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

FORM 10-Q

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

For the quarterly period ended **December 31, 2019**

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 No. **000-55523**

APPLIED BIOSCIENCES CORP.

(Exact name of registrant as specified in its charter)

Nevada	**81-1699502**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9701 Wilshire Blvd., Suite 1000
Beverly Hills, California 90212
(Address of principal executive offices) (Zip Code)

(310) 356-7374
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

As of February 14, 2020 there were 14,292,956 shares of common stock, $0.00001 par value per share, outstanding.

APPLIED BIOSCIENCES CORP.
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED DECEMBER 31, 2019

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of Applied Biosciences Corp., a Nevada corporation (the "Company"), contains "forward-looking statements," as defined in the United States Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "could", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of such terms and other comparable terminology. These forward-looking statements include, without limitation, statements about our market opportunity, our strategies, competition, expected activities and expenditures as we pursue our business plan, and the adequacy of our available cash resources. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Actual results may differ materially from the predictions discussed in these forward-looking statements. The economic environment within which we operate could materially affect our actual results. Additional factors that could materially affect these forward-looking statements and/or predictions include, among other things: the possibility that we will not receive sufficient customers to grow our business, the Company's need for and ability to obtain additional financing, other factors over which we have little or no control; and other factors discussed in the Company's filings with the Securities and Exchange Commission ("SEC").

Our management has included projections and estimates in this Form 10-Q, which are based primarily on management's experience in the industry, assessments of our results of operations, discussions and negotiations with third parties and a review of information filed by our competitors with the SEC or otherwise publicly available. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Financial statements.

APPLIED BIOSCIENCES CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2019	March 31, 2019
ASSETS	(unaudited)	
Current Assets		
Cash	$ 21,268	$ 47,044
Accounts receivable, net	76,201	163,405
Inventory	101,524	78,737
Prepaids and other current assets	14,666	65,273
Total Current Assets	213,659	354,459
Property and equipment, net	331,323	452,048
Operating lease right-of-use assets, net	350,752	-
Equity investments	570,911	898,292
Goodwill (provisional)	1,941,149	1,941,149
Other asset	10,133	5,500
TOTAL ASSETS	$ 3,417,927	$ 3,651,448
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 659,682	$ 278,546
Note Payable	25,000	25,000
Convertible note payable - related party	192,000	-
Convertible note payable - unrelated parties, net of debt discount of $153,170 at December 31, 2019	346,769	-
Derivative liability	234,058	-
Current portion of operating lease liabilities	89,136	-
Accrued expenses	472,131	70,720
Total Current Liabilities	2,018,776	374,266

Operating lease liabilities, net of current portion	261,616	-
Total Liabilities	2,280,392	374,266
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock; $0.00001 par value; 5,000,000 shares authorized; none issued and outstanding at December 31, 2019 (unaudited) and 2018 and March 31, 2019, respectively	-	-
Common stock; $0.00001 par value; 200,000,000 shares authorized: 14,100,956 issued and outstanding at December 31, 2019 (unaudited) and 13,397,110 at March 31, 2019	143	135
Additional paid in capital	7,321,615	6,892,242
Common stock to be issued, 808,805 shares at December 31, 2019 (unaudited) and 408,805 shares at March 31, 2019	993,807	773,807
Accumulated deficit	(8,086,293)	(5,531,260)
Total Applied BioSciences Corp. Stockholders' Equity	229,272	2,134,924
Non-controlling Equity	908,263	1,142,258
Total Stockholders' Equity	1,137,535	3,277,182
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,417,927	$ 3,651,448

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

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APPLIED BIOSCIENCES CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE, NET				
Products	$ 22,357	$ 413,109	$ 192,011	$ 472,509
Services	147,218	-	433,295	-
Total revenues, net	169,575	413,109	625,306	472,509
COST OF REVENUE				
Products	17,137	379,582	167,546	439,740
Services	34,206	-	81,967	-
Total costs of revenue	51,343	379,582	249,513	439,740

GROSS MARGIN	118,232	33,527	375,793	32,769
EXPENSES				
Sales and marketing	50,590	100,730	256,775	556,167
General and administrative	997,055	1,317,469	2,271,546	1,712,667
Depreciation and amortization	40,828	292	120,324	877
TOTAL OPERATING EXPENSES	1,088,473	1,418,491	2,648,645	2,269,711
OPERATING LOSS	(970,241)	(1,384,964)	(2,272,852)	(2,236,942)
Other Income (Expense)				
Change in fair value of equity investments	(327,381)	-	(327,381)	404,763
Change in fair value of derivative	(39,231)	-	(34,977)	-
Interest Expense	(89,017)	(506,579)	(153,818)	(574,880)
Total other (expense), net	(455,629)	(506,579)	(516,176)	(170,117)
NET LOSS	(1,425,870)	(1,891,543)	(2,789,028)	(2,407,059)
Less: Net income (loss) attributable to non controlling interest	72,480	(234)	233,995	9,358
NET LOSS ATTRIBUTABLE TO APPLIED BIOSCIENCES CORP.	$ (1,353,390)	$ (1,891,777)	$ (2,555,033)	$ (2,397,701)
LOSS PER COMMON SHARE	$ (0.10)	$ (0.16)	$ (0.19)	$ (0.22)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic and diluted	13,649,254	11,797,297	13,555,111	11,150,168

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

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APPLIED BIOSCIENCES CORP.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2019

	Common Stock $0.00001 Par Number	Common Stock $0.00001 Par Amount	Common Stock to be Issued	Additional Paid In Capital	Non-Controlling Interest	Accumulated Deficit	Stockholders' Equity
Balance, March 31, 2019	13,397,110	$ 135	$ 773,807	$ 6,892,242	$ 1,142,258	$ (5,531,260)	$ 3,277,182
Issuance of common stock previously committed but not issued	50,000	1	(50,000)	49,999			-
Beneficial conversion feature associated with issuance of convertible notes				77,381			77,381
Net loss					(84,031)	(423,897)	(507,928)
Balance, June 30, 2019 (unaudited)	13,447,110	136	723,807	7,019,622	1,058,227	(5,955,157)	2,846,635
Fair value of common stock issued to former board member	100,000	1		69,999			70,000
Fair value of common stock issued upon conversion of convertible note			100,000				100,000
Net loss					(77,484)	(777,746)	(855,230)
Balance, September 30, 2019 (unaudited)	13,547,110	$ 137	$ 823,807	$ 7,089,621	$ 980,743	$ (6,732,903)	$ 2,161,405
Fair value of common stock issued to officers	300,000	3		80,997			81,000

Fair value of common stock issued to consultants	100,000	1	270,000	50,999			321,000
Fair value of common stock issued upon conversion of convertible note	153,846	2	(100,000)	99,998			-
Net loss					(72,480)	(1,353,390)	(1,425,870)
Balance, December 31, 2019 (unaudited)	14,100,956	$ 143	$ 993,807	$ 7,321,615	$ 908,263	$ (8,086,293)	$ 1,137,535

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

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APPLIED BIOSCIENCES CORP.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2018

Common Stock $0.00001 Par		Common Stock to be Issued	Additional Paid In Capital	Non-Controlling Interest	Accumulated Deficit	Stockholders' Equity
Number	Amount					

Balance, March 31, 2018	10,499,610	$ 105	$ 526,000	$ 3,054,297	$ (9,027)	$ (2,901,933)	$ 669,442
Issuance of common stock previously committed but not issued	50,000	1	(100,000)	99,999			-
Issuance of common stock for cash			75,000				75,000
Fair value of shares issued to consultant for services	90,000	1	45,926	179,999			225,926
Fair value of shares issued to advisory board member	25,000	-		51,000			51,000
Beneficial conversion feature associated with a convertible note				28,705			28,705
Net loss					(6,256)	(395,501)	(401,757)
Balance, June 30, 2018 (unaudited)	10,664,610	107	546,926	3,414,000	(15,283)	(3,297,434)	648,316
Issuance of common stock previously committed but not issued	12,500		(25,000)	25,000			-
Fair value of shares issued to consultant for services			15,926				15,926
Beneficial conversion feature associated with a convertible note				99,900			99,900
Net loss					(3,336)	(110,423)	(113,759)
Balance, September 30, 2018 (unaudited)	10,677,110	$ 107	$ 537,852	$ 3,538,900	$ (18,619)	$ (3,407,857)	$ 650,383
Fair value of shares issued to consultants for services	295,000	3	-	356,447			356,450
Vair value of shares issued to Company Officers and board member	625,000	6		756,244			756,250
Beneficial conversion feature associated with a convertible note				309,200			309,200
Conversion of convertible debt			1,444,500				1,444,500
Net loss					234	(1,891,777)	(1,891,543)
Balance, December 31, 2018 (unaudited)	11,597,110	$ 116	$ 1,982,352	$ 4,960,791	$ (18,385)	$ (5,299,634)	$ 1,625,240

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

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APPLIED BIOSCIENCES CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES	(unaudited)	(unaudited)
Net loss	$ (2,789,028)	$ (2,407,059)
Adjustment to reconcile net loss to net cash used in operating activities:		
Change in fair value of equity investments	327,381	(404,763)
Amortization of debt discount	123,293	437,805
Change in fair value of derivative	34,977	-
Fair value of shares issued to consultants	321,000	649,302
Fair value of shares issued to officers and board member	151,000	756,250
Depreciation	120,724	878
Allowance for bad debt	33,457	-
Amortization of operating lease right-of-use asset	21,737	-
Changes in operating assets and liabilities		
Repayment of lease obligations	(21,737)	-
Accounts receivable	53,748	(5,436)
Inventory	(22,786)	(41,031)
Prepaid and other current assets	45,972	77,699
Accounts payable and accrued expenses	782,547	147,492
Net cash used in operating activities	(817,715)	(788,863)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit on acquisition	-	(550,000)
Net cash used in investing activities	-	(550,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of convertible notes	791,939	1,444,500
Proceeds from issuance of common stock	-	75,000
Net cash provided by financing activities	791,939	1,519,500
NET CHANGE IN CASH	(25,776)	180,637

CASH, BEGINNING OF PERIOD	47,044	60,934
CASH, END OF PERIOD	$ 21,268	$ 241,571
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Fair value of common stock issued upon conversion of convertible notes and accrued interest	$ 100,000	$ 1,444,500
Fair value of beneficial conversion feature related to issuance of convertible notes	$ 77,381	$ 437,805
Initial recognition of operating lease right-of-use assets and operating lease obligations under adoption of ASC Topic 842	$ 372,490	$ -
Recognition of derivative liability upon issuance of note payable	$ 199,081	$ -

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

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APPLIED BIOSCIENCES CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIODS ENDED DECEMBER 31, 2019 AND 2018
(unaudited)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Description of the Company

Applied BioSciences Corp. (formerly First Fixtures, Inc. and Stony Hill Corp. or the "Company") was incorporated in the State of Nevada on February 21, 2014 and established a fiscal year end of March 31. The Company is a vertically integrated company focused on the development of science-driven cannabinoid therapeutics / biopharmaceuticals and delivering high-quality CBD products as well as state-of-the-art testing and analytics capabilities.

Effective October 24, 2016 the Company changed its name from First Fixtures Inc. to Stony Hill Corp. and on March 6, 2018, the Company changed its name from Stony Hill Corp. to Applied BioSciences Corp.

In January 2019, the Company closed on a purchase of 520,410 shares of common stock of Trace Analytics, Inc., a Washington corporation ("Trace Analytics"), for an aggregate purchase price of $1,250,000, of which $750,000 was paid in cash and $500,000 was paid in shares of common stock of the Company. Trace Analytics is a cannabis testing laboratory. Immediately following the purchase, the Company held 51% of the issued and outstanding shares of common stock of Trace Analytics and have included the financial results of Trace Analytics in the condensed consolidated financial statements from the date of acquisition, January 1, 2019.

On April 8, 2019, the Company formed Applied Biopharma LLC, a wholly-owned subsidiary, in the state of Nevada, with the intention of establishing and growing the biopharmaceutical business of the Company. Applied Biopharma LLC is focused on the development and commercialization of novel therapeutics to treat metabolic diseases, peripheral neuropathy, progressive lung disease and ischemic reperfusion injury. Its principal business objective is to develop science-driven synthetic cannabinoid therapeutics that satisfy unmet medical needs and continue to drive innovation in the endocannabinoid space.

Basis of presentation – Unaudited Financial Statements

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the rules and regulations of the Securities and Exchange Commission. Accordingly, the unaudited condensed consolidated financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete annual financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring adjustments, considered necessary for a fair presentation. Interim operating results are not necessarily indicative of results that may be expected for the fiscal year ending March 31, 2020, or for any other interim period. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements as of and for the year ended March 31, 2019, which are included in the Company's Report on Form 10-K for such year filed on July 1, 2019.

Going concern

These condensed statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As reflected in the condensed consolidated financial statements, the Company incurred a net loss of $2,789,028 and used $817,715 of cash in operating activities during the nine months ended December 31, 2019. Further, the Company's independent auditor in their audit report for fiscal year ended March 31, 2019 expressed substantial doubt about the Company's ability to continue as a going concern. These and other factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

APPLIED BIOSCIENCES CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIODS ENDED DECEMBER 31, 2019 AND 2018
(unaudited)

The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital and to ultimately achieve sustainable revenues and income from operations. During the nine months ended December 31, 2019, the Company issued convertible notes for total proceeds of $791,939 in private placements with accredited investors. However, the Company will need and is currently working on obtaining additional funds to operate its business through and beyond the date of this Form 10-Q filing. There is no assurance that such funds will be available or at terms acceptable to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions and covenants on its operations, in the case of debt financing or cause substantial dilution for its stockholders in the case of convertible debt and equity financing.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries, Applied Products LLC (100% owned entity), VitaCBD LLC, an 80% owned entity, Trace Analytics, Inc., a 51% owned entity, all Washington limited liability companies, and Applied Biopharma LLC and SHL Management LLC, both 100% owned Nevada limited liability companies. Intercompany transactions and balances have been eliminated in consolidation. Management evaluates its investments on an individual basis for purposes of determining whether or not consolidation is appropriate.

Use of Estimates and Assumptions

Preparation of the condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Among other things, management estimates include the collectability of its accounts receivable, recoverability of inventory, assumptions made in determining impairment of investments and intangible assets, accruals for potential liabilities, and realization of deferred tax assets. These estimates generally involve complex issues and require judgments, involve analysis of historical information and the prediction of future trends, and are subject to change from period to period. Actual amounts could differ significantly from these estimates.

Revenue Recognition

The Company's revenue is principally derived from its subsidiaries, Applied Products LLC, and Trace Analytics.

- Applied Products LLC revenues are generated from sales of high-quality CBD products for consumer and pet health and wellness. Sales of these products are made to individual distributors and through online sales. Revenue from the sale of these products was $192,011 and $472,509 during the nine months ended December 31, 2019 and 2018, respectively

- Trace Analytics generates revenue from services by offering state-of-the-art testing and analytics capabilities to CBD and hemp companies. Sales of these services are to marijuana producers and processors, dispensaries, and CBD and hemp companies. Revenue from the sale of these services was $433,295 during the nine months ended December 31, 2019.

The Company recognizes revenue in accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASC 606"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contracts, which includes (1) identifying the contracts or agreements with a customer, (2) identifying the Company's performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the services it transfers to its clients.

APPLIED BIOSCIENCES CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIODS ENDED DECEMBER 31, 2019 AND 2018
(unaudited)

Advertising

The Company expenses advertising costs as incurred. Advertising expense for the nine month periods ended December 31, 2019 and 2018 amounted to $37,144 and $40,769, respectively, and were included in “Sales and marketing expenses” in the Consolidated Statements of Operations.

Earnings (Loss) per Share

The basic earnings (loss) per share is calculated by dividing the Company’s net income (loss) available to common shareholders by the weighted average number of common shares during the period. Shares of common stock to be issued are included in weighted average shares calculation from the date of grant. The diluted earnings (loss) per share is calculated by dividing the Company’s net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted average number of shares adjusted for any potentially dilutive debt or equity. Diluted earnings (loss) per share are the same as basic earnings (loss) per share due to the lack of dilutive items.

Investments

The Company follows ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 primarily affects equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Among other things, this guidance requires certain equity investments to be measured at fair value with changes in fair value recognized in net income. As such, the Company measures its equity investments at their fair value at end of each reporting period.

Investments accounted for under the equity method or cost method of accounting above are included in the caption “Equity investments” on the Condensed Consolidated Balance Sheets.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. The Company evaluates goodwill for impairment on an annual basis or whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. The Company conducts its annual impairment analysis in the fourth quarter of each fiscal year. Impairment of goodwill is tested at the reporting unit level by comparing the reporting unit’s carrying amount, including goodwill, to the fair value of the reporting unit. Estimations and assumptions regarding the number of reporting units, future performances, results of the Company’s operations and comparability of its market capitalization and net book value will be used. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and an impairment loss is measured by the resulting amount. Because the Company has one reporting unit, as part of the Company’s qualitative assessment an entity-wide approach to assess goodwill for impairment is utilized. Based on management’s assessment, no impairment losses have been recorded in the nine month periods ended December 31, 2019.

Stock Based Compensation

The Company issues stock options and warrants, shares of common stock, and equity interests as share-based compensation to employees and non-employees. The Company accounts for its share-based compensation to employees in accordance with FASB ASC 718, Compensation – Stock Compensation. Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period.

APPLIED BIOSCIENCES CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIODS ENDED DECEMBER 31, 2019 AND 2018
(unaudited)

In prior periods up to March 31, 2019, the Company accounted for share-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50, Equity - Based Payments to Non-Employees. Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The final fair value of the share-based payment transaction is determined at the performance completion date. For interim periods, the fair value is estimated, and the percentage of completion is applied to that estimate to determine the cumulative expense recorded.

In June 2018, the FASB issued ASU No. 2018-07, Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. The guidance was issued to simplify the accounting for share-based transactions by expanding the scope of Topic 718 from only being applicable to share-based payments to employees to also include share-based payment transactions for acquiring goods and services from nonemployees. As a result, nonemployee share-based transactions will be measured by estimating the fair value of the equity instruments at the grant date, taking into consideration the probability of satisfying performance conditions. The Company adopted ASU 2018-07 on April 1, 2019. The adoption of the standard did not have a material impact on our financial statements for the three and nine months periods ended December 31, 2019 or the previously reported financial statements.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the condensed consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

To determine the number of authorized but unissued shares available to satisfy outstanding convertible securities, the Company uses a sequencing method to prioritize its convertible securities as prescribed by ASC 815-40-35. At each reporting date, the Company reviews its convertible securities to determine their classification is appropriate.

Leases

Prior to April 1, 2019, the Company accounted for leases under ASC 840, *Accounting for Leases*. Effective April 1, 2019, the Company adopted the guidance of ASC 842, *Leases,* which requires an entity to recognize a right-of-use asset and a lease liability for virtually all leases. The Company adopted ASC 842 using a modified retrospective approach. As a result, the comparative financial information has not been updated and the required disclosures prior to the date of adoption have not been updated and continue to be reported under the accounting standards in effect for those periods. The adoption of ASC 842 resulted in the recognition of operating lease right-of-use assets of $372,490 on October 1, 2019 upon commencement of the new leases of the Company. There was no cumulative-effect adjustment to accumulated deficit. See Note 9 for further information regarding the adoption of ASC 842.

Segments

The Company operates in one segment for the distribution of products and services. In accordance with the “Segment Reporting” Topic of the ASC, the Company’s chief operating decision maker has been identified as the Chief Executive Officer, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Existing guidance, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets and reports revenue. All material operating units qualify for aggregation under “Segment Reporting” due to their similar customer base and similarities in: economic characteristics; nature of products and services; and procurement, manufacturing and distribution processes. Since the Company operates in one segment, all financial information required by “Segment Reporting” can be found in the accompanying condensed consolidated financial statements.

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Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326), which replaces the incurred-loss impairment methodology and requires immediate recognition of estimated credit losses expected to occur for most financial assets, including trade receivables. Credit losses on available-for-sale debt securities with unrealized losses will be recognized as allowances for credit losses limited to the amount by which fair value is below amortized cost. ASU 2016-13 is effective for the Company beginning January 1, 2020 and early adoption is permitted. The Company does not believe the potential impact of the new guidance and related codification improvements will be material to its financial position, results of operations and cash flows.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2019	March 31, 2019
Lab Equipment	$ 569,484	$ 569,484
Office Furniture and Equipment	57,562	57,562
Leasehold Improvements	21,557	21,557
	648,603	648,603
Less: Accumulated Depreciation	(317,280)	(196,555)
	$ 331,323	$ 452,048

NOTE 4 – EQUITY INVESTMENTS

Equity investments relate to purchases of stock in certain entities with ownership percentages of less than 5% and consist of the following:

	December 31, 2019	March 31, 2019
(A) GemmaCert	$ 93,529	$ 93,529
(B) Hightimes Holdings Corp.	327,382	654,763
(C) Precision Cultivation Systems, LLC	50,000	50,000
(D) Bailey Venture Partners XII LLC	100,000	100,000
	$ 570,911	$ 898,292

(A) In November 2016, the Company purchased 29,571 shares of Preferred A stock of Cannabi-Tech Ltd. ("Cannabi"), at a price of $1.69086 per share for total investment of $50,000. Cannabi is a private company incorporated in the State of Israel that provides lab-grade medical cannabis quality control testing systems used to test the quality of medical marijuana flowers. Cannabi subsequently changed its name to GemmaCert. In October 2017, the Company purchased an additional 7,309 shares of Preferred A-1 stock of GemmaCert at a price of $2.536 per share for total investment of $18,537. As of March 31, 2019, the company valued these investments based on the most recent purchase price at $2.536 per share or total fair value of $93,529.

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As a private company, GemmaCert does not have a readily determinable fair value. Additionally, there have been no observable price changes from transactions for similar investments in GemmaCert during the nine months ended December 31, 2019. As such, the Company valued the investment at $2.536 per share, reflecting the most recent purchase price for total value of $93,529, which is believed to approximate market value.

(B) In January 2017, the Company entered into an agreement to purchase 59,524 shares of Class A common stock at a price of $4.20 per share for total investment of $250,000, which accounts for less than 5% investment in Hightimes Holdings Corp. ("Hightimes"). Hightimes owns High Times Magazine and hosts festivals, events and competitions including the High Times Cannabis Cup and multiple e-commerce properties, including HighTimes.com, CannabisCup.com and 420.com.

As of March 31, 2019, the Company was able to obtain observable evidence that the investment had a market value of $11.00 per share, or an aggregate value of $654,763. As of December 31, 2019, the Company obtained further observable evidence that the investment had a market value of $5.50 per share, or an aggregate value of $327,382 for a decrease in value of $327,381, which was reflected as a change in fair value of our equity investments in the condensed consolidated statements of operations.

(C) In June 2017, the Company entered in a Subscription Agreement to purchase 0.5% interest in Precision Cultivation Systems, LLC ("Precision"), a Delaware limited liability company, for a purchase price of $50,000. Precision is developing a growth system that capitalizes on a patent-pending cultivation method that utilizes proprietary irrigation and root zone conditioning. As part of the Subscription Agreement, $42,500 of the investment is subject to repayment on a pro-rata basis with other investors who have entered into similar Subscription Agreements. Amounts subject to repayment are solely at the discretion of Precision.

As a private company, Precision does not have a readily determinable fair value. Additionally, there have been no observable price changes from transactions for similar investments in Precision during the nine months ended December 31, 2019. As such, the Company has measured the value of the investment at cost as of December 31, 2019, which management believes approximates market value.

(D) In January 2018, the Company paid $100,000 for the purchase of a Membership Interest in Bailey Venture Partners XII LLC ("Bailey") representing less than 5% interest in Bailey. Along with other funds received from third-party investors, Bailey plans to invest funds received in various strategic investments.

As a private company, Bailey does not have a readily determinable fair value. Additionally, there have been no observable price changes from transactions for similar investments in Bailey during the fiscal year ended March 31, 2019. As such, the Company has measured the value of the investment at cost as of December 31, 2019, which management believes approximates market value.

As the Company does not participate in the management of these companies nor has the ability to exercise significant influence over these companies, the Company recorded these investments at cost and adjusts the cost basis to market at the end of each reporting period. Dividends, if any, are recognized when received.

NOTE 5 – ACQUISITION OF TRACE ANALYTICS, INC.

On January 7, 2019, the Company closed on a purchase of 520,410 shares of common stock of Trace Analytics, Inc., a Washington corporation ("Trace Analytics"). Pursuant to a Common Stock Purchase Agreement, the Company purchased Trace Analytics at a purchase price of $2.40 per share, for an aggregate purchase price of $1,250,000, of which 141,850 shares remain to be issued. Trace Analytics is a cannabis testing laboratory acquired to enable the Company to position itself as the leading provider of testing solutions for CBD products for both compliance requirements and consumer safety as these products continue to increase in popularity. Immediately following the purchase, the Company held 51% of the issued and outstanding shares of common stock of Trace Analytics and have included the financial results of Trace Analytics in the condensed consolidated financial statements from the date of acquisition, January 1, 2019.

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The Common Stock Purchase Agreement included the option for Trace to repurchase 205,410 shares of Common Stock based on the occurrence of certain Repurchase Triggering Events. Based on a review of the Repurchase Triggering Events, the Company considers it unlikely that any of the events will occur. Additionally, the Company entered into a Voting Agreement with Trace concurrent with the Common Stock Purchase Agreement. The Voting Agreement provided for the designation of three out of five positions on the Trace Analytics Board of Directors by the Company. The Voting Agreement also detailed certain transactions that require two-thirds approval by the Board of Directors. The Voting Agreement is not considered to impact the ability of the Company to control the operations and assets of Trace Analytics.

The Company accounted for the transaction as a business combination in accordance with ASC 805 “Business Combinations” in which the Company recorded an initial goodwill amount of $1,941,149 as of March 31, 2019. The Company is in the process of performing an allocation of the purchase price paid for the assets acquired and the liabilities assumed. The fair values of the assets acquired as recognized at the date of the transaction on January 1, 2019 are considered provisional and subject to adjustment as additional information is obtained through the purchase price measurement period (a period of up to one year from the closing date). The provisional allocation of the purchase price is based on management’s preliminary estimates. Any prospective adjustments would change the fair value allocation as of the acquisition date. The Company is still in the process of reviewing underlying models, assumptions and discount rates used in the valuation of provisional goodwill.

NOTE 6 – CONVERTIBLE NOTES PAYABLE

Convertible notes payable consisted of the following:

	December 31, 2019	March 31, 2019
Convertible notes	$ 249,939	$ -
12% Senior Convertible Promissory Note	250,000	-
Less: Debt Discount	(153,170)	-
Total Convertible Notes, Net of Debt Discount	$ 346,769	$ -

Convertible Notes

During the nine months ended December 31, 2019, the Company issued separate Convertible Promissory Notes ("Notes") having a total principal amount of $349,939 to accredited holders at an interest rates ranging from 0% to 1% per month. The note holder, at their sole discretion and election, are allowed to convert any part or all of the then outstanding principal and/or interest on these Notes into shares of common stock of the Company at conversion prices ranging from $0.65 to $1.00 per share. As of December 31, 2019, $100,000 of the Notes were converted, into 153,846 shares of the Company's common stock based on a conversion price of $0.65 per share. As such, balance of the notes at December 31, 2019 was $249,939.

Certain of the Notes were issued when the market price of the Company's common stock was in excess of conversion price per share creating a beneficial conversion feature associated with these Notes with an aggregate amount of $71,381 at issuance dates. As such, the Company recorded the $71,381 intrinsic value of the beneficial conversion feature at issuance dates of the Notes as additional paid-in capital and recognized as a debt discount. The debt discount is being amortized as interest expense over the terms of the related notes. During the nine month period ended December 31, 2019, the Company recorded amortization of the debt discount of $52,933 as interest expense. As such, unamortized debt discount as of December 31, 2019 related to these Notes was $18,449.

12% Senior Convertible Promissory Note

On September 4, 2019, the Company entered into a Senior Convertible Promissory Note due September 12, 2020 (the "Note") in the principal amount of $500,000, of which an initial tranche of $250,000 was received on September 9, 2019, to an accredited investor (the "Purchaser"). The maturity date for each tranche funded (each, a "Maturity Date") under the Note shall be twelve (12) months from the effective date of the payment of the respective tranche, less any amounts converted or redeemed prior to the Maturity Date. As such, the initial tranche matures on September 8, 2020. The Note accrues interest at a rate of 12% per annum, payable on the Maturity Date or upon any conversion, prepayment, event of default or other acceleration of payment under the Note. All interest payments under the Note are payable, at the Company's option, in cash or shares of Common Stock.

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All principal and interest due and owing under the Note is convertible into shares of Common Stock at any time at the election of the Purchaser at a conversion price per share equal to the lower of (i) $1.00 (the “Fixed Conversion Price”) or (ii) 70% multiplied by the average of the three (3) lowest closing prices of the Common Stock during the fifteen (15) consecutive trading-day period immediately preceding the date of the respective conversion (the “Alternate Conversion Price”) (the “Conversion Price”), which Conversion Price is subject to adjustment for (i) stock splits, stock dividends, combinations, or similar events and (ii) full ratchet anti-dilution protection. The Purchaser will have participation rights in subsequent rights offerings and pro rata distributions. However, the Purchaser does not have the right to convert the Note to the extent that such conversion would result in such Purchaser being the beneficial owner in excess of 4.99% (or, upon election of such Purchaser, 9.99%), which beneficial ownership limitation may be increased or decreased up to 9.99% upon notice to the Company, provided that any increase in such limitation will not be effective until 61 days following notice to the Company.

In the event the Company has a DTC “Chill” on the Company’s shares, an additional discount of 10% shall apply to the Conversion Price while that “Chill” is in effect. The Alternate Conversion Price shall be subject to a floor price of $0.25 per share (the “Floor Price”) provided, however, that the Floor Price shall no longer apply (1) after August 1, 2020, (2) if certain events of default occurs under the Note, and/or (3) the Company fails to pay an amount in cash to the Purchaser equal to 125% multiplied by the respective conversion amount with respect to any notice of conversion as provided in the Note.

The Company may prepay in cash any portion of the outstanding principal amount of the Note and any accrued and unpaid interest upon one (1) days’ written notice to the Purchaser, at any time prior to or as of (but not following) the earlier of the (i) the first conversion date under the Note for the respective tranche under the Note and (ii) the 180th calendar day after the funding date of the respective tranche under the Note. If the Company exercises its right to prepay any respective tranche under the Note at any time within the initial 180 calendar days following the funding date of the respective tranche under the Note, the Company will be required to pay a premium amount above the related principal amount ranging from 10% to 25% depending on when the prepayment notice is provided to the Purchaser.

In connection with the offer and sale of the Note, the Company and the Purchaser entered into a Security Agreement, dated as of September 4, 2019 (the “Security Agreement”). Under the Security Agreement, the Company granted a security interest in all of their respective assets, rights, interests and after-acquired assets and properties, except for the Company’s ownership interest in its subsidiary, Trace Analytics, Inc., as collateral for repayment of the principal and interest owed under the Note.

Also in connection with the offer and sale of the Note, the Company entered into a Registration Rights Agreement, dated September 4, 2019, with the Purchaser (the "Registration Rights Agreement"). Under the Registration Rights Agreement, the Company is obligated to register all shares of common stock underlying the Note resale in a registration statement to be filed with the Securities and Exchange Commission if the company files with the Securities and Exchange Commission a registration statement registering any securities, except a registration statement filed (i) in connection with any employee stock option or other benefit plan on Form S-8, (ii) for a dividend reinvestment plan or (iii) in connection with a merger or acquisition.

The Company considered the FASB guidance of "Contracts in Entity's Own Stock" which indicates that any adjustment to the fixed amount (either conversion price or number of shares) of the instrument regardless of the probability of whether or not within the issuers' control means the instrument is not indexed to the issuer's own stock. Accordingly, the Company determined that the conversion prices of the Notes was not a fixed amount because they were subject to an adjustment based on the occurrence of future offerings or events. As a result, the Company determined that the conversion features of the Note was not considered indexed to the Company's own stock and characterized the fair value of the conversion features as derivative liabilities upon issuance. The Company determined that upon issuance of the Note, the initial fair value of the embedded conversion feature was $199,081. As such, the Company recorded a $199,081 derivative liability which was recorded as debt discount offsetting the fair value of the Note (see Note 7). During the nine months ended December 31, 2019, the Company amortized $64,360 of the debt discount to interest expense. The balance of the unamortized discount was $134,721 at December 31, 2019.

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NOTE 7 – DERIVATIVE LIABILITY

In accordance with the FASB authoritative guidance, the conversion feature of the Note was separated from the host contract and recognized as a derivative instrument with a fair value of $199,081, which is re-measured at the end of every reporting period with the change in value reported in the condensed statement of operations. The initial derivative liability was valued using a weighted-average Black-Scholes-Merton model with the following assumptions: risk-free interest rate of 1.69%; expected volatility of 189%; expected life of 1 year; and expected dividend yield of 0%. The derivative liability was re-measured to be $234,058 as of December 31, 2019 using a weighted-average Black-Scholes-Merton model with the following assumptions: risk-free interest rate of 1.60%; expected volatility of 196%; expected life of .68 years; and expected dividend yield of 0%. This resulted in an increase in the initial value of the derivative of $34,977, which was recognized as other expense in the Company's Condensed Statement of Operations for the nine months ended December 31, 2019.

The Company used a risk-free interest rate based on rates established by the Federal Reserve Bank and used its own stock's volatility as the estimated volatility. In addition, the expected life of the conversion feature of the notes was based on the remaining terms of the Note. Further, the expected dividend yield was based on the fact that the Company has not customarily paid dividends to its holders of Common Stock in the past and does not expect to pay dividends to holders of its Common Stock in the future.

NOTE 8 – RELATED PARTY TRANSACTIONS

During the period SBS Management LLC, a company controlled by Mr. Scott Stevens, who was appointed to the Company's board of directors on April 15, 2019, made advances to the Company to cover certain operating expenses. These advances are unsecured, non-interest bearing, with no formal terms of repayment. As of December 31, 2019, the amounts due SBS were $96,300 and are included in accounts payable on the accompanying consolidated condensed balance sheets. During the nine months ended December 31, 2019, the Company paid SBS Management LLC $75,000 for management services. In addition, the Company reimbursed SBS Management LLC $35,000 for rent expense which amount has been included in general and administrative expense for the period. There were no such amounts invoiced during the nine months ended December 31, 2018.

During the nine months ended December 31, 2019, the Company incurred $63,286 of which the Company paid $54,566 and $8,720 is included in accounts payable on the accompanying consolidated condensed balance sheets, from Emmess Group, Inc., a strategic advisory company, of which the Company's President of Applied Biopharma LLC is the Executive Vice President and Managing Director of Emmess Group Inc. In addition, in October 2019 the Company issued 250,000 shares of the Company's common stock to the President of Applied Biopharma at a price per share of $0.60 or $150,000, which was based on the fair market value of the Company's common stock on date of issuance.

On May 15, 2019, the Company's Board of Directors approved the issuance of a convertible promissory note (the "Note") in the principal amount of $250,000 to Greys Peak Ventures LLC, an investment firm whose partners include Scott Stevens and Chris Bridges, both directors of the Company. The Note was due December 31, 2019, holds a 0% interest rate, and is convertible at any time, in the sole discretion of the holder of the Note, into shares of common stock of the Company at a purchase price of $1.00 per share. As of December 31, 2019, the Company had borrowed $192,000 against the Note.

A portion of the Notes were issued when the market price of the Company's common stock was in excess of the $1.00 per share conversion price creating a beneficial conversion feature associated with these Notes with an aggregate amount of $6,000 at issuance dates. As such, the Company recorded the $6,000 intrinsic value of the beneficial conversion feature at issuance dates of the Notes as additional paid-in capital, and recognized as a debt discount, which was amortized as interest expense during the nine-month period ended December 31, 2019.

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NOTE 9 – EQUITY

Preferred Stock

The Company has authorized 5,000,000 shares of $0.00001 par value, undesignated Preferred Stock. As of December 31, 2019, the Company has not issued any shares of Preferred Stock nor has the Company designated any class of Preferred Stock.

Stock Option Plan

On May 17, 2019, the board of directors of the Company approved and adopted the terms and provisions of a 2019 Stock Option Plan (the "Plan") for the Company. No stockholder approval has been obtained approving the Plan. An aggregate of 2,000,000 shares of the Company's common stock are initially reserved for issuance upon exercise of nonqualified and/or incentive stock options which may be granted under Plan. No options have yet been issued under the Plan.

Shares Issued to Board Members and President

In conjunction with the resignation of a board member in September 2019, the Company issued 100,000 shares to the former board member for past services rendered at a price of $0.70 per share for a total cost of $70,000, which represented the market price of the shares as of the date of issuance. In addition, in December 2019, the Company issued 300,000 shares of which 150,000 shares were issued to a board member of the company and 150,000 were issued to the President of CBD Products for past services at a price of $0.27 per share for a total cost of $81,000, which represented the market price of the shares as of the date of issuance. The value of these shares was reflected in general and administrative expenses is the Company's condensed consolidated statements of operations.

Shares Issued for Services

During the nine months ended December 31, 2019, the Company issued 550,000 shares to four consultants for services rendered at a prices ranging from $0.51 to $0.60 per share for a total cost of $321,000, which represented the market price of the shares as of the date of relevant agreements. As of December 31, 2019, 450,000 of these shares have not been issued, and as such, the total fair value of these shares was reflected as “Common stock to be issued” in the accompanying condensed consolidated balance sheets as of December 31, 2019. The value of these shares was reflected in general and administrative expenses is the Company’s condensed consolidated statements of operations.

Shares Issued for Debt

During the nine months ended December 31, 2019, the Company issued 153,846 shares in conjunction with the conversion of a $100,000 convertible note.

NOTE 10 – LEASE OBLIGATIONS

On October 1, 2019, the Company entered into a two-year extension related to 2,100 square feet of office space leased by its subsidiary, Applied Products LLC. The lease requires the Company to pay rent of $2,750 per month or $33,000 per year. The rent shall be increased at the end of each year by the same percentage as any increase in the Consumer Price Index (“CPI”) as published by the U.S. Department of Labor for the most recent preceding 12 month period. Also beginning on October 1, 2019, the Company entered into a five-year extension related to 3,734 square feet of office space leased by its subsidiary, Trace Analytics. The new rent is $5,716 per month or $68,592 per year.

Effective April 1, 2019, the Company adopted the guidance of ASC 842, *Leases,* which requires an entity to recognize a right-of-use asset (“ROU”) and a lease liability for virtually all leases. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. In conjunction with the lease extensions entered into on October 1, 2019, the Company recorded a ROU asset and liability of $372,490. The Company used an implicit rate of interest to determine the present value of lease payments utilizing its incremental borrowing rate, as the implicit rate of interest in the respective leases is not readily determinable. The Company’s incremental borrowing rate is a hypothetical rate based on its understanding of what its credit rating would be.

The components of rent expense and supplemental cash flow information related to leases for the period are as follows:

		Nine Months Ended December 31, 2019
Lease Cost		
Operating lease cost (included in general and administration in the Company's unaudited condensed statement of operations)	$	25,398
Other Information		
Cash paid for amounts included in the measurement of lease liabilities	$	-
Weighted average remaining lease term – operating leases (in years)		4.3
Average discount rate – operating leases		4%

The supplemental balance sheet information related to leases for the period is as follows:

		At December 31, 2019
Operating leases		
Long-term right-of-use assets	$	350,752
Short-term operating lease liabilities	$	89,136
Long-term operating lease liabilities		261,616

Total operating lease liabilities	$ 350,752

Maturities of the Company's lease liabilities are as follows:

Fiscal Year Ending March 31,	Operating Leases
2020 (remaining 3 months)	$ 25,398
2021	101,593
2022	85,092
2023	60,593
2024	68,593
2025	34,296
Total lease payments	383,565
Less: Imputed interest/present value discount	(32,813)
	$ 350,752

Rent expense for the nine months ended December 31, 2019 and 2018 was $85,950 and $24,750, respectively.

NOTE 11 – SUBSEQUENT EVENT

In February 2020, the principal amount of debt owed to Greys Peak Ventures LLC of $192,000 was converted to 192,000 shares of the Company's common stock.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This section of this Form 10-Q includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our predictions.

Acquisition of Trace Analytics, Inc.

On January 7, 2019, we closed on a purchase of 520,410 shares of common stock of Trace Analytics, Inc., a Washington corporation ("Trace Analytics"). Pursuant to a Common Stock Purchase Agreement, the Company purchased Trace Analytics at a purchase price of $2.40 per share, for an aggregate purchase price of $1,250,000, of which 141,850 shares remain to be issued. Trace Analytics is a cannabis testing laboratory acquired to enable the Company to position itself as the leading provider of testing solutions for CBD products for both compliance requirements and consumer safety as these products continue to increase in popularity. Immediately following the purchase, we held 51% of the issued and outstanding shares of common stock of Trace Analytics and have included the financial results of Trace Analytics in our condensed consolidated financial statements from the date of acquisition, January 1, 2019.

The Common Stock Purchase Agreement included the option for Trace to repurchase 205,410 shares of Common Stock based on the occurrence of certain Repurchase Triggering Events. Based on a review of the Repurchase Triggering Events, we consider it unlikely that any of the events will occur. Additionally, we entered into a Voting Agreement with Trace concurrent with the Common Stock Purchase Agreement. The Voting Agreement provided for the designation of three out of five positions on the Trace Analytics Board of Directors by the Company. The Voting Agreement also detailed certain transactions that require two-thirds approval by the Board of Directors. The Voting Agreement is not considered to impact the ability of the

Company to control the operations and assets of Trace Analytics.

Applied Biopharma LLC

On April 8, 2019, the Company formed Applied Biopharma LLC, a wholly-owned subsidiary, in the state of Nevada, with the intention of establishing and growing the biopharmaceutical business of the Company. Applied Biopharma LLC is focused on the development and commercialization of novel therapeutics to treat metabolic diseases, peripheral neuropathy, progressive lung disease and ischemic reperfusion injury. Its principal business objective is to develop science-driven synthetic cannabinoid therapeutics that satisfy unmet medical needs and continue to drive innovation in the endocannabinoid space.

Results of Operations

Our revenue, operating expenses, and net loss from operations for our three and nine months ended December 31, 2019 as compared to our three and nine months ended December 31, 2018 were as follows:

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Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	$ Change Inc (Dec)	Percentage Change Inc (Dec)
REVENUE, NET				
Products	$ 22,357	$ 413,109	$ (390,752)	(95)%
Services	147,218	-	147,218	-
Total costs of revenue	169,575	413,109	(243,534)	(59)%
COST OF REVENUE				

Products	17,137	379,582	(362,445)	(95)%
Services	34,206	-	34,206	-
Total costs of revenue	51,343	379,582	(328,239)	(86)%
GROSS MARGIN	118,232	33,527	84,705	253%
EXPENSES				
Sales and marketing	50,590	100,730	(50,140)	(50)%
General and administrative	997,055	1,317,469	(320,414)	(24)%
Depreciation and Amortization	40,828	292	40,536	13,882%
TOTAL OPERATING EXPENSES	1,088,473	1,418,491	(330,018)	(23)%
OPERATING LOSS	(970,241)	(1,384,964)	(414,723)	(30)%
Other Income (Expense)				
Unrecognized loss on equity investment	(327,381)	-	(327,381)	-
Change in fair value of derivative	(39,231)	-	(39,231)	-
Interest Expense	(89,017)	(506,579)	417,562	(82)%
Total other income, net	(455,629)	(506,579)	50,950	(10)%
NET LOSS	(1,425,870)	(1,891,543)	(465,673)	(25)%
Less: Net loss attributable to non controlling interest	72,480	(234)	72,714	(31,074)%
NET LOSS ATTRIBUTABLE TO APPLIED BIOSCIENCES CORP.	$ (1,353,390)	$ (1,891,777)	$ (538,387)	(28)%

Revenues: Revenues relate to shipments of cannabidiol ("CBD") brand products and lab testing services. During the three months ended December 31, 2019, revenue from our CBD product lines was $22,357 as compared to $413,109 for the three months ended December 31, 2018. The decrease of $390,752 related to lower sales of bulk hemp seed and raw CBD. Service revenue resulting from our lab testing is attributable solely to the acquisition of Trace Analytics in January 2019, and totaled $147,218 for the three months ended December 31, 2019.

Cost of Revenue: Cost of goods sold is driven by product sales, and primarily consists of purchases of inventory for sale. We generally purchase products that are private labels and brand the products using our tradenames. During the three months ended December 31, 2019, we incurred $17,137 of costs to purchase product which represented 77% of our product revenues as compared to $379,582 or 92% of our product revenues for the three months ended December 31, 2018. Similar to revenues, lower product costs for the three months ended December 31, 2019 as compared to the same period in 2018 were driven by lower purchases of bulk hemp seed and raw CBD. Cost of services were $34,206 or 23% of service revenues and related to our lab testing services, which is attributable solely to the acquisition of Trace Analytics.

Gross Margin: For the three months ended December 31, 2019, gross margin from sale of our CBD products was $5,220 or 23% of product revenues as compared to a gross margin of $33,527 or 8% for the three months ended December 31, 2018. The improved gross margin percentage is primarily due to reduced sales lower margin bulk hemp seed and raw CBD. Gross margin from our lab testing services, which started January 1, 2019, totaled $113,012 or 77% of our lab testing revenues.

Sales and marketing: Sales and marketing expenses are mainly comprised of advertising, public relations, investor relations, events, and website marketing costs. Sales and marketing expenses decreased to $50,590 for the three months ended December 31, 2019 as compared to $100,730 for the three months ended December 31, 2018. The decrease is due to lower spending for investor relations and other marketing professional services.

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General and administrative: General and administrative expenses are mainly comprised of professional fees, travel expenses, meals and entertainment and other office support costs. General and administrative expenses decreased $320,414 to $997,055 for the three months ended December 31, 2019 as compared to $1,317,469 for the three months ended December 31, 2018. The decrease was mainly attributable to lower issuance of common stock for services offset somewhat by the acquisition of Trace Analytics and addition of our Applied Biopharma subsidiary, with general and administrative expenses for the remainder of the Company essentially flat compared to the three months ended December 31, 2018.

Depreciation and amortization: Depreciation expense was $40,828 for the three months ended December 31, 2019 as compared to $292 for the three months ended December 31, 2018. The increase was driven solely by depreciation on equipment acquired in connection with the acquisition of Trace Analytics in January 2019.

Unrecognized Gain on Equity Investments: We remeasure our equity investments at each reporting period at fair value with changes in fair value recognized in net income. During the three months ended December 31, 2019, we obtained observable evidence that the fair value of certain equity investments had decreased by $327,381. As such, we recorded an unrecognized loss from the change in market value of $327,281 during the three months ended December 31, 2019. There was no observable evidence in the change in fair market value for any of our equity investments during the three months ended December 31, 2018.

Change in Fair Value of Derivative Liability: In accordance with the FASB authoritative guidance, the conversion feature of our senior secured convertible note issued by us in December 31, 2019 was separated from the host contract (i.e., the notes) and recognized as a derivative instrument. The conversion feature of this note is characterized as a derivative liability, which is re-measured at the end of every reporting period with the change in value recognized as a gain or loss in our consolidated statement of operations. During the three months ended December 31, 2019, we recorded an expense of $39,231 due to the change in the fair value of our derivative liability.

Interest Expense: During the three months ended December 31, 2019 and 2018, we recorded $16,621 and $111,498, respectively, of interest costs related to convertible notes along with amortization of $72,396 and $395,090, respectively, of debt discount recorded in conjunction with the convertible notes. The decreases were driven by timing of loans along with related interest rates from convertible notes for the three months ended December 31, 2019 as compared to the three months ended December 31, 2018.

Nine months Ended December 31, 2019 Compared to Nine Months Ended December 31, 2018

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2018	$ Change Inc (Dec)	Percentage Change Inc (Dec)
REVENUE, NET				
Products	$ 192,011	$ 472,509	$ (280,498)	(59)%
Services	433,295	-	433,295	-
Total costs of revenue	625,306	472,509	152,797	32%
COST OF REVENUE				
Products	167,546	439,740	(272,194)	(62)%

Services	81,967	-	81,967	-
Total costs of revenue	249,513	439,740	(190,227)	(43)%
GROSS MARGIN	375,793	32,769	343,024	1,047%
EXPENSES				
Sales and marketing	256,775	556,167	(299,392)	(54)%
General and administrative	2,271,546	1,712,667	558,879	33%
Depreciation and Amortization	120,324	877	119,447	13,620%
TOTAL OPERATING EXPENSES	2,648,645	2,269,711	378,934	17%
OPERATING LOSS	(2,272,852)	(2,236,942)	35,910	2%
Other Income (Expense)				
Unrecognized (loss) gain on equity investments	(327,381)	404,763	(732,144)	(181)%
Change in fair value of derivative	(34,977)	-	(34,977)	-
Interest Expense	(153,818)	(574,880)	421,062	(73)%
Total other income, net	(516,176)	(170,117)	(346,059)	203%
NET LOSS	(2,789,028)	(2,407,059)	381,969	16%
Less: Net loss attributable to non controlling interest	233,995	9,358	224,637	2,400%
NET LOSS ATTRIBUTABLE TO APPLIED BIOSCIENCES CORP.	$ (2,555,033)	$ (2,397,701)	$ 157,332	7%

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Revenues: During the nine months ended December 31, 2019, revenue from our CBD product lines was $192,011 as compared to $472,509 for the nine months ended December 31, 2018. The decrease of $280,498 related to lower sales of bulk hemp seed and raw CBD. Service revenue resulting from our lab testing totaled $433,295 for nine months ended December 31, 2019.

Cost of Revenue: During the nine months ended December 31, 2019, we incurred $167,546 of costs to purchase product which represented 87% of our product revenues as compared to $439,740 or 93% of our product revenues for the nine months ended December 31, 2018. Similar to revenues, lower product costs for the three months ended December 31, 2019 as compared to the same period in 2018 were driven by lower purchases of bulk hemp seed and raw CBD. Cost of services related to our lab testing for the nine months ended December 31, 2019 were $81,967 or 19% of service revenues.

Gross Margin: For the nine months ended December 31, 2019, gross margin from sale of our CBD products was $24,465 or 13% of products revenue as compared to a gross margin of $32,769 or 7% of product revenues for the nine months ended December 31, 2018. The improved gross margin percentage is primarily due to reduced sales lower margin bulk hemp seed and raw CBD. Gross margin for the nine months ended December 31, 2019 from our lab testing services totaled $351,328 or 81% of our lab testing revenues.

Sales and marketing: Sales and marketing expenses decreased to $256,775 for the nine months ended December 31, 2019 as compared to $556,167 for the nine months ended December 31, 2018. The decrease was due to lower spending for investor relations and other marketing services.

General and administrative: General and administrative expenses increased by $558,879 to $2,271,546 for the nine months ended December 31, 2019 as compared to $1,712,667 for the nine months ended December 31, 2018. The increase was mainly attributable to the acquisition of Trace Analytics and the addition of our Applied Biopharma subsidiary, offset somewhat by lower issuance of common stock for services.

Depreciation and amortization: Depreciation expense was $120,324 for the nine months ended December 31, 2019 as compared to $877 for the nine months ended December 31, 2018. The increase was driven solely by depreciation on equipment acquired in connection with the acquisition of Trace Analytics in January 2019.

Unrecognized Gain on Equity Investments: We remeasure our equity investments at each reporting period at fair value with changes in fair value recognized in net income. During the nine months ended December 31, 2019, we obtained observable evidence that the fair value of certain equity investments had decreased by $327,381. As such, we recorded an unrecognized loss from the change in market value of $327,281 during the three months ended December 31, 2019. During the nine months ended December 31, 2018, we were able to obtain observable evidence that the fair value of certain equity investments had increased by $404,763. As such, we recorded an unrecognized gain from the change in market value of $404,763 during the nine months ended December 31, 2018.

Change in Fair Value of Derivative Liability: In accordance with the FASB authoritative guidance, the conversion feature of our senior secured convertible note issued by us in December 31, 2019 was separated from the host contract (i.e., the notes) and recognized as a derivative instrument. The conversion feature of this note is characterized as a derivative liability, which is re-measured at the end of every reporting period with the change in value recognized as a gain or loss in our consolidated statement of operations. During the nine months ended December 31, 2019, we recorded an expense of $34,977 due to the change in the fair value of our derivative liability.

Interest Expense: During the nine months ended December 31, 2019 and 2018, we recorded $30,525 and $137,075, respectively, of interest costs related to convertible notes along with amortization of $123,293 and $437,805, respectively, of debt discount recorded in conjunction with the convertible notes. The decreases were driven by timing of loans and related interest rates from convertible notes for the nine months ended December 31, 2019 as compared to the nine months ended December 31, 2018.

Liquidity and Capital Resources

Cash Flows

A summary of our cash flows for the nine months ended December 31, 2019 is as follows:

Net cash used in operating activities was $817,715 for the nine months ended December 31, 2019 as compared to $788,863 for the nine months ended December 31, 2018. The increase in cash used in operations was primarily driven by the acquisition of Trace Analytics and the general and administrative costs associated with Trace operations. Additional increases were due to our addition of Applied Biopharma subsidiary along with sales and marketing costs related to growth in CBD products revenue.

Net cash used in investing activities during the nine months ended December 31, 2018 was the $550,000, which related to the deposit on the purchase price of Trace Analytics, Inc. that was completed in January 2019. We had no investing activities during the nine months ended December 31, 2019.

Net cash provided by financing activities for the nine months ended December 31, 2019 was $791,939 as compared to $1,519,500 for the nine months ended December 31, 2018. The decrease in cash provided by financing activities was driven by lower issuances of convertible notes. We anticipate additional financing activities in the coming months to support continued growth in our products and services revenue along with acquisitions of assets to establish and grow our biopharmaceutical operations.

Going Concern

As reflected in the condensed consolidated financial statements contained elsewhere is this Form 10-Q, as of December 31, 2019 we had cash on hand and had an accumulated deficit of $21,268 and $8,086,293, respectively, and during the nine months ended December 31, 2019, we utilized cash for operations and incurred a net loss of $817,715 and $2,789,028, respectively. Our uses of cash have been primarily for strategic investments along with support for operations and marketing efforts to promote and develop our CBD products and our company. Our principal sources of liquidity have been cash provided by financing, primarily through the sale of equity securities and issuance of convertible notes, along with revenues from our principal business activities. Further, we have used cash for various strategic investments for which we typically receive returns when such investments are sold and when or if dividends are declared.

As of the date of this Form 10-Q, our cash resources are insufficient to meet our current operating expense requirements and planned business objectives without additional financing. Our ability to continue as a going concern is dependent on our ability to raise additional capital and to ultimately achieve sustainable revenues and income from our operations. During the nine months ended December 31, 2019, we raised $791,939 through the issuance of convertible notes to accredited. However, we anticipate that significant additional expenditures will be necessary to expand and bring to market our products and investments before sufficient and consistent positive operating cash flows will be achieved. Additionally, substantial cash will be needed to establish and advance our biopharmaceutical operations. As such, we will need additional funds to operate our business through and beyond the date of this Form 10-Q filing. There can be no assurance that such funds will be available or at terms acceptable to us. Even if we are able to obtain additional financing, it may contain undue restrictions and covenants on our operations, in the case of debt financing or cause substantial dilution for our stockholders in the case of convertible debt and equity financing.

These and other factors raise substantial doubt about our ability to continue as a going concern. Further, our independent auditors in their audit report for our fiscal year ended March 31, 2019 expressed substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Summary of Significant Accounting Policies

Use of Estimates

Preparation of the condensed consolidated financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Among other things, our estimates include the collectability of our accounts receivable, recoverability of inventory, assumptions made in determining impairment of investments and intangible assets, accruals for potential liabilities, and realization of deferred tax assets. These estimates generally involve complex issues and require judgments, involve analysis of historical information and the prediction of future trends, and are subject to change from period to period. Actual amounts could differ significantly from these estimates.

Investments

We measure our equity investments at their fair value at end of each reporting period. Specifically, we follow ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 primarily affects equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Among other things, this guidance requires certain equity investments to be measured at fair value with changes in fair value recognized in net income.

Investments accounted for under the equity method or cost method of accounting are included in the caption “Equity investments” in our

Condensed Consolidated Balance Sheets.

<u>Goodwill</u>

Goodwill will be tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value.

<u>Derivative Financial Instruments</u>

We evaluate our financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the condensed consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

To determine the number of authorized but unissued shares available to satisfy outstanding convertible securities, we use a sequencing method to prioritize its convertible securities as prescribed by ASC 815-40-35. At each reporting date, we review our convertible securities to determine their classification is appropriate.

<u>Recent Accounting Pronouncements</u>

See our discussion of recent accounting policies in Footnote 2 to the condensed consolidated financial statements contained elsewhere in this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

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Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is accumulated and communicated to management including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

In connection with this quarterly report, as required by Rule 15d-15 under the Securities Exchange Act of 1934, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our company's management, including our company's principal executive officer and principal financial officer. Based upon that evaluation, management concluded that as of December 31, 2019, our disclosure controls and procedures were not effective. The most significant issues identified were: 1) lack of segregation of duties due to very small staff and significant reliance on outside consultants, 2) risks of executive override also due to lack of established policies, and small employee staff and, 3) ineffective closing procedures and financial statement disclosure controls. As the company's operations increase, the company intends to take measures to mitigate the issues identified and implement a functional system of internal controls over financial reporting. Such measures will include, but not be limited to hiring of additional employees in its finance and accounting department; preparation of risk-control matrices to identify key risks and develop and document policies to mitigate those risks; and identification and documentation of standard operating procedures for key financial activities.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f)) during the nine months ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Currently we are not subject to any pending litigation or legal proceeding.

Item 1A. Risk Factors.

As a smaller reporting company as defined by Rule 12b-2 of the Exchange Act we are not required to provide the information required under this item.

Item 2. Unregistered Sales of Securities and Use of Proceeds.

Not applicable

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

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Item 6. Exhibits.

(a) Exhibits required by Item 601 of Regulation SK.

Number	Description
2.1	Share Exchange Agreement, dated November 4, 2016, by and among the Applied Biosciences Corp., Stony Hill Ventures Corp., a Nevada corporation, and the holders of common stock of Stony Hill Ventures Corp. (3)
3.1.1	Articles of Incorporation (1)
3.1.2	Certificate of Amendment (3)
3.1.3	Certificate of Change (3)
3.1.4	Certificate of Amendment (4)
3.2	Bylaws (2)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Extension Schema Document

101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB *	XBRL Taxonomy Extension Label Linkbase Document
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-197443), filed with the Securities and Exchange Commission on July 16, 2014.

(2) Incorporated by reference to the Registrant's Registration Statement on Form S-1/A (File No. 333-197443), filed with the Securities and Exchange Commission on October 16, 2014.

(3) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-52223), filed with the Securities and Exchange Commission on November 10, 2016.

(4) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-52223) filed with the Securities Exchange Commission on April 13, 2018

* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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.

APPLIED BIOSCIENCES CORP.
(Name of Registrant)

Date: February 18, 2020

By: */s/ Raymond W. Urbanski*
Name: Raymond W. Urbanski M.D, Ph.D.
Title: Chief Executive Officer
(principal executive officer,
principal accounting officer and principal financial officer)

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER OF APPLIED BIOSCIENCES CORP.

I, Raymond W. Urbanski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Applied Biosciences Corp.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2020

By: */s/ Raymond W. Urbanski*
Raymond W. Urbanski M.D, Ph.D.
Chief Executive Officer
(principal executive officer,
principal accounting officer and principal financial officer)

SECTION 302 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER OF APPLIED BIOSCIENCES CORP.

I, Raymond W. Urbanski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Applied Biosciences Corp.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 18, 2020

By: */s/ Raymond W. Urbanski*
Raymond W. Urbanski M.D, Ph.D.
Chief Executive Officer
(principal executive officer,
principal accounting officer and principal financial officer)

EXHIBIT 32.1

SECTION 906 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER OF APPLIED BIOSCIENCES CORP.

In connection with the accompanying Quarterly Report on Form 10-Q of Applied Biosciences Corp. for the nine months ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Raymond W. Urbanski, Chief Executive Officer of Applied Biosciences Corp., does hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Applied Biosciences Corp.

Date: February 18, 2020

By: */s/ Raymond W. Urbanski*
Raymond W. Urbanski M.D, Ph.D.
Chief Executive Officer
(principal executive officer,
principal accounting officer and principal financial officer)

EXHIBIT 32.2

SECTION 906 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER OF APPLIED BIOSCIENCES CORP.

In connection with the accompanying Quarterly Report on Form 10-Q of Applied Biosciences Corp. for the nine months ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Raymond W. Urbanski, Chief Executive Officer of Applied Biosciences Corp., does hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Applied Biosciences Corp.

Date: February 18, 2020

By: */s/ Raymond W. Urbanski*
Raymond W. Urbanski M.D, Ph.D.
Chief Executive Officer
(principal executive officer,
principal accounting officer and principal financial officer)