest rate	2.45%	2.63%
Expected volatility	108%	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.

10. Fair Value Measurements

Our financial assets and (liabilities) carried at fair value measured on a recurring basis as of December 31, 2018 and 2017, consisted of the following:

	<u>Years Ended December 31,</u> <u>2018 and 2017</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Derivative Liability as of January 1, 2017			1,812,441
Addition			3,519,922
Conversion			(1,845,677)
Settlement of debt			(1,087,226)
Loss on changes in fair value			196,545
Derivative liabilities as of December 31, 2017			<u>2,596,005</u>
Derivative liabilities as of January 1, 2018			2,596,005
Addition			727,176
Conversion			(79,513)
Loss on settlement of vendor liability			(517,476)
Gain on changes in fair value			(1,504,006)
Derivative liabilities as of December 31, 2018			<u>1,222,186</u>

The following are the changes in the warrant liabilities during the year ended December 31, 2018.

	<u>Year Ended December 31, 2018</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Balance, January 1, 2018	\$ -	\$ -	\$ -
Additions	-	-	5,739,466
Accretion of Warrant expense	-	-	183,063
Gain on changes in fair value	-	-	344,897
Warrant liabilities as December 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,267,426</u>

11. 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 December 31, 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 $102,036 (0.019607 \times 5,000,000) / 0.49 - (0.019607 \times 5,000,000) = 102,036$. 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 shares of Series B Preferred stock in to 33,000,000 shares of common stock.

On July 30, 2018, the Company agreed to eventually issue 45,355 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share to settle outstanding vendor liability. The shares of Series B Preferred Stock will be issued upon an increase in the authorized shares of Series B Preferred. The Company also agreed to 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 has an expiration date of July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,587,425.

On July 31, 2018, the Company agreed to eventually issue 38,272 shares of Series B Preferred at a value of \$1.00 per Series B Preferred share to settle outstanding vendor liability. The shares of Series B Preferred will be issued upon an increase in the authorized shares of Series B Preferred. 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 expired 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 July 31, 2020. Finally, the Company agreed to issue a new 7.5% Warrant which will expire on July 31, 2020. The Company currently does not have enough authorized shares to issue the Series B Preferred shares and therefore, have recorded them as a liability at their fair value of \$1,262,976.

In connection to the agreements to issue the 83,627 shares of Series B Preferred the Company recorded a loss on settlement of vendor liability of \$5,239,627.

During the year ended December 31, 2018 investors converted 189,700 shares of 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 common shares to 10,000,000,000 as included on Form 8-K filed with the SEC on October 4, 2016.

During the year ended December 31, 2017, the Company issued 143,977,273 shares of common stock in exchange for services at a fair value of \$668,695. During the year ended December 31, 2016, the Company issued 16,654,214 shares of common stock in exchange for services at a fair value of \$378,345.

On March 16, 2017, the Company entered into a securities purchase agreement (“SPA”) with TLG, Inc, and TRD, Inc. (“Investors”) pursuant to which the Company agreed to sell 25,000,000 restricted shares of the Company’s common stock, in an above market transaction at a purchase price of \$0.004 per share for a total of \$100,000. As part of the SPA, the Company granted the Investors the option, within the next 60 days, to purchase an additional 25,000,000 of restricted shares of the Company’s common stock at a purchase price of \$0.006 per share for a total of \$150,000. The shares of Common Stock issued pursuant to the Subscription Agreement have not been registered under the Securities Act of 1933, as amended (the “Securities Act”) and are “restricted securities” as that term is defined by Rule 144 promulgated under the Securities Act. Pursuant to the securities purchase agreement, the Investors agreed not to sell more than three hundred and seventy-five thousand shares per day (subject to adjustment for forward and reverse stock splits that occur after the date hereof) or more than seven million five hundred thousand shares per month (subject to adjustment for forward and reverse stock splits that occur after the date hereof) of the securities purchased pursuant to the SPA. On May 1, 2017, the Company entered into an amendment to the TLG, Inc SPA. The modification allowed TLG, Inc to purchase a total of 25,000,000 of restricted shares of the Company’s common stock at a purchase price of \$0.006 per share for a total of \$150,000. TLG exercised all of these options on May 2, 2017.

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 years ended December 31, 2018, the Company issued 113,430,735 shares of common stock in exchange for services at a fair value of \$375,750.

During the year ended December 31, 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 year ended December 31, 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 year ended December 31, 2018 was \$1,971. No tax benefits were recognized in the year ended December 31, 2018.

During the year ended December 31, 2018 a noteholder converted \$114,783 of principal into 26,086,956 shares of the Company’s common stock. In connection with the conversion the Company recorded a loss on extinguishment of debt of \$4,581.

Common Stock Warrants

A summary of the Company’s stock warrants for the years ended December 31, 2018 and 2017 was as follows:

	Shares	Weighted-Average Exercise Price	Average Remaining Contractual Life (Years)
Outstanding as of December 31, 2016	7,571,395	\$ 1.10	
Granted	252,773,754	0.001	
Exercised	-	-	
Forfeited or cancelled	-	-	
Outstanding as of December 31, 2017	260,345,149	0.033	0.50
Granted	2,636,010,639	0.001	2.00
Exercised	-	-	
Forfeited or cancelled	(252,773,751)	0.001	
Outstanding and as of December 31, 2018	2,643,582,033	\$ 0.004	1.68
Exercisable as of December 31, 2018	1,789,319,326		

During the year ended December 31, 2018, a total of 1,171,560,284 warrants were issued to settle vendor liabilities (See Note 10 above). The warrants have a grant date fair value of \$3,517,578 using a Monte Carlo option-pricing model.

During the year ended December 31, 2018, a total of 585,780,142 warrants were issued to as part of a settlement agreement with our former Chief Executive Officer. The warrants have a grant date fair value of \$ 2,221,888 using a Monte Carlo option-pricing model.

The Company re-valued the warrants as of December 31, 2018 and recorded a fair value adjustment of \$344,897.

In accordance with the Business Valuation Standards of the American Society of Appraisers, “fair market value,” as used herein, represents the price at which the property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

2017 Equity Incentive Plan

The Company adopted the MyDx, Inc. 2017 Equity Incentive Plan (the “2017 Plan”), and to date, has reserved 150,000,000 shares of common stock for issuance under the 2017 Plan. Under the 2017 Plan, employees, directors or consultants may be granted nonstatutory stock options, stock appreciation rights, restricted stock and restricted stock units to purchase shares of MyDx’s common stock. Employees, non-employee directors and consultants are eligible to receive incentive stock options to purchase common stock. Vesting and exercise provisions are determined by the Board of Directors at the time of grant.

A summary of the Company’s stock option plan for the years ended December 31, 2018 and 2017 was as follows:

	Shares	Weighted-Average Exercise Price	Average Remaining Contractual Life (Years)
Outstanding as of December 31, 2016	4,626,245	\$ 0.39	
Granted	125,000	0.57	
Exercised	-	-	
Forfeited or cancelled	(3,254,995)	0.36	
Outstanding as of December 31, 2017	1,496,250	0.48	3.8
Granted	-	-	
Exercised	-	-	
Forfeited or cancelled	-	-	
Outstanding and exercisable as of December 31, 2018	1,496,250	\$ 0.27	5.87

The aggregate intrinsic value of options exercised was \$0 and \$0 for the year ended December 31, 2018 and 2017, respectively.

Information regarding options outstanding and exercisable as of December 31, 2018, is as follows:

Exercise Price	Options Outstanding and Exercisable	
	Number Outstanding	Average Remaining Contractual Life (Years)
\$ 0.08	900,000	5.51
\$ 0.55	515,000	6.28
\$ 0.57	81,250	7.22
\$ 0.27	1,496,250	5.87

Total stock-based compensation expense, both employee and non-employee, recognized by the Company for the year ended December 31, 2018 and 2017 was \$1,971 and \$11,909 respectively. No tax benefits were recognized in the year ended December 31, 2018 and 2017.

12. 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 year ended December 31, 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 year ended December 31, 2018, the Company agreed to eventually convert 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 \$7,369,504.

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. There was no activity in this joint venture during the year ended December 31, 2018.

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 CannaDx™ 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 no milestones were reached therefore no shares were 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 year ended December 31, 2018 this agreement was canceled and the Company agreed to eventually convert 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 60th day anniversary of this agreement.

Litigation

In the ordinary course of business, we are subject to claims and litigation, including claims that we infringe third party patents, trademarks and other intellectual property rights. Although we believe it is unlikely that any current claims or actions will have a material adverse impact on our operating results or our financial position, given the uncertainty of litigation, we cannot be certain of this. Moreover, the defense of claims or actions against us, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Our involvement in any patent dispute, other intellectual property dispute or action to protect trade secrets and know-how could result in a material adverse effect on our business. Adverse determinations in current litigation or any other litigation in which we may become involved and regulatory non-compliance, including with respect to export regulations, could subject us to significant liabilities to third parties or government agencies, require us to grant licenses to or seek licenses from third parties and prevent us from manufacturing and selling our products. Any of these situations could have a material adverse effect on our business.

Lawsuit Against Jerome Dewald and Skip Sanzeri

As previously disclosed, in July 2017, the Company and its CEO (collectively, the “Plaintiffs”) filed a lawsuit against Jerome Dewald and Skip Sanzeri. On or about July 9, 2018, the Company settled with Mr. Dewald and has dismissed the matter with prejudice as to Mr. Dewald. On or about July 25, 2018, the Company settled with Mr. Sanzeri, which settlement calls for settlement payments of \$1,000 per month over the course of five months, after which the Company will dismiss the matter as to Mr. Sanzeri and fully dispose of the lawsuit. As of December 31, 2018, all five \$1,000 payments had been made to the Company and the matter had not yet been dismissed.

Lawsuit Against Bright Light Marketing, Inc.

On March 10, 2017, the Company and Bright Light Marketing, Inc. (“BLM”) entered into a Settlement Agreement (the “BLM Settlement”). Pursuant to the BLM Settlement, BLM was to pay the Company a total of \$217,500 over the twelve (12) months following March 13, 2017. BLM’s first payment of \$100,000 was due within thirty (30) business days of the signing of the BLM Settlement. BLM was then to pay the Company \$10,000 per month on the first day of the next eleven (11) months and the final payment of \$7,500 was due on March 1, 2018.

As of January 22, 2018, BLM had not made any payments to the Company pursuant to the BLM Settlement. On that date, the Company filed a complaint in Superior Court of California against BLM to enforce the BLM Settlement amount of \$217,500 and to collect interest at the default rate of \$47.67 per day. In addition, the Company is seeking court costs and attorney’s fees. BLM answered the complaint on March 12, 2018. The initial case management conference was in May 2018. Defendant did not make an appearance and the court set a continued case management conference for July 24, 2018, where the court struck the answer for BLM. The court set trial for May 13, 2019 at 8:30 a.m. and required MyDx’s counsel to reach out to defendant for settlement purposes.

13. Income Taxes

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

	For the years ended December 31,	
	2018	2017
Current:		
Federal	\$ -	\$ -
State	374	800
	<u>374</u>	<u>800</u>
Deferred:		
Federal	-	-
State	-	-
	<u>-</u>	<u>-</u>
Total provision for (benefit from) income taxes	<u>\$ 374</u>	<u>\$ 800</u>

Deferred tax assets (liabilities) consist of the following:

	For the years ended December 31,	
	2018	2017
Deferred Tax Assets:		
Net operating loss carryforwards	\$ 2,218,360	\$ 3,551,327
Research and development credits	146,322	144,305
Accruals, reserves and other	77,270	59,006
Depreciation and amortization	-	-
Stock-based compensation	445,806	628,289
Total deferred tax asset	<u>2,887,758</u>	<u>4,382,927</u>
Valuation allowance	(2,906,301)	(4,376,733)
Deferred tax liabilities		
Depreciation and amortization	18,543	(6,194)
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

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

	For the year ended December 31,	
	2018	2017
	%	%
Statutory federal tax rate	21.00%	34.00%
State taxes, net of federal benefit	6.50%	0.00%
Valuation allowance	(27.50)%	25.14%
Other	0%	8.89%
Provision for income taxes	<u>0.00%</u>	<u>0.00%</u>

Based on the available objective evidence, management believes it is more likely than not that the net deferred tax assets of the Company will not be fully realizable for the year ended December 31, 2018 and 2017. Accordingly, management had applied a full valuation allowance against net deferred tax assets as of December 31, 2018 and 2017.

The valuation allowance decreased by approximately \$1.4 million and increased approximately \$1.1 million during the years ended December 31, 2018 and 2017.

As of December 31, 2018, the Company had approximately \$13.0 million of federal and \$12.1 million of state net operating loss carryforwards available to reduce future taxable income which will begin to expire in 2033 for both federal and state purposes.

As of December 31, 2018, the Company had research & development (“R&D”) credits carryforward of approximately \$43,600 and \$43,600 for federal and California income tax purposes, respectively. If not utilized, the federal R&D credits carryforward will begin to expire in 2034. The California credits can be carried forward indefinitely.

The Company is filing income tax returns with the United States federal government, and the state of California. The Company’s tax years 2014 through 2018 will remain open for examination by the federal and state authorities for three and four years, respectively, from the utilization of any net operating loss credits.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Act”) was signed into law making significant changes to the Internal Revenue Code of 1986, as amended (the “Code”). The Act reduces the federal corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017. ASC 470 requires the Company to remeasure the existing net deferred tax asset in the period of enactment. The Act also provides for immediate expensing of 100% of the costs of qualified property that is incurred and placed in service during the period from September 27, 2017 to December 31, 2022. Beginning January 1, 2023, the immediate expensing provision is phased down by 20% per year until it is completely phased out as of January 1, 2027. Additionally, effective January 1, 2018, the Act imposes possible limitations on the deductibility of interest expense. As a result of the provisions of the Act, the Company’s deduction for interest expense could be limited in future years. The effects of other provisions of the Act are not expected to have a material impact on the Company’s financial statements.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”) to provide guidance on accounting for the tax effects of the Act. SAB 118 provides a measurement period that begins in the reporting period that includes the Act’s enactment date and ends when an entity has obtained, prepared and analyzed the information that was needed in order to complete the accounting requirements under ASC 720. However, in no circumstance should the measurement period extend beyond one year from the enactment date. In accordance with SAB 118, a company must reflect in its financial statements the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. SAB 118 provides that to the extent that a company’s accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements.

The Company does not reflect a deferred tax asset in its financial statements but includes that calculation and valuation in its footnotes. We are still analyzing the impact of certain provisions of the Act and refining our calculations. The Company will disclose any change in the estimates as it refines the accounting for the impact of the Act.

14. Subsequent Events

Subsequent to December 31, 2018 the company entered into a 8% convertible promissory note with GS Capital Partners. The Company received proceeds of \$210,000. This Note was issued with a \$3,000 original issue discount (OID) and as such the issuance price was \$207,000. Holder of this Note is entitled, at its option, at any time after the 6 month anniversary of this Note, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company’s common stock (the “Common Stock”) at a price (“Conversion Price”) for each share of Common Stock equal to 65% of the average of the two lowest closing bid prices of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange upon which the Company’s shares are traded or any exchange upon which the Common Stock may be traded in the future (“Exchange”) for the fifteen prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer agent.

Subsequent to December 31, 2018 an investor exercised his warrants to receive 292,890,071 shares. The Company did not receive any cash for this issuance. These shares have not been issued and is still under review by the Company.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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 Annual Report on Form 10-K, 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 has concluded that our disclosure controls and procedures are not effective as of December 31, 2018, due to the material weaknesses in our internal control over financial reporting identified below.

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, 2018, we and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting due to: (i) the Company not maintaining a sufficient complement of personnel with an appropriate level of accounting knowledge and experience in the application of accounting for warrants to purchase common and preferred stock issued in connection with convertible notes payable and convertible preferred stock and accounting for non-employee stock options, (ii) insufficient segregation of duties within the accounting function with respect to the review and approval of the underlying accounting records, (iii) the inability to close the Company's books and timely issue financial statements, and (iv) inadequate management oversight resulting from the departure of all independent non-employee Board members in February 2016. 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.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process, under the supervision of the chief executive officer and chief financial officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the board of directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management has completed an evaluation, risk assessment and monitoring of the company's internal controls over financial reporting as of December 31, 2018. As a result, management has concluded controls were not effective and identified material weaknesses in internal control over financial reporting.

A material weakness is a control 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.

The material weaknesses identified are disclosed below.

Failure to Segregate Duties. Management has not maintained adequate segregation of duties within the Company due to its reliance on a few individuals to fill multiple roles and responsibilities. Our failure to segregate duties has been a material weakness for the period covering this report.

Sufficiency of Accounting Resources. The Company has limited accounting personnel to prepare its financial statements and handle complex accounting transactions. The insufficiency of our accounting resources has been a material weakness for the period covering this report.

Evaluation. The Company did not perform a proper evaluation, risk assessment or monitor their internal controls over financial reporting.

As a result of the material weaknesses in internal control over financial reporting described above, the Company's management has concluded that, as of December 31, 2018, the Company's internal control over financial reporting was not effective based on the criteria in Internal Control – Integrated Framework issued by the COSO.

This report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged the Company's independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 under the Exchange Act that occurred during the quarter ended December 31, 2018 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICER AND CORPORATE GOVERNANCE

The table below sets certain information concerning our executive officers and directors, including their names, ages, anticipated positions with us. Our executive officers are chosen by our Board and hold their respective offices until their resignation or earlier removal by the Board.

In accordance with our certificate of incorporation, incumbent directors are elected to serve until our next annual meeting and until each director's successor is duly elected and qualified.

Name	Age	Position
Matthew Bucciero	38	Chief Executive Officer (Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)
Daniel Yazbeck	41	Director (Chairman of the Board)
Erai Beckmann	34	Director

Directors and Executive Officer

Matthew Bucciero - Chief Executive Officer

Matthew Bucciero, Chief Executive Officer, age 38, was appointed Chief Executive Officer on November 10, 2018. Mr. Bucciero combines over 4 years of experience in cannabis industry senior management, following a 12 year career in structured finance and private equity. Previously, he had been involved in 2 other industry companies holding positions including Chief Financial Officer, Chief Operating Officer and Board Member. From 2017 through 2018 Matt was the Managing Director of the Acentus Group, LLC a cannabis consulting and holding company. From 2014 to 2017, he was Chief Financial Officer, Chief Operating Officer and Board Member for Green Capital Ventures, Inc., a company involved in cannabis licensing and development. From 2012 to 2014, he was a Finance Director at Sovereign Capital Management Inc., a Private Equity company that focused on structured equity and debt. Matt is also currently the VP of Finance at The Mr. Cannabis Group. He has an undergraduate degree in Finance from Lehigh University.

Daniel Yazbeck – Director (Chairman of the Board)

Mr. Yazbeck became the Chief Executive Officer and a director of CDx in September 2013, and became the Chief Executive Officer and Chairman of the Board of the Company effective April 30, 2015. On July 9, 2015, Mr. Yazbeck resigned as the Chief Executive Officer of the Company, and during the period between July 10, 2015 and September 29, 2015, Mr. Yazbeck was the Chief Innovation Officer of the Company. Effective September 29, 2015, Mr. Yazbeck was re-appointed as the Chief Executive Officer of the Company and appointed as the Chief Financial Officer of the Company. In connection with the Mr. Cannabis Consulting Agreement, Mr. Daniel Yazbeck resigned from his position as the Company's Chief Executive Officer on November 10, 2018.

Mr. Yazbeck has substantial experience in new market and business development, strategic partnering and negotiations from his tenure at Fortune 500 companies. Mr. Yazbeck also has an extensive scientific and technical engineering background, having invented, patented, secured resources for, managed, developed, and commercialized several successful pharmaceutical and healthcare related market products from conception to implementation.

Mr. Yazbeck joined Pfizer, Inc. in January 2002 as a scientist in their pharmaceuticals group where he specialized in chemical research and development technologies, including analytics. While at Pfizer, Mr. Yazbeck participated in creating a global center of technology for Pfizer in the field of biocatalysis, developing multiple patents issued in his name and authored a variety of research papers. After leaving Pfizer, Mr. Yazbeck joined Panasonic Corporation of North America in March 2005, spearheading their new market, business and strategic product development activities in the consumer electronics healthcare field. Mr. Yazbeck worked on many advanced Panasonic projects in the biotechnology and healthcare space, again creating multiple patents in his name.

Mr. Yazbeck founded the Yazbeck Consulting & Investment Group (YCIG, Inc.) in October of 2008. YCIG, Inc. seeded the capital, R&D, market development, legal and human resource investments required to create CDx in September 2013.

Mr. Yazbeck graduated with honors from McGill University in Canada in 2001, holds a Master's Degree in Medicinal Chemistry, with a minor in Marketing Management, and served as a research/teaching assistant for 4 years prior to graduating and joining Pfizer.

Erai Beckmann - Director

Erai Beckmann, Board Member, age 34, was appointed to the Board on November 10, 2018. Mr. Beckmann combines over 4 years of experience in the Cannabis industry in a senior management position following a 5 year career as a serial entrepreneur starting as an entrepreneur in residence in private equity. Mr. Beckmann in his previous companies as an entrepreneur held the position of CEO in several successful startups, in both the Cannabis and health industries. From 2016 through February of, 2018, Mr. Beckmann was the CEO and Co-Founder of Humanity Holdings, Inc., a legal Nootropic Cannabis manufacturing company, one of the first companies in San Diego, CA to receive a legal Cannabis manufacturing and distribution license. Erai Beckmann is also currently the Founder and President of Mr. Cannabis Inc., a southern California focused Cannabis private holdings group.

Involvement in Legal Proceedings

To the Company's knowledge, none of our officers or our directors has, during the last ten years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

To the Company's knowledge, there are no material proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

Family Relationships

There are no family relationships between any director, executive officer or person nominated or chosen by the Company to become a director or executive officer of the Company within the meaning of Item 401(d) of Regulation S-K under the U.S. Securities Act of 1933 ("Regulation S-K"). Since the beginning of the Company's last fiscal year, the Company has not engaged in any transaction in which Mr. Bucciero had a direct or indirect material interest within the meaning of Item 404(a) of Regulation S-K.

Composition of the Board

In accordance with our certificate of incorporation, our Board is elected annually as a single class.

Communications with the Board

Our stockholders may send correspondence to the Board c/o the Corporate Secretary at MyDx, Inc., 6335 Ferris Square, Suite B, San Diego, California 92121. Our corporate secretary will forward stockholder communications to the Board prior to the board's next regularly scheduled meeting following the receipt of the communication.

Code of Business Conduct and Ethics

Effective as of April 30, 2015, the Company adopted a Code of Business Conduct and Ethics that applies to, among other persons, our president or chief executive officer as well as the individuals performing the functions of our chief financial officer, corporate secretary and controller. As adopted, our Code of Business Conduct and Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to regulatory agencies, including the Securities and Exchange Commission;
- the prompt internal reporting of violations of the Code of Business Conduct and Ethics to an appropriate person or persons identified in the Code of Business Conduct and Ethics; and
- accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics requires, among other things, that all of our personnel be afforded full access to our president or chief executive officer with respect to any matter which may arise relating to the Code of Business Conduct and Ethics. Further, all of our personnel are to be afforded full access to the Board if any such matter involves an alleged breach of the Code of Business Conduct and Ethics by our president or chief executive officer.

In addition, our Code of Business Conduct and Ethics emphasizes that all employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal, provincial and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to his or her immediate supervisor or to our president or chief executive officer. If the incident involves an alleged breach of the Code of Business Conduct and Ethics by our president or chief executive officer, the incident must be reported to any member of the Board or use of a confidential and anonymous hotline phone number. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our Code of Business Conduct and Ethics by another. Our Code of Business Conduct and Ethics is available, free of charge, to any stockholder upon written request to our Corporate Secretary at MyDx, Inc., 6335 Ferris Square, San Diego, California 92121. A copy of our Code of Business Conduct and Ethics is also attached as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on May 5, 2015.

CORPORATE GOVERNANCE

Board Committees

The Board has established an Audit Committee, a Nominating and Governance Committee, an Ethics Committee and a Compensation Committee. The Audit Committee reviews the results and scope of the audit and other services provided by the independent auditors and review and evaluate the system of internal controls. The Compensation Committee manages any stock option plan we may establish and review and recommend compensation arrangements for the officers. The Nominating and Governance committee assists the Board in fulfilling its oversight responsibilities and identify, select and evaluate the Board and committees. The Ethics Committee is responsible for overseeing compliance with the Company's Code of Ethics.

As of the date of this report our directors serve on each of the Board committees.

Leadership Structure

The chairman of the Board and the chief executive officer positions are currently held by the same person. Our bylaws provide the Board with the flexibility to determine whether the two roles should be combined or separated based upon the Company's needs. The Board believes that having the same individual in the role of the chairman and the chief executive officer is the appropriate structure for the company at this time. The Board believes the current leadership structure serves as an aid in the Board's oversight of management and it provides the Company with an efficient governance structure.

Risk Management

The Board discharges its responsibilities, and assesses the information provided by the Company's management and the independent auditor, in accordance with its business judgment. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, and management is responsible for conducting business in an ethical and risk mitigating manner where decisions are undertaken with a culture of ownership. The Board oversees management in their duty to manage the risk of our company and each of our subsidiaries. The Board regularly reviews information provided by management as management works to manage risks in the business. The Board has also established board committees to assist the full Board's oversight by focusing on risks related to the particular area of concentration of the relevant committee. For example, the compensation committee oversees risks related to our executive compensation plans and arrangements, the audit committee oversees the financial reporting and control risks and the nominating and governance committee oversees risks associated with the independence of the Board and potential conflicts of interest. If a risk is of sufficient magnitude, a committee reports on the discussions of the applicable relevant risk to the full Board during the committee reports portion of the Board's meetings. The full Board incorporates the insight provided by these reports into its overall risk management analysis.

Meetings

Subsequent to February 2016, and through November 10, 2018, Daniel Yazbeck was the sole board member and authorized all board resolutions through unanimous written consents.

ITEM 11. EXECUTIVE COMPENSATION

The following table summarizes all compensation earned in each of the Company's last two fiscal years ended December 31, 2017 and 2018 by: (i) its principal executive officer; and (ii) its two most highly compensated executive officers other than the principal executive officer who was serving as an executive officer of the Company as of the end of the last completed fiscal year. The tables below include the compensation for the Company named executive officers as of December 31, 2018.

Summary Compensation Table

The following table lists the summary compensation of the Company's named executive officers for the prior two fiscal years:

Name and principal position	Year	Salary	Bonus	Stock Awards	Option Awards	All Other Compensation	Total
Daniel R. Yazbeck (1)	2018	\$ 180,000(2)	\$ -	\$ -	\$ -	\$ 24,000(2)	\$ 204,000
Former Chief Executive Officer and Chief Financial Officer	2017	\$ 180,000(3)	\$ 180,000(3)	\$ -	\$ -	\$ -	\$ 360,000
Matthew Bucciero (4)	2018	\$ 6,700	\$ -	\$ -	\$ -	\$ -	\$ 6,700

- (1) Mr. Yazbeck was the Chief Executive Officer of the Company between April 30, 2015 and July 10, 2015; the Chief Innovation Officer of the Company between July 10, 2015 and September 29, 2015; the Interim Chief Executive Officer of the Company between August 6, 2015 and September 9, 2015; the Chief Executive Officer and Chief Financial Officer of the Company from September 29, 2015 until November 10, 2018 and has been Chairman of the Board of Directors since November 10, 2018.
- (2) Mr. Yazbeck's salary has been accrued for 2018 except for \$75,108 which was paid in cash. All other compensation consists of an automobile allowance for the year ended December 31, 2018 which has also been accrued.
- (3) Mr. Yazbeck's salary has been accrued for 2017 except for \$50,952 which was paid in cash. The entire bonus amount has also been accrued.
- (4) Mr. Bucciero became the Company's Chief Executive Officer on November 10, 2018.

Agreements with Named Executive Officers

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”). Separate from the Mr. Cannabis Warrant and separate from the Mr. Cannabis Consulting Agreement Mr. Cannabis was also issued a common stock purchase warrant to purchase fifteen (15%) of the issued and outstanding shares of the Company’s common stock, par value \$0.001 per share at the time of the first notice of exercise given by Mr. Cannabis to the Company, exercisable at a price of \$0.001 per share and for a term of three years from the date of issuance.

In connection with the Mr. Cannabis Consulting Agreement, Mr. Daniel Yazbeck resigned from his position as the Company’s Chief Executive Officer but remained 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.

Outstanding Equity Awards at Fiscal Year End

The following table lists the outstanding equity awards held by the Company’s named executive officers at December 31, 2018:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END									
OPTION AWARDS (1)						STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Exercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercisable Price	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested	Market Value of Shares or Units of Stock that have Not Vested	Equity Incentive Plan Awards:	Equity Incentive Plan Awards:
								Number of Unearned Shares, Units or Other Rights that have Not Vested	Market or Payout Value of Unearned Shares, Units or Other Rights that have Not Vested
Daniel Yazbeck (2)									
(3)	500,000	-	-	\$ 0.08	6/30/2024	-	-	-	-

- (1) In 2014, CDx established its 2014 Equity Incentive Plan pursuant to which it is authorized to grant up to an aggregate of 6,200,000 options to purchase shares of common stock. The Company assumed CDx’s 2014 Equity Incentive Plan upon consummation of the Merger.
- (2) In July 2014, Mr. Yazbeck was granted an option to purchase 250,000 shares of CDx’s common stock at \$0.08 per share. The options subject to the grant began vesting as of December 1, 2013. 1/12th of the underlying shares vest each month thereafter.
- (3) In July 2014, Mr. Yazbeck was granted an option to purchase 250,000 shares of CDx’s common stock at \$0.08 per share. The options subject to the grant began vesting as of July 1, 2014. 1/24th of the underlying shares vest each month thereafter.

Director Compensation

The following table lists the compensation of the Company’s directors, during the last fiscal year ended December 31, 2018:

Name	DIRECTOR COMPENSATION							Total
	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation		
Daniel Yazbeck	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Erai Beckmann (1)	\$ 48,000	\$ 149,036	\$ 6,792,748	\$ -	\$ -	\$ -	\$ -	\$ 6,989,784

- (1) Mr. Beckmann has sole voting and investment control over the securities held by Mr. Cannabis. Under the terms of the Mr. Cannabis Agreement, the Company granted Mr. Cannabis warrants in the amount of 22.5% of the common stock outstanding at exercise (878,670,213 shares) valued at \$3,930,481. Separate from the Mr. Cannabis Consulting Agreement the Company granted Mr. Cannabis warrants in the amount of 15% of the common stock outstanding at exercise (585,780,142 shares) valued at \$2,862,267. Mr. Beckmann is owed \$48,000 in accrued cash compensation. The Company also awarded Mr. Beckmann 43,906,926 shares valued at \$149,036 pursuant to the February 2018 Research, Manufacturing, Advertising and Marketing Services Agreement.

Director Compensation Arrangements

We also reimburse all directors for any expenses incurred in attending directors' meetings. We also provide officers and directors liability insurance.

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

The following table sets forth, as of April 23, 2019, certain information as of the date hereof with respect to the holdings of: (1) each person known to us to be the beneficial owner of more than 5% of the Common Stock; (2) each of our directors, nominees for director and named executive officers; and (3) all directors and executive officers as a group. To the best of our knowledge, each of the persons named in the table below as beneficially owning the shares set forth therein has sole voting power and sole investment power with respect to such shares, unless otherwise indicated. Unless otherwise specified, the address of each of the persons set forth below is in care of the Company, at the address of: 6335 Ferris Square, Suite B, San Diego, CA 92121.

<u>Name of Owner</u>	<u>Common Stock Owned Beneficially</u>	<u>Percent of Class ⁽¹⁾</u>	<u>Series A Preferred Stock Owned Beneficially</u>	<u>Amount of Voting Equity ⁽²⁾</u>	<u>Percentage of Voting Equity ⁽³⁾</u>
Named Executive Officers and Directors					
Daniel Yazbeck			51		
	1,789,351,606(4)	45.83%	(7,969,455,148 votes) ⁽⁵⁾	9,758,806,754	82.18%
Erai Beckmann	43,906,926(6)	1.12%	0	43,906,926	*
Matthew Bucciero	-	-	-	-	-
Mr. Cannabis Group ⁽⁷⁾	1,464,450,355(8)	27.27%	-	-	-
Total of Named Executive Officers and Directors	3,298,208,887	61.42%	51 (7,969,455,148 votes)	9,802,713,680	82.55%

* less than 1%

(1) Applicable percentage ownership is based on 3,905,200,946 shares of common stock outstanding as of April 23, 2019.

(2) The figures in this column do not include options or warrants owned.

(3) Applicable percentage of voting equity is based on 11,874,763,094 shares of voting equity outstanding as of April 23, 2019.

(4) This figure consists of: (i) 1,789,351,606 shares of common stock held of record; and (ii) 500,000 stock options to purchase 500,000 fully vested shares of the Common Stock at an exercise price of \$0.08 per share expiring June 2024.

(5) Mr. Yazbeck owns all 51 shares of Series A Preferred Stock shares outstanding.

(6) This figure consists of shares of common stock held of record.

(7) Mr. Beckmann has voting and investment control over the securities held by Mr. Cannabis Group.

(8) This figure consists of a common stock purchase warrant to purchase twenty two and one half percent (22.5%) of the issued and outstanding shares of Common Stock, at the time of the first notice of exercise given by Mr. Cannabis Group to the Company, exercisable at a price of \$.001 per share and expiring on November 10, 2021. As of April 23, 2019, 22.5% of the 3,905,200,946 shares outstanding equals 878,670,213 shares. This figure consists of a common stock purchase warrant to purchase fifteen percent (15%) of the issued and outstanding shares of Common Stock, at the time of the first notice of exercise given by Mr. Cannabis Group to the Company, exercisable at a price of \$.001 per share and expiring on November 10, 2021. As of April 23, 2019, 15% of the 3,905,200,946 shares outstanding equals 585,780,142 shares.

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

Securities Authorized for Issuance under Equity Compensation Plans

The table below sets forth information as of December 31, 2018 with respect to compensation plans under which our common stock is authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
2014 Equity Incentive Plan (approved by shareholders)	1,496,250	\$ 0.27	4,710,000
2017 Stock Incentive Plan (approved by shareholders)	0	\$ 0	6,500,000
2018 Stock Incentive Plan (approved by shareholders)			150,000,000

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

On December 25, 2016, Mr. Yazbeck, in his separate capacities as sole Board member and as the holder of a majority of the Company's voting shares, voted to ratify the MyDx, Inc. 2017 Stock Incentive Plan (the "Plan"). There are 150,000,000 million shares available to be issued pursuant to the Plan. Between January 1, 2017 and April 11 2018, 0 shares have been issued.

On July 5, 2018, Mr. Yazbeck, in his separate capacities as sole Board member and as the holder of a majority of the Company's voting shares, voted to adopt the MyDx, Inc. 2018 Stock Incentive Plan (the "2018 Plan"). There are 150,000,000 million shares available to be issued pursuant to the 2018 Plan. Between July 5, 2018 and December 31, 2018, 0 shares have been issued.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

The following is a summary of transactions since January 1, 2017 to which we have been or will be a party in which the amount involved exceeded or will exceed one percent of the average of our total assets at year-end for our last two completed fiscal years and in which any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock, or any immediate family member of, or person sharing a household with, any of these individuals, had or will have a direct or indirect material interest, other than compensation arrangements that are described under the section captioned "Executive Compensation."

On January 4, 2017, the Company entered into a settlement and release agreement (the "YCIG Settlement") with YCIG, relating to certain bona fide, outstanding, and past-due liabilities of the Company in the aggregate principal amount of approximately \$224,040 arising from that certain loan agreement, by and between the Company and YCIG, dated December 10, 2015 (the "Loan Agreement") and that certain revolving promissory note, executed by the Company in favor of YCIG, of even date therewith (the "Revolving Note").

On January 3, 2017, YCIG issued a payment demand letter (the "Demand Letter") to the Company alleging that the Company was in default under the Loan Agreement and Revolving Note for the Company's failure to make monthly interest payments as contemplated thereunder and for breaches of the Loan Agreement (the "Events of Default").

Under the terms of the YCIG Settlement, in lieu of receiving the immediate cash payment for the principal, interest and fees due and owing to YCIG from the Company under the Loan Agreement and the Revolving Note, YCIG agreed to settle and cure the Events of Default through the mutual amendment of specific terms of the Loan Agreement, as more fully described therein. As additional consideration for the YCIG Settlement, YCIG agreed to return 210,894 shares of the Company's common stock. The return of the 210,894 shares of the Company's common stock by YCIG was effected as of December 30, 2016.

A copy of the SPA, the Escrow Agreement, the Form of Warrant, the Yazbeck Settlement, and YCIG Settlement are filed, via incorporation by reference, as exhibits to this Report.

On February 7, 2017, the Company's officer made non-interest bearing loans of \$25,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On April 20, 2017, the Company's officer made non-interest bearing loans of \$20,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On May 8, 2017, the Company's officer made non-interest bearing loans of \$10,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On June 19, 2017, the Company's officer made non-interest bearing loans of \$35,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On July 17, 2017, the Company's officer made non-interest bearing loans of \$10,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On July 20, 2017, the Company's officer made non-interest bearing loans of \$20,000 to the Company in the form of cash. The loan is due on demand and unsecured. During the year ended December 31, 2017 the note was repaid.

On August 22, 2017, the Company's officer made non-interest bearing loans of \$45,000 to the Company in the form of cash. The loan is due on demand and unsecured. This was the result of the officer selling 100,000 personal owned shares of Series B Preferred for net proceeds of \$45,000.

On May 7, 2018, YCIG acquired 1,750,000 shares of the Company's common stock through the conversion of 175,000 shares of the Company's Series B Preferred via a cashless conversion of the stated value of \$1.00 per Series B Preferred share divided by a conversion price of \$0.0001 per share.

On July 23, 2018, Mr. Beckmann, the company's director, made an interest bearing loan of \$25,000 to the Company in the form of cash and was issued a 12% Convertible Promissory Note.

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"). Separate from the Mr. Cannabis Warrant and separate from the Mr. Cannabis Consulting Agreement Mr. Cannabis was also issued a common stock purchase warrant to purchase fifteen (15%) of the issued and outstanding shares of the Company's common stock, par value \$0.001 per share at the time of the first notice of exercise given by Mr. Cannabis to the Company, exercisable at a price of \$0.001 per share and for a term of three years from the date of issuance.

Review and Approval of Transactions with Related Persons

In reviewing and approving transactions with related persons, the Board considers all material factors in relation to such related person's role in a proposed transaction, including, without limitation, the related person's indirect or direct financial interest in the proposed transaction, other interests such related person may have in the proposed transaction, the terms and conditions of the proposed transaction, and whether such transaction is on an equivalent to arms-length basis. After reviewing and factoring all these considerations, the Board, and the disinterested directors, if applicable, determine whether to approve the proposed transaction with the respective related person. While the Company does not have any written policies with respect to review and approval of any such transactions with related persons, the Company believes the processes the Board follows ensures the appropriateness of its entry into such transactions with related persons and that they were entered into on terms on an equivalent basis to an arms-length transaction.

Director Independence

Board of Directors

Mr. Yazbeck, as an officer of the Company within the past three years, is not an independent director pursuant to Nasdaq Stock Market Rule 5605(a)(2) and applicable SEC rules and regulations.

Mr. Beckmann is an independent director pursuant to Nasdaq Stock Market Rule 5605(a)(2) and applicable SEC rules and regulations.

Potential Conflicts of Interest

Since we did not have an audit or compensation committee comprised of independent directors, the functions that would have been performed by such committees were performed by our directors. Thus, there was an inherent conflict of interest.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The following table sets forth the fees billed to the Company for professional services rendered by the Company's independent registered public accounting firm, for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Sadler, Gibb and Associates, LLC		
Audit fees	\$ 45,000	\$ -
Audit related fees	1,125	-
Tax fees	-	-
All other fees	-	-
	<u>\$ 46,125</u>	<u>\$ -</u>
	<u>2018</u>	<u>2017</u>
Anton & Chia		
Audit fees	\$ -	\$ 45,125
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
	<u>\$ -</u>	<u>\$ 45,125</u>

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

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

PART IV

ITEM 15. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filed or Furnished Exhibit	Filing Date	Herewith
3.1	Articles of Incorporation.	S-1	3.1	10/15/2013	
3.2	Amendment to Articles of Incorporation.	8-K	3.1	10/04/2016	
3.3	Amendment to Articles of Incorporation (Series A Preferred Designation)	8-K	3.1	01/11/2017	
3.4	Amendment to Articles of Incorporation (Series B Preferred Designation)	8-K	3.2	01/11/2017	
3.5	Bylaws	S-1	3.2	10/15/2013	
3.6	Bylaws, as amended on April 30, 2015	S-8	4.5	11/02/2018	
4.1	Form of Series B Warrant	8-K	10.7	05/05/2015	
4.2	Form of 12% Convertible Promissory Note issued to Erai Beckmann on July 23, 2018	10-Q	10.7	08/14/2018	
4.3	10% Convertible Promissory Note, dated October 1, 2018, issued to Geneva Roth Remark Holdings, Inc.	8-K	4.1	10/09/2018	
4.4	8% Convertible Promissory Note, dated October 4, 2018, issued to GS Capital Partners, LLC	8-K	4.2	10/09/2018	
4.5	8% Convertible Promissory Note, dated October 11, 2018, issued to Eagle Equities, LLC	8-K	4.1	10/17/2018	
4.6	8% Convertible Promissory Note, dated October 11, 2018, issued to GS Capital Partners, LLC	8-K	4.2	10/17/2018	
4.7	Form of Warrant Issued to Mr. Cannabis, Inc.				X
4.8	Form of Warrant issued to YCIG, Inc. (incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on January 11, 2017.	8-K	4.2	11/13/2018	
4.9	8% Convertible Promissory Note, dated December 19, 2018, issued to GS Capital Partners LLC	8-K	4.1	01/09/2019	
10.1	Patent Assignments, dated as of July 2, 2014, by and between CDx, Inc. and Richard Rouse.	8-K	10.2	05/05/2015	
10.2*	Employment Agreement, dated as of October 15, 2014, between CDx and Daniel Yazbeck	8-K	10.3	05/05/2015	
10.3*	Form of Registration Rights Agreement, dated as of October 2014, by and among CDx and the investors party thereto	8-K	10.6	05/05/2015	
10.4*	2014 Equity Incentive Plan with CDx.	10-K	10.4	04/20/2017	
10.5*	2015 Equity Incentive Plan.	8-K	10.8	05/05/2015	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filed or Furnished Exhibit	Filing Date	Herewith
10.6*	MyDx, Inc. 2017 Stock Incentive Plan	S-8	4.2	02/09/2017	
10.7	Office Lease dated April 1, 2015.	8-K	10.9	05/05/2015	
10.8**	Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.1	05/05/2015	
10.9**	Amendment No. 1 dated April 21, 2014 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.)	8-K/A	10.10	05/19/2015	
10.10**	Amendment No. 2 dated July 1, 2014 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K/A	10.11	05/19/2015	
10.11**	Amendment No. 3 dated March 23, 2015 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K/A	10.12	05/19/2015	
10.12	Amendment No. 4 dated May 1, 2015 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K/A	10.13	05/19/2015	
10.13**	Amendment No. 5 dated May 5, 2015 to Joint Development Agreement, dated as of November 1, 2013, by and between CDx, Inc. and Next Dimension Technologies, Inc.	8-K/A	10.14	05/19/2015	
10.14**	Exclusive Patent Sublicense Agreement dated April 24, 2015 between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.15	05/26/2015	
10.15	Amended Amendment No. 4 dated May 19, 2015 to Joint Development Agreement, dated as of November 1, 2013, between CDx, Inc. and Next Dimension Technologies, Inc.	8-K	10.16	05/26/2015	
10.16	Supply Agreement dated April 24, 2015 between CDx, Inc. and Next Dimension Technologies, Inc.	S-1/A	10.18	10/28/2015	
10.17	Loan Agreement dated December 10, 2015 with YCIG, Inc.	8-K	10.21	12/16/2015	
10.18	Equity Purchase Agreement dated February 2, 2016 with Kodiak Capital Group, LLC	8-K	10.30	02/09/2016	
10.19	Registration Rights Agreement dated February 2, 2016 with Kodiak Capital Group, LLC	8-K	10.31	02/09/2016	
10.20	Termination Letter to Kodiak Capital Group, LLC, dated June 30, 2016	8-K	10.1	07/07/2016	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filed or Furnished Exhibit	Filing Date	Herewith
10.21	Distribution License Agreement Between the Company and Powerful Holdings, Ltd.	10-Q	10.1	11/23/2016	
10.22	Consulting Agreement Between the Company and Lynx Consulting Group, Ltd., dated April 3, 2016	10-Q	10.2	11/23/2016	
10.23	Settlement Agreement and Stipulation between the Company and Rockwell Capital Partners, Inc., dated November 29, 2016	8-K	10.1	12/2/2016	
10.24	Advisory Services Agreement Between the Company and BCI Advisors, LLC, dated December 1, 2016	8-K	10.1	01/11/2017	
10.25	Securities Purchase Agreement, dated December 23, 2016	8-K	10.2	01/11/2017	
10.26	Escrow Agreement, dated December 23, 2016	8-K	10.3	01/11/2017	
10.27	Form of Warrant	8-K	10.4	01/11/2017	
10.28*	Settlement & Release Agreement -- Daniel R. Yazbeck and MyDx, Inc., dated December 23, 2016	8-K	10.5	01/11/2017	
10.29*	Settlement & Release Agreement -- YCIG, Inc. and MyDx, Inc., dated January 4, 2017	8-K	10.6	01/11/2017	
10.30**	First Amendment to The Exclusive Patent Sublicense Agreement, Dated November 29, 2016	8-K/A	10.2	01/13/2017	
10.31**	JDA Termination Agreement, dated November 29, 2016	8-K/A	10.3	01/13/2017	
10.32**	Amendment #2 to Supply Agreement, dated November 29, 2016	8-K/A	10.4	01/13/2017	
10.33	Option Agreement and Research and Development Agreement between Company and Torque Research and Development, Inc., dated February 8, 2017	10-K	10.47	04/20/2017	
10.34	Research, Branding, Advertising and Marketing Services Agreement, between Company and Libre Design, LLC, dated February 17, 2017.	10-K	10.48	04/20/2017	
10.35	MYDX360 SAAS Ecosystem License and Services Agreement, between the Company and Black Swan, LLC, dated June 12, 2017	8-K	10.1	06/15/2017	
10.36	Advertising Broker and Services Agreement, between the Company and Celsius Technology Inc., dated June 9, 2017	8-K	10.2	06/15/2017	
10.37	Settlement Agreement between the Company and BPM LLP, dated April 25, 2017	10-Q	10.1	08/21/2017	
10.38	Settlement Agreement and Mutual Release with Torque Research & Development, Inc., dated July 30, 2018.	10-Q	10.1	08/14/2018	
10.39	Settlement Agreement and Mutual Release with BCI Advisors, dated July 31, 2018.	10-Q	10.2	08/14/2018	
10.40	Common Stock Purchase Warrant A-1 Issued to BCI Venture Partners, LLC	10-Q	10.3	08/14/2018	
10.41	Common Stock Purchase Warrant A-2 Issued to BCI Venture Partners, LLC	10-Q	10.4	08/14/2018	
10.42	Common Stock Purchase Warrant A-3 Issued to BCI Venture Partners, LLC	10-Q	10.5	08/14/2018	
10.43	Common Stock Purchase Warrant A-4 Issued to Torque Research and Development, Inc.	10-Q	10.6	08/14/2018	
10.44	Securities Purchase Agreement dated October 1, 2018, with Geneva Roth Remark Holdings, Inc.	8-K	10.1	10/09/2018	
10.45	Securities Purchase Agreement dated October 4, 2018, with GS Capital Partners, LLC	8-K	10.2	10/09/2018	
10.46	Securities Purchase Agreement, dated October 11, 2018, with Eagle Equities, LLC	8-K	10.1	10/17/2018	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filed or Furnished Exhibit	Filing Date	Herewith
10.47	Securities Purchase Agreement, dated October 11, 2018, with GS Capital Partners, LLC	8-K	10.2	10/17/2018	
10.48	Securities Purchase Agreement, dated October 4, 2018, with GS Capital Partners, LLC	8-K	10.4	10/17/2018	
10.49	Amendment to the Securities Purchase Agreement, dated October 4, 2018, with GS Capital Partners, LLC	8-K	10.4	10/17/2018	
10.50	2018 Stock Incentive Plan	S-8	10.1	11/02/2018	
10.51	Consulting Agreement between MyDx, Inc. and Mr. Cannabis, Inc.	8-K	10.1	11/13/2018	
10.52	Settlement and Release Agreement by and between the Company and Daniel Yazbeck, dated November 10, 2018	8-K	10.2	11/13/2018	
10.53	Securities Purchase Agreement, dated December 19, 2018, with GS Capital Partners LLC	8-K	10.1	01/09/2019	
14.1	Code of Ethics.	8-K	14.1	05/05/2015	
16.1	Letter from Anton & Chia, LLP to the SEC dated February 12, 2018	8-K	16.1	02/13/2018	
21.1	Subsidiaries of the Registrant.				X
23.1	Consent of Sadler, Gibb & Associates, LLC				X
31.1	Certification of Principal Executive Officer pursuant to 18 U. S. C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer pursuant to 18 U. S. C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1***	Certification of Principal Executive Officer pursuant to 18 U. S. C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2***	Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U. S. C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance.				X
101.XSD	XBRL Schema.				X
101.PRE	XBRL Presentation.				X
101.CAL	XBRL Calculation.				X
101.DEF	XBRL Definition.				X
101.LAB	XBRL Label.				X

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

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

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

SIGNATURES

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

MyDx, Inc.

Date: April 24, 2019

By: /s/ Matthew Bucciero
Name: Matthew Bucciero
Title: Chief Executive Officer
(Principal Executive Officer, Principal Financial Officer, and
Principal Accounting Officer)

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Daniel R. Yazbeck</u> Daniel R. Yazbeck	Director	April 24, 2019
<u>/s/ Erai Beckmann</u> Erai Beckmann	Director	April 24, 2019

THIS COMMON STOCK PURCHASE WARRANT AND THE SHARES ISSUABLE UPON EXERCISE OF THIS COMMON STOCK PURCHASE WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS WARRANT AND THE SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR APPLICABLE EXEMPTION OR SAFE HARBOR PROVISION.

COMMON STOCK PURCHASE WARRANT

A-1

VOID AFTER 5:00 P.M., EASTERN TIME ON November 10, 2022

**For the Purchase of Twenty Two and One-Half Percent (22.5%) of the
Issued and Outstanding Shares of Common Stock, \$0.001 Value
of
MyDx, Inc.
a Nevada corporation**

THIS CERTIFIES THAT, for value received, Mr. Cannabis, Inc., a California corporation (the "Holder"), as registered owner of this Common Stock Purchase Warrant ("Warrant"), is, subject to the Exercise Restrictions (as defined below), entitled to, at any time at or before the Expiration Date (as defined below), but not thereafter, to subscribe for, purchase and receive twenty two and one half percent (22.5%) of the common shares issued and outstanding at the time of the first notice of exercise given by the Holder, of the fully paid and non assessable shares of common stock (the "Common Stock"), of MyDx, Inc., a Nevada corporation (the "Company"), at \$.001 per share (the "Exercise Price"), upon presentation and surrender of this Warrant and upon payment by cashier's check, wire transfer or credit of the Exercise Price for such Common Stock to the Company at the principal office of the Company; provided, however, that upon the occurrence of any of the events specified in the Statement of Rights of Warrant Holder, a copy of which is attached as Annex 1 hereto, and by this reference made a part hereof, the rights granted by this Warrant shall be adjusted as therein specified.

Upon exercise of this Warrant, the form of election must be duly executed and the instructions for registration of the Shares acquired by such exercise must be completed.

The term Expiration Date (the "Expiration Date") means the earliest of (i) the third anniversary of the date hereof, (ii) immediately prior to the sale of all of substantially all of the Company's assets, or (iii) immediately prior to a merger or consolidation in which securities possessing more than 50% of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction; provided, that the Company shall give notice to the Holder at least 30 days prior to the events set forth in clauses (i), (ii) and (iii) above.

If the subscription rights represented hereby are not exercised at or before the Expiration Date, this Warrant shall become void, and all rights represented hereby shall cease and expire.

Subject to the exercise restrictions set forth in Section 3.3 of Annex 1 to this Warrant, attached hereto (the "Exercise Restrictions"), this Warrant may be exercised in accordance with its terms in whole or in part. In the event of the exercise or assignment hereof in part only, the Company shall cause to be delivered to the Holder a new Warrant of like tenor to this Warrant in the name of the Holder, evidencing the right of the Holder to purchase the number of Shares purchasable hereunder as to which this Warrant has not been exercised or assigned.

In no event shall this Warrant (or the Shares issuable, upon full or partial exercise hereof) be offered or sold except in conformity with the Securities Act of 1933; as amended.

**COMMON STOCK PURCHASE WARRANT A-1
SIGNATURE PAGE**

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer this November 10, 2018.

MyDx, Inc.

By: /s/ Daniel Yazbeck
Daniel Yazbeck
Chief Executive Officer

NOTICE OF EXERCISE

TO: MYDX, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

1. in lawful money of the United States; or

2. the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in Section 3.4, to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in Section 3.4.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number:

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name: _____

Date: _____

NOTICE: The signature to exercise must correspond with the name upon the face of the Warrant in every particular without alteration or enlargement or any change whatsoever.

Form to be used to transfer Warrants:

TO: MyDx, Inc.

DATE: _____

FOR VALUE RECEIVED, _____ hereby irrevocably sells, assigns and transfers unto _____ the attached Warrant, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint the Manager or the Secretary of the Company attorney, to transfer said Warrant Certificate on the books of the company with the full power of substitution in the premises.

Name of Holder:

Signature: _____

(Address)

Form to be used for partial assignment of Warrants:

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ the right to purchase _____ shares of Warrant Shares evidenced by the within Warrant together with all right, title and interest therein, and does hereby irrevocably constitute and appoint the Secretary of the Company attorney, to transfer said Warrant Certificate on the books of the company with the full power of substitution in the premises.

Name of Holder:

(Please Print)

Signature: _____

(Address)

ANNEX 1 TO MyDx, INC.
COMMON STOCK PURCHASE WARRANT A-1

STATEMENT OF RIGHTS OF WARRANT HOLDER

1. Exercise of Warrant. Subject to the exercise restrictions set forth in Section 3.3 below, this Warrant may be exercised in whole or in part at any time at or before the Expiration Date (as defined in the Warrant), by presentation and surrender hereof to the Company, with the Exercise Form annexed hereto duly executed and accompanied by payment to the Company of an amount of consideration therefor equal to the Warrant Price in effect on the date of such exercise multiplied by the number of shares of Warrant Shares with respect to which this Warrant is then being exercised, payable at such Holder's election by wire transfer to an account designated by the Company, by cashless exercise in accordance with the provisions of Section 3.4, but only when a registration statement under the Securities Act providing for the resale of the Warrant Shares is not then in effect, or by a combination of the foregoing methods of payment selected by the Holder of this Warrant. If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the right of the Holder to purchase the balance of the shares purchasable hereunder. Upon receipt by the Company of this Warrant and the Exercise Price at the office or agency of the Company, in proper form for exercise, the Holder shall be deemed to be the holder of record of the common stock issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such common stock shall not then be actually delivered to the Holder.

2. Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a member in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in the Warrant and are not enforceable against the Company except to the extent set forth herein.

3. Adjustment in Number of Shares and Certain Exercise Restrictions.

3.1 Adjustment for Reclassifications. In case at any time or from time to time after November 10, 2018 ("Issue Date") the holders of the Common Stock of the Company (or any shares or other securities at the time receivable upon the exercise of this Warrant) shall have received, or, on or after the record date fixed for the determination of eligible members, shall have become entitled to receive, without payment therefore, other or additional shares or other securities or property (other than cash) by way of share-split, spinoff, reclassification, combination of shares or similar corporate rearrangement (exclusive of any dividend of its or any subsidiary's shares), then and in each such case, the Holder of this Warrant, upon the exercise hereof as provided in Section 1, shall be entitled to receive the amount of securities and property which such Holder would hold on the date of such exercise if on the Issue Date he had been the holder of record of the number of common stock shares of the Company called for on the face of this Warrant and had thereafter, during the period from the Issue Date, to and including the date of such exercise, retained such shares and/or all other or additional securities and property receivable by him as aforesaid during such period, giving effect to all adjustments called for during such period.

3.2 Adjustment for Reorganization, Consolidation, Merger. In case of any reorganization of the Company (or any other company the securities of which are at the time receivable on the exercise of this Warrant) after the Issue Date, or in case, after such date, the Company (or any such other company) shall consolidate with or merge into another company or convey all, or substantially all, of its assets to another company, then and in each such case the Holder of this Warrant, upon the exercise hereof as provided in Section 1 at any time after the consummation of such reorganization, consolidation, merger or conveyance, shall be entitled to receive, in lieu of the securities and property receivable upon the exercise of this Warrant prior to such consummation, the securities or property to which such Holder would be entitled had the Holder exercised this Warrant immediately prior thereto, all subject to further adjustment as provided herein; in each such case, the terms of this Warrant shall be applicable to the shares or other securities or property receivable upon the exercise of this Warrant after such consummation.

3.3 Exercise Restrictions. For so long as the Holder is Mr. Cannabis and the Consulting Agreement between Mr. Cannabis and the Company has not been terminated, the Holder shall have the right to exercise 1/36th of the shares of Common Stock per month from the Issue Date (i.e., 0.625% of the shares of Common Stock shall be exercisable each month); provided, however, completion of the following milestones, with such completion to be in the sole judgment of the majority of the members of the Company's Board of Directors (the "Board"), shall further accelerate the Holder's exercise schedule based on the percentages outlined below:

(i) Complete gross fundraising of \$1,000,000.00 USD or more of capital for the Company in one closing - Immediate right to exercise an additional 5% of the shares of Common Stock;

(ii) Complete gross fundraising of \$5,000,000.00 USD or more of capital for the Company in one closing (at which time 50% of the series A super voting shares will be assigned to Holder) - Immediate right to exercise an additional 5% of the shares of Common Stock;

(iii) Complete fundraising of \$10,000,000.00 USD or more of growth capital for the Company in one closing - Immediate right to exercise 100% of the shares of Common Stock;

(iv) Upon achievement of \$1,000,000.00 in gross annualized revenue for MyDx or an increase of market value of a 2x or greater sustained for a minimum of two full weeks or 10 market trading days - Immediate right to exercise an additional 5% of the shares of Common Stock;

(v) Complete the Reverse Split for the Company's OTC Stock at a \$2-\$4 per share market price and a closing share price of \$1 or more for at least a period of 30 consecutive days - Immediate right to exercise an additional 5% of the shares of Common Stock;

(vi) Complete a cross listing process of the Company stock into a Canadian exchange - Immediate right to exercise an additional 5% of the shares of Common Stock;

(vii) Complete the successful transition of the management and the full time operations of MyDx from Mr. Daniel Yazbeck to the Mr. Cannabis Team, marked by the signing of an agreement and announcement to the public markets via a press release - Immediate right to exercise an additional 1% of the shares of Common Stock;

(viii) Launch the EcoSmartPen with the MyDx Brand to fulfill the pre-existing orders - Immediate right to exercise an additional 1% of the shares of Common Stock;

(ix) Launch the EcoSmartPen with the Mr. Cannabis brand - Immediate right to exercise an additional 1% of the shares of Common Stock;

(x) Launch the EcoSmartPen with a reputable brand (in the sole judgment of the majority of the members of the Board that has at least \$500,000.00 in existing gross sales annualized revenue - Immediate right to exercise an additional 1% of the shares of Common Stock;

(xi) Onboard a major influencer (in the sole judgment of the majority of the members of the Board) who agrees to help promote the MyDx brand, products and services - Immediate right to exercise an additional 1% of the shares of Common Stock;

(xii) Recruit a reputable head (in the sole judgment of the majority of the members of the Board) of the scientific board of advisors for MyDx who can work with the MyDx team to unlock the potential value of the MyDx current and future Database and optimize it to address the needs of the pharmaceutical industry - Immediate right to exercise an additional 1% of the shares of Common Stock;

(xiii) Recruit a head of the mobile application development for MyDx - Immediate right to exercise an additional 1% of the shares of Common Stock;

(xiv) Complete an updated diligence packet of materials for MyDx fundraising, including new and updated financial modelling, new investors presentation, and a well organized (in the sole judgment of the majority of the members of the Board) cloud based investors diligence folder with all needed fundraising materials/information - Immediate right to exercise an additional 1% of the shares of Common Stock;

(xv) Secure a credit line for MyDx in excess of \$3,000,000.00 with a discount to market of no more than 20% - Immediate right to exercise an additional 1% of the shares of Common Stock;

(xvi) Recruit and onboard a reputable (in the sole judgment of the majority of the members of the Board) investors relations team to help ensure the success of the MyDx stock - Immediate right to exercise an additional 1% of the shares of Common Stock; or

(xvii) Notwithstanding anything to the contrary set forth in this Warrant, at no time may a Holder of this Warrant exercise this Warrant if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by such Holder at such time, the number of shares of Common Stock which would result in such Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) in excess of 4.99% of the then issued and outstanding shares of Common Stock; provided, however, that upon a holder of this Warrant providing the Company with sixty-one (61) days notice that such Holder would like to waive this Section 3 (xvii) will be of no force or effect with regard to all or a portion of the Warrant referenced in the a waiver notice; provided, further, that this provision shall be of no further force or effect during the sixty-one (61) days immediately preceding the expiration of the term of this Warrant.

3.4 Cashless Exercise. Notwithstanding any provisions herein to the contrary and commencing one year following the original issue date, if there is no effective Registration Statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the closing share price on the trading day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

3.5 Adjustment in Exercise Price. Under no circumstances shall the Exercise Price of the Warrant change. Therefore, in the case of a reverse stock split or recapitalization or any other event, subsequent to any such event, the Exercise Price shall remain \$.001.

4. Notices to Warrant Holders. So long as this Warrant shall be outstanding and unexercised if the Company shall take any action which would trigger an adjustment (as set forth in Section 3), then, in any such case, the Company shall cause to be delivered to the Holder, at least ten days prior to the date specified in (x) or (y) below, as the case may be, notice containing a brief description of the proposed action and stating the date on which (x) a record is to be taken for the purpose of such dividend, distribution or rights, or (y) such reclassification, reorganization, consolidation, merger, conveyance; lease, dissolution, liquidation or winding up is to take place and the date, if any, is to be fixed, as of which the holders of Common Stock of record shall be entitled to exchange their common stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up.

5. Officer's Certificate. Whenever the number of common stock issuable upon exercise of this Warrant or the Exercise Price shall be adjusted as required by the provisions hereof, the Company shall forthwith file in the custody of its Secretary or an Assistant Secretary at its principal office, and with its stock transfer agent, if any, an officer's certificate showing the adjusted number of common stock or Exercise Price determined as herein provided and setting forth in reasonable detail the facts requiring such adjustment. Each such officer's certificate shall be made available at all reasonable times for inspection by the Holder and the Company shall, forthwith after each such adjustment, deliver a copy of such certificate to the Holder. Such certificate shall be conclusive as to the correctness of such adjustment.

6. Restrictions on Transfer. The Holder of this Warrant, by acceptance thereof; agrees that, absent an effective registration statement, under the Securities Act of 1933 (the "Act"), covering the disposition of this Warrant or the Common Stock issued or issuable upon exercise hereof, such Holder will not sell or transfer any or all of this Warrant or such Common Stock without first providing the Company with an opinion of counsel reasonably satisfactory to the Company to the effect that such sale or transfer will be exempt from the registration and prospectus delivery requirements of the Act. The certificates evidencing the Warrant and Common Stock which will be delivered to such Holder by the Company shall bear substantially the following legend:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REQUIREMENTS FOR SUCH REGISTRATION FOR NONPUBLIC OFFERINGS. ACCORDINGLY, THE SALE, TRANSFER, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED HEREBY OR ANY PORTION THEREOF OR INTEREST THEREIN MAY NOT BE ACCOMPLISHED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THAT ACT OR AN OPINION OF COUNSEL TO THE HOLDER OF THE SECURITIES (UNLESS THE COMPANY DETERMINES IN ITS SOLE DISCRETION TO USE ITS OWN COUNSEL), WITH ANY SUCH COUNSEL AND OPINION OF COUNSEL TO BE REASONABLY ACCEPTABLE TO THE ISSUER, TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

Each Holder of this Warrant, at the time all or a portion of such Warrant is exercised, agrees to make such written representations to the Company as counsel for the Company may reasonably request, in order that the Company may be reasonably satisfied that such exercise of the Warrant and consequent issuance of Common Stock will not violate the registration and prospectus delivery requirements of the Act, or other applicable state securities laws.

7. Piggyback Registration Rights. If, at any time after the Issue Date and expiring on the Expiration Date, the Company proposes to register any of its securities under the Act either for its own account or for the account of others, in connection with the public offering of such equity securities solely for cash, on a registration form that would also permit the registration of the common stock issuable upon exercise of this Warrant ("Warrant Shares"), the Company shall promptly give the Holder written notice of such proposal. Within thirty (30) days after the notice is given, the Holder shall give notice as to the number of Warrant Shares, if any, which have vested and which the Holder requests be registered simultaneously with such registration by the Company. The Company shall use its best efforts to include such Warrant Shares in such registration statement (or in a separate registration statement concurrently filed) which the Holder requests to be so included and to cause such registration statement to become effective with respect to such shares in accordance with the registration procedures set forth in Section 8 hereof. If at any time after giving written notice of its intention to register equity securities and before the effectiveness of the registration statement filed in connection with such registration, the Company determines for any reason either not to effect such registration or to delay such registration, the Company may, at its election, by delivery of written notice to the Holder, (i) in the case of a determination not to effect registration, relieve itself of a reasonably necessary portion of its obligation to register the Warrant Shares under this Section 7 in connection with such registration, or (ii) in the case of a determination to delay registration, delay the registration of the Warrant Shares under this Section 7 for the same period as the delay in the registration of such other equity securities. Each Holder of Warrant Shares requesting inclusion in a registration pursuant to this Section 7 may, at any time before the effective date of the registration statement relating to such registration, revoke such request by delivering written notice of such revocation to the Company (which notice shall be effective only upon receipt by the Company); provided, however, that if the Company, in consultation with its financial and legal advisors, determines that such revocation would require a recirculation of the prospectus contained in the registration statement, then such Holder of Warrant Shares shall have no right to revoke its request.

8. Expenses and Procedures.

(A) Expenses of Registration. All registration expenses (exclusive of underwriting discounts and commissions) shall be borne by the Company; provided, however, that if a Holder revokes a registration request pursuant to the last sentence of Section 7, the registration expenses in connection with such revoked registration shall be borne by such Holder. Each Holder of Warrant Shares shall bear all underwriting discounts, selling commissions, sales concessions and similar expenses applicable to the sale of the Warrant Shares sold by such Holder.

(B) Registration Procedures. In the case of the registration, qualification or compliance effected by the Company pursuant to Section 7 hereof, the Company will keep the Holders of Warrant Shares advised as to the initiation of registration, qualification and compliance and as to the completion thereof. At its expense, the Company will furnish such number of prospectuses and other documents incident thereto as the Holders or underwriters from time to time may reasonably request.

(C) Information. The Company may require each seller of Warrant Shares as to which any registration is being effected to furnish such information regarding the distribution of such Warrant Shares as the Company may from time to time reasonably request and the Company may exclude from such registration the Warrant Shares of any seller who unreasonably fails to furnish such information after receiving such request.

(D) Blue Sky. The Company will, as expeditiously as possible, use its best efforts to register or qualify the Warrant Shares covered by a registration statement at the expense of the Company in such jurisdictions as the holders of such Warrant Shares or, in the case of an underwritten public offering, the managing underwriter shall reasonably request at the expense of the Holders of the Warrant Shares being registered provided that the Company shall not be required in connection with any such registration or qualification or as a condition thereto to qualify to do business in any jurisdiction where it is not so qualified or to take any action which would subject it to taxation or service of process in any jurisdiction where it is not otherwise subject to such taxation or service of process.

(E) Notification of Material Events. The Company will, as expeditiously as possible, immediately notify each holder of Warrant Shares under a registration statement, at any time when a prospectus relating thereto is required to be delivered under the Act, of the happening of any event as a result of which the prospectus contained in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and, as expeditiously as possible, amend or supplement such prospectus to eliminate the untrue statement or the omission.

9. Indemnification.

(A) Indemnification by Company. The Company shall, without limitation as to time, indemnify and hold harmless, to the full extent permitted by law, each holder of Warrant Shares, its officers, directors, agents and employees, each person who controls such holder (within the meaning of Section 15 of the Act or Section 20 of the Securities Exchange Act of 1934, as amended, hereinafter the "Exchange Act") and the officers, directors, agents or employees of any such controlling person, from and against all losses, claims, damages, liabilities, costs (including, without limitation, all reasonable attorneys' fees) and expenses (collectively "Loss" or "Losses"), as incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment or supplement thereto, or arising out of or based upon any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made (in the case of any prospectus) not misleading, except insofar as the same are based solely upon information furnished to the Company by such holder for use therein; provided, however, that the Company shall not be liable in any such case to the extent that any such Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission made in any preliminary prospectus or prospectus if (i) such holder failed to send or deliver a copy of the prospectus or prospectus supplement with or prior to the delivery of written confirmation of the sale of Warrant Shares and (ii) the prospectus or prospectus supplement would have corrected such untrue statement or omission. If requested, the Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers, directors, agents and employees and each person who controls such persons (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) to the same extent as provided above with respect to the indemnification of the Holders of Warrant Shares. It is agreed that the indemnity agreement contained in this Section 9(A) shall not apply to amounts paid in settlement of any such Loss if such settlement is effected without the consent of the Company (which consent has not been unreasonably withheld).

(B) Conduct of Indemnification Proceedings. If any action or proceeding (including any governmental investigation or inquiry) shall be brought or any claim shall be asserted against any person entitled to indemnity hereunder (an "Indemnified Party"), such indemnified party shall promptly notify the party from which such indemnity is sought (the "Indemnifying Party") in writing, and the indemnifying party shall assume the defense thereof including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses incurred in connection with the defense thereof. All such fees and expenses (including any fees and expenses incurred in connection with investigation or preparing to defend such action or proceeding) shall be paid to the indemnified party, as incurred, within 20 days of written notice thereof to the indemnifying party; provided, however, that if, in accordance with this Section 9, the indemnifying party is not liable to the indemnified party, such fees and expenses shall be returned promptly to the indemnifying party. Any such indemnified party shall have the right to employ separate counsel in any such action, claim or proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be the expense of such indemnified party unless (a) the indemnifying party has agreed to pay such fees and expenses, (b) the indemnifying party shall have failed promptly to assume the defense of such action, claim or proceeding and to employ counsel reasonably satisfactory to the indemnified party in any such action, claim or proceeding, or (c) the named parties to any such action, claim or proceeding (including any impleaded parties) include both such indemnified party and the indemnifying party, and such indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action, claim or proceeding on behalf of such indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action, claim or proceeding or separate but substantially similar or related actions, claims or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for all such indemnified parties, unless in the opinion of counsel for such indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such action, claim or proceeding, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels). No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the release of such indemnified party from all liability in respect to such claim or litigation without the written consent (which consent will not be unreasonably withheld) of the indemnified party. No indemnified party shall consent to entry of any judgment or enter into any settlement without the written consent (which consent will not be unreasonably withheld) of the indemnifying party from which indemnify or contribution is sought.

(C) Contribution. If the indemnification provided for in this Section 9 is unavailable to an indemnified party under Section 9(A) or 9(B) hereof (other than by reason of exceptions provided in those Sections) in respect of any Losses, then each applicable indemnifying party in lieu of indemnifying such indemnified party shall contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified party in connection with the actions, statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such indemnifying party and the indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 9(B), any legal or other fees or expenses reasonably incurred by such party in connection with any action, suit, claim, investigation or proceeding. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 9(C) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

10. Loss or Mutilation. Upon receipt by the Company of evidence satisfactory to it (in the exercise of reasonable discretion) of the ownership of and the loss, theft, destruction or mutilation of any Warrant and (in the case of loss, theft or destruction) of indemnity satisfactory to it (in the exercise of reasonable discretion), and (in the case of mutilation) upon surrender and cancellation thereof, the Company will execute and deliver in lieu thereof a new Warrant of like tenor.

11. Reservation of Shares. The Company shall at all times reserve and keep available for issue upon the exercise of Warrants such number of its authorized but unissued common stock as will be sufficient to permit the exercise in full of all outstanding Warrants.

12. Notices. All notices and other communications from the Company to the Holder of this Warrant shall be mailed by first class registered or certified mail, postage prepaid, to the address furnished to the Company in writing by the last Holder of this Warrant who shall have furnished an address to the Company in writing.

13. Change: Waiver. Neither this Warrant nor any term hereof may be changed, waived, discharged or terminated orally but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

14. Law Governing. This Warrant shall be construed and enforced in accordance with and governed by the laws of the State of Nevada.

DATED: November 10, 2018

MyDX, Inc.
A Nevada corporation

By: /s/ Daniel Yazbeck
Daniel Yazbeck
Chief Executive Officer

List of Subsidiaries

CDx, Inc. (State of Incorporation: Delaware)



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-215979 and No. 333-228143) of our report dated April 24, 2019, with respect to the audited consolidated financial statements of MyDx Inc. and its subsidiaries for the years ended December 31, 2018 and 2017 appearing in this Annual Report on Form 10-K of MyDx, Inc. for the year ended December 31, 2018.

/s/ Sadler, Gibb & Associates, LLC

Salt Lake City, UT
April 24, 2019

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fax 801.783.2960

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

I, Matthew Bucciero, certify that:

1. I have reviewed this annual report on Form 10-K of MyDx, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 24, 2019

By: /s/ Matthew Bucciero
Matthew Bucciero
Chief Executive Officer
(Principal Executive Officer)

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

I, Matthew Bucciero, certify that:

1. I have reviewed this annual report on Form 10-K of MyDx, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: April 24, 2019

By: /s/ Matthew Bucciero
Matthew Bucciero
Chief Executive Officer
(Principal Financial Officer)

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

In connection with this Annual Report of MyDx, Inc. (the "Company"), on Form 10-K for the year ended December 31, 2018, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Matthew Bucciero, Chief Executive Officer (Principal Executive Officer) of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such Annual Report on Form 10-K for the year ended December 31, 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 Annual Report on Form 10-K for the year ended December 31, 2018, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2019

By: /s/ Matthew Bucciero
Matthew Bucciero
Chief Executive Officer
(Principal Executive Officer)

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

In connection with this Annual Report of MyDx, Inc. (the "Company"), on Form 10-K for the year ended December 31, 2018, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Matthew Bucciero, Chief Executive Officer (Principal Financial Officer) of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such Annual Report on Form 10-K for the year ended December 31, 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 Annual Report on Form 10-K for the year ended December 31, 2018, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2019

By: /s/ Matthew Bucciero
Matthew Bucciero
Chief Executive Officer
(Principal Financial Officer)