Decision Diagnostics Corp.

OTC Pink Balance Sheet, Statements of Equity & Cash Flows, Footnotes to Balance Sheet

Quarterly Report for Period Ended

September 30, 2021

The following pages present the unaudited financial statements along with Statements of Equity and Cash Flows, and the Footnotes to the Balance Sheet for Decision Diagnostics Corp., for the quarters ended June 30, 2021, and 2020. The financial statements have been prepared in accordance with generally accepted accounting principles.

Trading Symbol: DECN
CUSIP Number: 243443 108

Decision Diagnostics Corp
Consensed Consolidated Balance Sheet
(Unaudited)

	September 30, 2021	September 30, 2020
Assets		
Current assets:		
Cash	$ 210,851	$ 615,500
Accounts receivable, net	897,673	1,193,697
Inventory	165,614	188,506
Prepaid expense	-	-
Total current assets	1,274,138	1,997,703
Fixed assets:		
Specialty manufacturing equipment	837,565	802,315
	837,565	802,315
Less accumulated depreciation	-	-
Fixed assets, net	837,565	802,315
Other assets:		
Intellectual property	740,455	759,115
Patent licenses, net value	2,490,825	2,484,615
Total other assets	3,231,280	3,243,730
Total assets	$ 5,342,983	$ 6,043,748
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,564,364	$ 1,649,899
Accrued interest	-	56,667
Contingent legal fees	240,000	240,000
Short term inventory financing	108,000	229,490
Notes payalbe and short term debt with warrents (Note 5)	3,237,681	3,367,356
Total current liabilities	5,150,045	5,543,412
Contingencies	245,069	245,069
Stockholder equity (deficit):		
Preferred stock, $0.001 par value, 3,738,500 shares		
authorized, no shares issued and outstanding		
as of September 30, 2021 and September 30, 2020	-	-
Preferred "B" stock, $0.001 par value, 2,500 shares		
authorized, 1,665 and 1665 shares issued and outstanding		
as of September 30, 2021 and September 30, 2020	2	2
Preferred "C" stock, $.001 par value, 10,000 shares		
authorized, 6,925 and 6,943 shares issued and outstanding		
as of September 30, 2021 and September 30, 2020	7	6
Preferred "D" stock, $0.001 par value, 500 shares		
authorized, 190 and 170 shares issued and outstanding		
as of September 30, 2021 and September 30, 2020	-	-
Preferred "E" stock, $0.001 par value, 1,250,000 shares		
authorized, 747,540 and 747,540 shares issued and outstanding		
as of September 30, 2021 and September 30, 2020	748	747
Common stock, $0.001 par value, 494,995,000 shares		
authorized, 357,870,583 and 318,504,941 shares issued and outstanding		
as of September 30, 2021 and September 30, 2020	357,871	318,296
Common stock unissued, 137,124,417 and 1,410,000 shares		
as of September 30, 2021 and September 30, 2020	1,371	1,411
Subscription receivable	(82,250)	(82,250)
Unit offering finders' fees	(321,344)	(321,344)
Additional paid in capital	79,959,445	72,787,034
Retained (deficit)	(79,967,980)	(72,448,636)
Total stockholders' equity	(52,131)	255,266
Total liabilities and stockholders' equity	$ 5,342,983	$ 6,043,747

The accompanying Notes are an integral part of these financial statements

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Decision Diagnostics Cor
Statements of Shareholders Equi
(Unaudited)

Date	Shareholde	Preffered "B" # Shares	Amt	Preferred "C" # Shares	Amt	Preferred "D" # Shares	Amt	Preferred "E" # Shares	Amt	Common Stock # Shares	Amt	APIC	Authorizec Unissuec	Subscriptior Receivable	Finders Fees	Retainec (Deficit)	Total
BALANCE DECEMBER 31, 2020		1,665	2	6,870	7	180	-	747,540	748	354,495,583	354,496	79,929,070	1,405	(82,250)	(321,344)	(78,593,273)	483,532
1/12/2021	THOMAS NELSON - NEW ISSUANCE									360,000	360	3,240	(4)				3,600
1/12/2021	KEN STOCK TRUST - NEW ISSUANCE									180,000	180	1,620	(2)				1,800
1/12/2021	JAN STOCK TRUST - NEW ISSUANCE									180,000	180	1,620	(2)				1,800
1/12/2021	LICGA PARTNERS - NEW ISSUANCE			210	0												-
1/12/2021	SOVERIGN PARTNERS LLC - NEW ISSUANCE			70	0												-
1/12/2021	PARADIGM CAPITAL - NEW ISSUANCE					10	0										-
1/21/2021	NAVESINK DEVICE INITIATIVES - CONVERSION									1,215,000	1,215	10,935	(12)				12,150
1/26/2021	NAVESINK DEVICE INITIATIVES - CONVERSION			(225)	(0)												-
	NET LOSS															(518,216)	
BALANCE, MARCH 31, 2021		1,665	2	6,925	7	190	0	747,540	748	356,430,583	356,431	79,946,485	1,386	(82,250)	(321,344)	(79,111,489)	502,882
4/13/2021	THOMAS NELSON - NEW ISSUANCE									360,000	360	3,240	(4)				3,600
4/13/2021	KEN STOCK TRUST - NEW ISSUANCE									180,000	180	1,620	(2)				1,800
4/13/2021	JAN STOCK TRUST - NEW ISSUANCE									180,000	180	1,620	(2)				1,800
	NET LOSS															(301,569)	
BALANCE, JUNE 30, 2021		1,665	2	6,925	7	190	0	747,540	748	357,150,583	357,151	79,952,965	1,378	(82,250)	(321,344)	(79,413,058)	522,232
7/8/2021	THOMAS NELSON - NEW ISSUANCE									360,000	360	3,240	(4)				3,600
7/8/2021	KEN STOCK TRUST - NEW ISSUANCE									180,000	180	1,620	(2)				1,800
7/8/2021	JAN STOCK TRUST - NEW ISSUANCE									180,000	180	1,620	(2)				1,800
	NET LOSS															(554,922)	
BALANCE, SEPTEMBER 30, 2021		1,665	2	6,925	7	190	0	747,540	748	357,870,583	357,871	79,959,445	1,371	(82,250)	(321,344)	(79,967,980)	529,432

The accompanying Notes are an integral part of these financial statemer

Decision Diagnostic Corp.
Condensed Conslidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2021	**2020**
Cash flows from operating activites		
Net Loss	$ (1,374,707)	$ (22,754,934)
Adjustments to reconcile net loss to		
net cash (used) by operating activites:		
Amortization of prepaid legal fees	-	-
Shares and options issued for services	-	-
Shares issued for financing fees	21,600	20,759,448
Bad debt	458,800	450,000
Loss on write-down of obsolete inventory	-	304,276
Gain on inventory settlement	-	(165,372)
Gain on intellectual property settlement	-	-
Changes in operating assets and liabilities		
Accounts receivable	(296,024)	(598,530)
Inventory	(4,936)	(326,147)
Prepaid and other assets	-	2,249
Accounts payable and accrued liabilities	108,482	561,380
Accrued interest	233	313,913
Net cash (used) by operating activities	(1,086,552)	(1,453,717)
Cash flows from investing activities		
Fixed assets	(35,250)	-
Intellectual property	(1,625)	(75,565)
Net cash (used) by investing activities	(36,875)	(75,565)
Cash flows from financing activities		
Proceeds from notes payable	755,000	2,100,040
Payments on notes payable	-	(105,814)
Net cash provided by financing activities	755,000	1,994,226
Net decrese in cash	(368,427)	464,944
Cash - beginning	579,278	114,334
Cash - ending	$ 210,851	$ 579,278
Supplemental disclosures:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ 1,927
Non-cash transactions:		
Shares and options issued for services	$ -	$ -
Shares issued for financing activities	$ 21,600	$ 20,759,448
Shares issued for debt and derivitive liabilites	$ -	$ 2,126,944

The accompanying Notes are an integral part of these financial statements

DECISION DIAGNOSTICS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE 1 – Basis of presentation and accounting policies

Basis of Presentation

The condensed consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with our consolidated financial statements for the period ended December 31, 2020 and notes thereto included in our annual filing. We follow the same accounting policies in the preparation of consolidated interim reports.

Results of operations for the interim periods are not indicative of annual results.

Recent Accounting Pronouncements

Management has analyzed all pronouncements issued during the six months ended September 30, 2021 by the FASB or other authoritative accounting standards groups with future effective dates, and have determined that they are not applicable or are not expected to be significant to our financial statements.

Year-end

We have adopted December 31 as our fiscal year end.

NOTE 2 – Going concern

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern. Our ability to continue as a going concern is dependent upon attaining profitable operations based on the development of distribution platforms and channels through which our products that can be sold. We intend to use borrowings and security sales to mitigate the effects of our cash position, however, no assurance can be given that debt or equity financing, if required, will be available. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should we be unable to continue in existence.

NOTE 3 – Fair value

Our financial instruments consist principally of notes payable and lines of credit. Notes payable and lines of credit are financial liabilities with carrying values that approximate fair value. Management determines the fair value of notes payable and lines of credit based on the effective yields of similar obligations and believe all of the financial instruments' recorded values approximate fair market value because of their nature and respective durations.

We comply with the provisions of ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value

measurements required under other accounting pronouncements. ASC 820-10-35, "Fair Value Measurements and Disclosures - Subsequent Measurement" ("ASC 820-10-35"), clarifies that fair value is an exit price, representing the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820-10-35 also requires that a fair value measurement reflect the assumptions market participants would use in pricing an asset or liability based on the best information available. Assumptions include the risks inherent in a particular valuation technique (such as a pricing model) and/or the risks inherent in the inputs to the model. The Company also follows ASC 825 "Interim Disclosures about Fair Value of Financial Instruments", to expand required disclosures.

ASC 820-10-35 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-35 are described below:

Level 1. Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2. Valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3. Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the best available information in measuring fair value. The following table summarizes, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of September 30, 2021:

	2021 Fair Value Measurements			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Intellectual property	$ -	$ -	$ 3,231,280	$ 3,231,280
Liabilities	-	-	-	-
Notes payable	-	(3,239,772)	-	(3,239,772)
Total	$ -	$ (3,239,772)	$ 3,231,280	$ (8,492)

NOTE 4 – Equipment – Specialty Manufacturing Instruments

On September 1, 2015,we entered into a wide-ranging manufacturing and product development agreement with a large venture funded Korean concern. On July 8, 2015, we enhanced its role in this agreement through the purchase of, and investment in, computer controlled, specialty manufacturing equipment for our GenUltimate! products that is now located in the Korean facility of the Company's R&D and contract manufacturing partner. In the summer of 2016 we augmented this equipment by adding additional equipment capable of manufacturing our GenChoice!,GenAccord! andGenCambre! products that make use of different molds and chemical processes.

During the quarter ended March 31, 2017, we acquired $64,890 in fixed assets pursuant to the manufacturing and product development agreement dated September 1, 2015. We expensed an additional $380,000 for the development of our GenChoice! product which will make use of the Specialty Manufacturing equipment located in Korea. We continue to incur great expense due to development of our GenChoice! andGenUltimatePrecis!,GenUltimate! TBG and GenViro! products during the three months ending March 31, 2021.

NOTE 5 – Patents

During the three months ended September 30, 2021 and 2020, we capitalized attorney fees related to the continued development and perfection of our patents, the prosecution of new patents, as well as our stable of Trademarks. We did not amortize any intellectual property or patents during the quarters ended September 30, 2021 and 2020. We did, however, prosecuted our patents in a lawsuit in the Federal Court district of Nevada, against Johnson and Johnson and two of their divisions. In October 2018 Johnson and Johnson sold their divisions to Platinum Equity. It appears that Platinum did not buy the patent portfolio associated with the diabetes products from Johnson & Johnson when they bought the business operations. Our lawsuit against Johnson & Johnson was ended by the court of Appeals for the Federal Circuit in late 2019.

NOTE 6 – Acquisition of Certain Properties

In March 2014, we agreed to acquire certain properties from Shasta Technologies LLC. The agreement covering this acquisition became the subject of two litigations, one litigation related to the remaining proceeds of an IP defense insurance policy, subsequently settled, the other litigation concerning damages the company is trying to collect from Shasta Technologies LLCowing to Shasta's subsequent undisclosed issues with the U.S. FDA. The damages sought by the company, and other damages, became a part of allegations made in a suit filed in Pennsylvania where we will also litigate damages incurred as a result of a 2015 collusion between Shasta and our former contract manufacturer Conductive Technologies, Inc., who conspired with Johnson and Johnson during the settlement of the first patent litigations. On December 31, 2018 the court in Pennsylvania ordered judgement against Shasta in the amount of $3,600,000.

The original purchase price for this "Shasta" property was expected to be $2,000,000 (cash). Earlier in 2019 the company filed a Writ of Execution, owing to the $3,600,000 judgement that migrated from Pennsylvania. The Writ became final in April 2019, and was used, among other things, as offset against Shastain the California litigation. Our business with Shasta is now completed.

We did register our FDA cleared product under our FDA Establishment registration (with the US FDA) in 2014, 2015, 2016, 2017, 2018, 2019 and 2020. In September 2016 we became fully compliant with the then newly implemented FDA UDI product identification initiative.

NOTE 7 – Accounts receivable and bad debt

On September 30, 2021, we estimated that we would have approximately $240,000 in bad debt due to the COVID-19 pandemic which has led to the closing of businesses, particularly those that offer their own product fulfillment services. Accordingly, we have recorded bad debt expense of $240,000 for the quarter ended September 30, 2021.

NOTE 8 – Notes payable

During nine months ended September 30, 2021 the company closed additional financing in the form of Promissory Notes in the amount of $755,000, with various entities.

NOTE 9 – Stockholder's equity

Common

During the quarter ended September 30, 2021, we issued 720,000 shares of $0.001 par value common stock for financing costs totaling $7,200.

NOTE 10 – Stock options

2017 Stock Option Plan

During the quarter ended March 31, 2017, we adopted the "2017" Executive and Key Man/Woman Stock Option Plan and granted incentive and nonqualified stock options with rights to purchase 20,000,000 shares of $0.001 par value common stock at the variable strike prices per share based on share fair market value on the date of grant. As of September 30, 2021, all options allowed under the plan have been granted and are exercisable at the election of the holder.

The following is a summary of activity of outstanding stock options under all Stock Option Plans:

	Number of Shares	Weighted Average Exercise Price
Balance, January 1, 2020	26,350,000	$ 0.05911
Options granted	-	-
Options cancelled	-	-
Options exercised	-	-
Balance, March 31, 2020	26,350,000	$ 0.05911

NOTE 11 – Commitments and Contingencies

Contingencies and Litigation

We transact commerce in several medical products market channels. We also transact commerce by licensing our proprietary medical software that functions by moving confidential medical data through our proprietary medical information technology devices and networks. Our GenStrip 50 and GenUltimate! products required initial regulatory approval by the US FDA as well as on-going US FDA oversight and inspection during the product life cycle. We also import product from Korea manufactured by our Korean contract manufacturer. This product is also subject to FDA inspection. We are also subject to new FDA regulation and post market overview. In 2016, we had to meet new FDA Guidelines for product identification, tracking and standardization. Our new GenChoice! andGenUltimate! TBG, our GenViro! and the later upcoming GenAccord! andGenCambre! products will follow similar pathways pathway with the U.S. FDA. The FDA calls its new product identification program, the UDI initiative, and the new packaging required, and met by us, approximates a similar standard implemented in the European Union in 2013, and then adopted in other countries, Korea for example. We have, or had our agents file for approvals in the EU and the Russian Federation. In early May 2021 we received approval by the German Agency BfArM (aka) the German equivalent of the U.S. FDA.

Further, our products required medical patient trials and several compete directly with a major platform manufacturer. Healthcare, especially those segments where the company competes, is a very litigious. Competing companies often use litigation as a marketing (market depriving) tool, bringing litigation as a means to protect market share and limit market exposure even though market limitation through litigation is illegal. We have in the past (and currently) defended cases brought by Plaintiffs asserting these types of claims.

The medical industry is also intertwined. From time to time, we have become involved in claims and litigation that arise out of the normal course of business, such as litigation that emerges from disputes over damaged, missing or

contaminated product, payment disputes both as a seller and a buyer, and litigation that arises over claims of fair value. We have also had to defend trade dress claims filed solely because of the cost to defend these claims, real or not. For instance, we have been sued in several jurisdictions over a single business transaction. Often these cases involve substantial over-prosecution where we and our have been held accountable by Plaintiffs for a myriad of things including words written or posted in public forums by anonymous persons.

We may also become involved in disputes that arise over the business or business practices of our suppliers, payers and customers, people or entities that we may not be familiar with. We maintain substantial insurance coverage against suits that may arise over issues of damaged, recalled or counterfeit product and other product liability issues. We have also been a victim of the unapproved acts of prior management. These acts have resulted in claims from individuals and entities since the Board relieved former management of duty in 2006. Nonetheless, these claims have resulted in the use of management time and company resources to investigate, litigate, or settle. In addition, we accrue contingent legal fees and product liability fees. As of September 30, 2021, our contingent legal fees accrual was $240,000 and our general contingencies accrual was $245,069. Contingencies total $485,069 and are reflected herein.

From time to time, we may also be subject to demands from individuals or entities. These demands and disputes may consume management time and company resources. Other than as noted below, if there is such a disclosure, there are no pending matters at the current time that in management's judgment may be considered material or potentially material.

Leases

We currently maintain an executive office at 2660 Townsgate Road, Suite 300, Westlake Village, CA 91361. The space consists of approximately 2,300 square feet. The monthly rental for the space is $3,500 per month (recently raised) on a month-to-month basis. We also maintain space in a public warehouse in Miami, FL, for our import, export and storage and pick and pack needs. Also, we are granted space indirectly in Seoul, South Korea for the completion of necessary clinical trials.

Rent expense totaled $9,000 and $9,000 for the quarters ended September 30, 2021 and 2020, respectively.

NOTE 12 – Subsequent events

In accordance with ASC 855, management evaluated all of our activities through the issue date of the financial statements and concluded that except as described below, no other subsequent events have occurred that would require recognition or disclosure in the financial statements. We do however discuss all subsequent events in our Managements' Discussion and Analysis documents and filings.

All Subsequent Events are discussed in detail in our Management's Discussion and Analysis reporting, as has been our practice.

Error Repair

The company will endeavor to repair any and all errors that new sets of eyes find in this document after its posting, whether these errors are in spelling, grammatical, punctuation or numeric. We are not perfect and we remind the readers of this document that they are not perfect either.