

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 June 30, 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 number: **000-54586**

BOSTON THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-0801073

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

354 Merrimack Street #4, Lawrence, MA

(Address of principal executive offices)

01843

(Zip Code)

603-935-9799

(Registrant's telephone number, including area code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer" "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDEING FIVE YEARS;

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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

Title of each class	Trading Symbol(s)	Name of each exchange on which register
Not Applicable		

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 14, 2019
Common Stock, \$0.001 par value per share	111,131,373 shares

BOSTON THERAPEUTICS, INC.
FORM 10-Q

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements	1
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3. Quantitative and Qualitative Disclosures About Market Risk	33
Item 4. Controls and Procedures	33

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	34
Item 1A. Risk Factors	34
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	34
Item 3. Defaults Upon Senior Securities	34
Item 4. Mine Safety Disclosures	34
Item 5. Other Information	34
Item 6. Exhibits	35

SIGNATURES

36

Except as otherwise required by the context, all references in this report to “we”, “us”, “our”, “BTI” or “Company” refer to the operations of Boston Therapeutics, Inc., a Delaware corporation, formerly called Avanyx Therapeutics, Inc.

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

Boston Therapeutics, Inc.
Condensed Consolidated Balance Sheets

	June 30, 2019 (Unaudited)	December 31, 2018
ASSETS		
Cash	\$ 11,026	\$ 12,467
Accounts receivable	925	384
Prepaid expenses and other current assets	362,620	908,091
Inventory, net	6,548	1,013
Total current assets	<u>381,119</u>	<u>921,955</u>
Property and equipment, net	1,319	2,132
Intangible assets, net	438,886	515,212
Total assets	<u>\$ 821,324</u>	<u>\$ 1,439,299</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 595,189	\$ 509,818
Accrued expenses and other current liabilities	1,454,361	1,160,643
Deferred revenue	104,782	104,782
Convertible note payable, related party, net of discount	1,402,000	1,371,668
Convertible note payable	250,000	250,000
Notes payable – related parties	1,197,401	758,257
Note payable – marketing agreement	450,000	450,000
Derivative liability	7,752	54,242
Total current liabilities	<u>5,461,485</u>	<u>4,659,410</u>
Warrant liability	689,171	925,806
Total liabilities	<u>6,150,656</u>	<u>5,585,216</u>
COMMITMENTS AND CONTINGENCIES (Note 13)		
	—	—
Stockholders' deficit:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized:		
Series A preferred stock, 150,000 shares designated, 82,500 shares issued and outstanding at June 30, 2019 and December 31, 2018.	83	83
Common stock, \$0.001 par value, 2,000,000,000 shares authorized, 111,131,373 and 110,131,373 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively.	111,131	110,131
	19,205,224	19,156,138
Additional paid-in capital		
Accumulated deficit	<u>(24,645,770)</u>	<u>(23,412,269)</u>
Total stockholders' deficit	<u>(5,329,332)</u>	<u>(4,145,917)</u>
Total liabilities and stockholders' deficit	<u>\$ 821,324</u>	<u>\$ 1,439,299</u>

See accompanying notes to unaudited condensed consolidated financial statements

Boston Therapeutics, Inc.
Condensed Consolidated Statements of Operations (Unaudited)

	For The Three Months Ended		For The Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenue	\$ 5,371	\$ 8,166	\$ 9,456	\$ 17,402
Operating expenses:				
Direct expenses	5,895	45,946	12,807	54,772
Research and development	383,094	59,561	871,544	102,507
Sales and marketing	31,359	6,584	62,300	13,552
General and administrative	196,107	303,347	409,808	975,991
Total operating expenses	616,455	415,438	1,356,459	1,146,822
Operating loss	(611,084)	(407,272)	(1,347,003)	(1,129,420)
Other income (expenses):				
Interest expense	(84,021)	(220,243)	(169,623)	(543,455)
Financing costs	—	(31,416)	—	(62,832)
Gain on extinguishment of debt	—	263,618	—	5,843
Change in fair value of warrant liability	373,240	121,077	236,635	(1,107,626)
Change in fair value of derivative liabilities	40,244	142,619	46,490	(37,333)
Total other income (expenses)	329,463	275,655	113,502	(1,745,403)
Net loss before provision for income taxes	(281,621)	(131,617)	(1,233,501)	(2,874,823)
Provision for income taxes	—	—	—	—
Net loss	\$ (281,621)	\$ (131,617)	\$ (1,233,501)	\$ (2,874,823)
Net loss per share- basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.03)
Weighted average shares outstanding basic and diluted	111,131,373	108,032,948	111,131,373	95,000,808

See accompanying notes to unaudited condensed consolidated financial statements

Boston Therapeutics, Inc
Condensed Consolidated Statement of Stockholders' Deficit
For the six Months Ended June 30, 2019

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2018	110,131,373	\$ 110,131	82,500	\$ 83	\$ 19,156,138	\$ (23,412,269)	\$ (4,145,917)
Stock based compensation	-	-	-	-	27,186	-	27,186
Issuance of common stock in exchange for consulting services	1,000,000	1,000	-	-	21,900	-	22,900
Net loss for the six months ended June 30, 2019	-	-	-	-	-	(1,233,501)	(1,233,501)
Balance, June 30, 2019 (unaudited)	<u>111,131,373</u>	<u>\$ 111,131</u>	<u>82,500</u>	<u>\$ 83</u>	<u>\$ 19,205,224</u>	<u>\$ (24,645,770)</u>	<u>\$ (5,329,332)</u>

Boston Therapeutics, Inc
Condensed Consolidated Statement of Stockholders' Deficit
For the six Months Ended June 30, 2018

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid- in Capital</u>	<u>Accumulated Deficit</u>	<u>Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2017	64,437,163	\$ 64,437	55,000	\$ 55	\$ 15,862,980	\$ (19,811,052)	\$ (3,883,580)
Stock based compensation	-	-	-	-	98,396	-	98,396
Issuance of common stock in acquisition of CureDM Group Holdings LLC	25,000,000	25,000	-	-	1,225,000	-	1,250,000
Issuance of Series A Preferred stock for cash	-	-	27,500	28	274,972	-	275,000
Conversion of convertible notes payable and accrued interest into common stock	15,255,618	15,255	-	-	1,128,917	-	1,144,172
Issuance of common stock in exchange for consulting services	3,666,666	3,667	-	-	326,333	-	330,000
Reclassification of derivative liability	-	-	-	-	44,847	-	44,847
Net loss for the six months ended June 30, 2018	-	-	-	-	-	(2,874,823)	(2,874,823)
Balance, June 30, 2018 (unaudited)	<u>108,359,447</u>	<u>\$ 108,359</u>	<u>82,500</u>	<u>\$ 83</u>	<u>\$ 18,961,445</u>	<u>\$ (22,685,875)</u>	<u>\$ (3,615,988)</u>

See accompanying notes to unaudited condensed consolidated financial statements

Boston Therapeutics, Inc
Condensed Consolidated Statement of Stockholders' Deficit
For the three Months Ended June 30, 2019

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance, March 31, 2019	111,131,373	\$ 111,131	82,500	\$ 83	\$ 19,191,631	\$ (24,364,149)	\$ (5,061,304)
Stock based compensation	-	-	-	-	13,593	-	13,593
Net loss for the three months ended June 30, 2019	-	-	-	-	-	(281,621)	(281,621)
Balance, June 30, 2019 (unaudited)	<u>111,131,373</u>	<u>\$ 111,131</u>	<u>82,500</u>	<u>\$ 83</u>	<u>\$ 19,205,224</u>	<u>\$ (24,645,770)</u>	<u>\$ (5,329,332)</u>

Boston Therapeutics, Inc
Condensed Consolidated Statement of Stockholders' Deficit
For the three Months Ended June 30, 2018

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance, March 31, 2018	107,660,945	\$ 107,661	82,500	\$ 83	\$ 18,869,683	\$ (22,554,258)	\$ (3,576,831)
Stock based compensation	-	-	-	-	52,115	-	52,115
Conversion of convertible notes payable and accrued interest into common stock	698,502	698	-	-	51,690	-	52,388
Reclassification of derivative liability	-	-	-	-	(12,043)	-	(12,043)
Net loss for the three months ended June 30, 2018	-	-	-	-	-	(131,617)	(131,617)
Balance, June 30, 2018 (unaudited)	<u>108,359,447</u>	<u>\$ 108,359</u>	<u>82,500</u>	<u>\$ 83</u>	<u>\$ 18,961,445</u>	<u>\$ (22,685,875)</u>	<u>\$ (3,615,988)</u>

Boston Therapeutics, Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)

	For the Six Months Ended	
	June 30, 2019	June 30, 2018
Cash flows from operating activities:		
Net loss	\$ (1,233,501)	\$ (2,874,823)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	77,139	80,573
Stock-based compensation	27,186	98,396
Amortization of discount on debt and deferred financing costs	30,332	493,867
Provision for inventory obsolescence	—	31,752
Gain on extinguishment of debt	—	(5,843)
Change in fair value of warrant liability	(236,635)	1,107,626
Change in fair value of derivative liabilities	(46,490)	37,333
Issuance of common stock for consulting services	22,900	330,000
Changes in operating assets and liabilities:		
Accounts receivable	(541)	—
Inventory	(5,535)	3,582
Prepaid expenses and other current assets	545,471	(14,270)
Accounts payable	85,371	17,980
Accrued expenses	293,718	213,917
Net cash used in operating activities	<u>(440,585)</u>	<u>(479,910)</u>
Cash flows from investing activities:		
Net cash on acquisition	—	3,592
Net cash provided by investing activities	<u>—</u>	<u>3,592</u>
Cash flows from financing activities:		
Proceeds from issuance of related party notes payable	439,144	100,000
Proceeds from issuance of preferred stock	—	275,000
Net cash provided by financing activities	<u>439,144</u>	<u>375,000</u>
Net decrease in cash	(1,441)	(101,318)
Cash, beginning of period	12,467	137,279
Cash, end of period	<u>\$ 11,026</u>	<u>\$ 35,961</u>
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	\$ —	\$ —
Income taxes	\$ —	\$ —
Non-cash financing activities:		
Conversion of convertible notes payable and accrued interest into common stock	\$ —	\$ 1,144,172
Derivative liability associated with issuance of preferred stock	\$ —	\$ 226,833
Derivative liability associated with convertible note payable	\$ —	\$ 44,847
Note payable and accrued expenses for prepaid marketing	\$ —	\$ 850,000
Issuance of common stock for the acquisition of CureDM Group Holdings LLC	\$ —	\$ 1,250,000
Contingent share liability and goodwill in acquisition of CureDM Groups Holdings LLC	\$ —	\$ 1,137,057

See accompanying notes to unaudited condensed consolidated financial statements

1. GENERAL ORGANIZATION AND BUSINESS

Boston Therapeutics, Inc. (the “Company”) was formed as a Delaware corporation on August 24, 2009 under the name Avanyx Therapeutics, Inc. On November 10, 2010, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Boston Therapeutics, Inc., a New Hampshire corporation (“BTI”) providing for the merger of BTI into the Company with the Company being the surviving entity (the “Merger”), the issuance by the Company of 4,000,000 shares of common stock to the stockholders of BTI in exchange for 100% of the outstanding common stock of BTI, and the change of the Company’s name to Boston Therapeutics, Inc. On February 12, 2018, the Company acquired CureDM Group Holdings LLC (“CureDM”), for 47,741,140 shares of common stock of which 25,000,000 were delivered at closing and 22,741,140 were to be delivered in four equal tranches of 5,685,285 each upon the achievement of specific milestones. See Notes 3, 13 and 14.

The Company’s primary business is the development, manufacture and commercialization of therapeutic drugs with a focus on complex carbohydrate chemistry to address unmet medical needs in diabetes and inflammatory diseases. We have brought one product, SUGARDOWN®, to market and have begun to make initial sales. We are currently focused on the development of two additional drug products: BTI-320, a non-systemic, non-toxic, tablet for reduction of post-meal blood glucose in people living with diabetes that is fully developed, and IPOXYN, an injectable anti-necrosis, anti-hypoxia drug that we are currently developing. Due to the lack of adequate funding, the Company has not done any work with respect to IPOXYN to date.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has limited cash resources, recurring cash used in operations and operating losses history. As shown in the accompanying unaudited condensed consolidated financial statements, the Company has an accumulated deficit of approximately \$24.7 million as of June 30, 2019 and used cash in operations of \$440,585 during the six months ended June 30, 2019. These factors among others, raise substantial doubt about the Company’s ability to continue as a going concern.

The Company has incurred recurring operating losses since inception as it has worked to bring its SUGARDOWN® product to market and develop BTI-320 and IPOXYN. Management expects such operating losses will continue until such time that substantial revenues are received from SUGARDOWN® or the regulatory and clinical development of BTI-320 or IPOXYN is completed. The Company has approximately \$11,000 cash on hand at June 30, 2019. Management is currently seeking additional capital through private placements and public offerings of its common stock. In addition, the Company may seek to raise additional capital through public or private debt or equity financings as well as collaboration activities in order to fund our operations. The Company was advanced \$50,000 through the issuance of 10% notes payable to a related party during the first quarter of 2019. The Company was advanced \$339,144 during April 2019, from two related parties. The Company was advanced \$50,000 from a related party during May 2019. In addition, the Company was advanced \$244,356 during July 2019, from two related parties. Management anticipates that cash resources will be sufficient to fund our planned operations into the third quarter of 2019. The future of the Company is dependent upon its ability to obtain continued financing and upon future profitable operations from the partnering, development and clarity of its new business opportunities.

There can be no assurance that we will be successful in accomplishing our objectives. Without such additional capital, we may be required to cease operations. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepting in the United States of America ("US GAAP").

Principles of Consolidation

The consolidated financial statements include the Company and its wholly owned subsidiary, CureDM, from the date of acquisition. All significant intercompany transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of 90 days or less at the time of acquisition to be cash equivalents. The Company maintains its cash in institutions insured by the Federal Deposit Insurance Corporation. The Company had no cash equivalents at June 30, 2019 and December 31, 2018.

Revenue Recognition

For revenue from product sales, the Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606 ("ASC 606"). A five-step analysis must be met as outlined in ASC 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

The Company generates revenues from sales of SUGARDOWN®. In practice, the Company has not experienced or granted significant returns of product. Shipping fees charged to customers are included in revenue and shipping costs are included in costs of sales.

The Company generates revenue from royalties pursuant to a licensing and manufacturing agreement with Advance Pharmaceutical Company Limited ("APC"), whereby the licensee sells and distributes territory licensed products, excluding those manufactured and supplied by the Company in the territory. APC is a related party as a director and significant stockholder of the Company is an owner and director of APC. The Company did not recognize any revenue from royalties from APC during the three or six months ended June 30, 2019 and 2018 respectively.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management establishes a reserve for doubtful accounts based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off against the allowance. There were no allowances for doubtful accounts as of June 30, 2019 and December 31, 2018.

Inventory

Inventory consists of raw materials, work-in-process and finished goods of SUGARDOWN®. Inventories are stated at the lower of cost (weighted average cost method) or market, not in excess of net realizable value. The Company adjusts the carrying value of its inventory for excess and obsolete inventory. The Company continues to monitor the valuation of its inventory.

Property and Equipment

Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Estimated Useful Life</u>
Office Furniture and Equipment	5 years
Computer Equipment and Software	3 years

The Company begins to depreciate assets when they are placed in service. The costs of repairs and maintenance are expensed as incurred; major renewals and betterments are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of operations. For the three months ended June 30, 2019 and 2018, the Company recorded depreciation expense of \$407 and \$406, respectively. For the six months ended June 30, 2019 and 2018, the Company recorded depreciation expense of \$813 and \$894, respectively.

Intangible Assets

Intangible assets consist of identifiable finite-lived assets acquired in business acquisitions. Acquired intangible assets are recorded at fair value on the date of acquisition and are amortized over their economic useful lives on a straight line basis.

Goodwill

The Company follows the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, *Goodwill and Other Intangible Assets*. Under ASC 350, goodwill and certain other intangible assets with indefinite lives are not amortized, but instead are reviewed for impairment at least annually.

As the Company operates its business in one operating segment and one reporting unit, the Company's goodwill is assessed at the Company level for impairment in the fourth quarter of each year or more frequently if events or changes in circumstances indicate that impairment may exist. The Company has the option to first assess qualitative factors to determine whether it is necessary to perform the two-step impairment test. If the Company's qualitative assessment reveals that goodwill impairment is more likely than not, the Company performs the two-step impairment test. Alternatively, the Company may bypass the qualitative test and initiate goodwill impairment testing with the first step of the two-step goodwill impairment test.

During the first step of the goodwill impairment test, the Company compares the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, then the Company concludes that no goodwill impairment has occurred. If the carrying value of the reporting unit exceeds its fair value, the Company performs the second step of the goodwill impairment test to measure possible goodwill impairment loss. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

The Company performed its impairment review of goodwill for the year ended December 31, 2018 and concluded that goodwill was impaired at December 31, 2018. The company recorded impairment of goodwill in the amount of \$1,246,002 for the year ended December 31, 2018. No goodwill exists at June 30, 2019.

Impairment of Long-lived Assets

The Company reviews long-lived assets, which include the Company's intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amounts of the assets may not be fully recoverable. Future undiscounted cash flows of the underlying assets are compared to the assets' carrying values. Adjustments to fair value are made if the sum of expected future undiscounted cash flows is less than book value. To date, no adjustments for impairment have been made.

Loss per Share

Basic net loss per share is computed based on the net loss for the period divided by the weighted average actual shares outstanding during the period. Diluted net loss per share is computed based on the net loss for the period divided by the weighted average number of common shares and common equivalent shares outstanding during each period unless the effect of such common equivalent shares would be anti-dilutive. Common stock equivalents represent the dilutive effect of the assumed exercise of certain outstanding stock options using the treasury stock method. The weighted average number of common shares for the three and six months ended June 30, 2019 did not include 9,494,000, 38,583,320, 37,774,653 and 8,250,000 for options, warrants and shares to be issued upon conversion of notes payable and Series A Preferred Stock, respectively, because of their anti-dilutive effect. The weighted average number of common shares for the three and six months ended June 30, 2018 did not include 9,594,000, 46,179,669, 36,776,000 and 8,250,000 for options, warrants and shares to be issued upon conversion of notes payable and Series A Preferred Stock, respectively, because of their anti-dilutive effect.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion of the gross deferred tax asset will not be realized. The Company records interest and penalties related to income taxes as a component of provision for income taxes. The Company did not recognize any interest and penalty expense for the three or six months ended June 30, 2019 and 2018.

Advertising Costs

Advertising costs are expensed as incurred and are reported as a component of operating expenses in the sales and marketing expenses in the statements of operations. The Company did not incur any advertising costs for either three or six month period ended June 30, 2019 and 2018, respectively.

Research and Development Costs

Research and development expenditures are charged to the statement of operations as incurred. Such costs include proprietary research and development activities, purchased research and development, and expenses associated with research and development contracts, whether performed by the Company or contracted with independent third parties.

Fair Value of Financial Instruments

Fair values determined by Level 1 inputs utilize observable data such as quoted prices in active markets. Fair values determined by Level 2 inputs utilize data points other than quoted prices in active markets that are observable either directly or indirectly. Fair values determined by Level 3 inputs utilize unobservable data points in which there is little or no market data, which require the reporting entity to develop its own assumptions. The Company's financial instruments consist of cash, accounts receivable, prepaid expenses, accounts payable, accrued expenses, and notes payable. The carrying value of cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses approximates fair value due to their short-term nature using level 3 inputs as defined above. The carrying value of the notes payable as of June 30, 2019 and December 31, 2018, evaluated using level 3 inputs defined above based on quoted market prices on rates available to the Company for debt with similar terms and maturities, approximates the fair value.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are principally cash. The Company places its cash and cash equivalents in highly rated financial institutions. The Company maintains cash balances with financial institutions that occasionally exceed federally insured limits. The Company has not experienced any losses related to these balances, and management believes its credit risk to be minimal.

Convertible Instruments

U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable ASC 480-10.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Common Stock Purchase Warrants and Other Derivative Financial Instruments

The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses classification of its common stock purchase warrants and other free standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

The Company's free standing derivatives consisted of warrants to purchase common stock that were issued in connection with the issuance of debt and of embedded conversion options with senior convertible debentures. The Company evaluated these derivatives to assess their proper classification in the balance sheet as of June 30, 2019 and December 31, 2018 using the applicable classification criteria enumerated under ASC 815-Derivatives and Hedging. The Company determined that certain embedded conversion and/or exercise features do not contain fixed settlement provisions. The convertible debentures contain a conversion feature such that the Company could not ensure it would have adequate authorized shares to meet all possible conversion demands.

As such, the Company was required to record the debt and warrant derivatives which do not have fixed settlement provisions as liabilities and mark to market all such derivatives to fair value at the end of each reporting period.

Stock-Based Compensation

Stock-based compensation, including grants of employee and non-employee stock options and modifications to existing stock options, is recognized in the income statement based on the estimated fair value of the awards. The Company recognizes the compensation cost of share-based awards on a straight-line basis over the requisite service period, which is generally the vesting period of the award.

The determination of the fair value of share-based payment awards utilizing the Black-Scholes model is affected by the stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The expected life of the awards is estimated based on the simplified method. The risk-free interest rate assumption is based on observed interest rates appropriate for the terms of our awards. The dividend yield assumption is based on history and expectation of paying no dividends. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Stock-based compensation expense is recognized in the financial statements on a straight-line basis over the requisite service period, based on awards that are ultimately expected to vest.

The Company grants stock options to non-employee consultants from time to time in exchange for services performed for the Company. Equity instruments granted to non-employees are subject to periodic revaluation over their vesting terms. In general, the options vest over the contractual period of the respective consulting arrangement and, therefore, the Company revalues the options periodically and records additional compensation expense related to these options over the remaining vesting period.

Recent Accounting Pronouncements

In February 2016, the FASB established ASC Topic 842, Leases (Topic 842), by issuing ASU No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. The Company adopted the new standard on January 1, 2019.

The new standard provides a number of optional practical expedients in transition. The Company has elected the 'package of practical expedients', which permit it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter is not applicable to the Company.

The new standard did not have a material effect on the Company's unaudited condensed consolidated Financial statements.

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

3. ACQUISITION OF CUREDM

On February 12, 2018, the Company entered into a Contribution Agreement dated January 1, 2018, with the members of CureDM Group Holdings, LLC, a limited liability company ("CureDM Group"), all of which except five are accredited investors ("CureDM Group Members") pursuant to which the CureDM Group Members agreed to contribute 100% of the outstanding securities of CureDM Group in exchange for an aggregate of 47,741,140 shares of common stock of the Company (the "BTHE Contribution Shares") of which 25,000,000 BTHE Contribution Shares were delivered at closing and 22,741,140 BTHE Contribution Shares (the "Milestone BTHE Shares") shall be delivered in four equal tranches of 5,685,285 BTHE Contribution Shares each upon the achievement of specific milestones (the "CureDM Group Contribution"). The closing of the CureDM Group Contribution occurred on February 12, 2018.

A summary of consideration is as follows:

25,000,000 shares of the Company's common stock	\$ 1,250,000
22,741,140 contingency shares of the Company's common stock	<u>—</u>
Total consideration	<u>\$ 1,250,000</u>

The following summarizes the current estimates of fair value of assets acquired and liabilities assumed:

Assets acquired:	
Cash	\$ 3,592
Property and equipment	273
Goodwill	1,176,220
Intangibles	234,122
Liabilities assumed:	
Accounts payable and accrued expenses	<u>(164,207)</u>
Net assets acquired	<u>\$ 1,250,000</u>

As of June 30, 2019 and December 31, 2018, the Company expects the probability of the milestones for issuance of the contingent shares to be remote and therefore has placed no value on the shares as of June 30, 2019 and December 31, 2018. See Notes 13 and 14.

The Company accounts for acquisitions in accordance with the provisions of ASC 805-10. The Company assigns to all identifiable assets acquired a portion of the cost of the acquired net assets equal to the estimated fair value of such assets at the date of acquisition. The Company records the excess of the cost of the acquired net assets over the sum of the amounts assigned to identifiable assets acquired as goodwill.

Pro forma results

The following table sets forth the unaudited pro forma results of the Company as if the acquisition of CureDM had taken place on the first day of the period presented. These combined results are not necessarily indicative of the results that may have been achieved had the companies been combined as of the first day of the period presented.

	Six months ended, June 30, 2018
Total revenues	\$ 17,402
Net loss	\$ (2,874,823)
Basic and diluted net earnings per common share	\$ (0.03)

This pro forma financial information is based on historical results of operations, adjusted for the allocation of the purchase price and other acquisition accounting adjustments, and is not indicative of the results that may have been achieved had the companies been combined as of the first day of the period presented.

The Company accounts for and reports acquired goodwill under Accounting Standards Codification subtopic 350-10, Intangibles-Goodwill and Other (“ASC 350-10”). In accordance with ASC 350-10, at least annually, the Company tests its intangible assets for impairment or more often if events and circumstances warrant. Any write-downs will be included in results from operations.

4. INVENTORY

Inventory consist of material, labor and manufacturing overhead and are recorded at the lower of cost, using the weighted average cost method, or net realizable value. The components of inventory at June 30, 2019 and December 31, 2018, net of inventory reserves, were as follows:

	2019	2018
Finished goods	\$ 6,548	\$ 1,013

The Company periodically reviews quantities of inventory on hand and compares these amounts to expected usage of each particular product or product line. The Company records, as a charge to cost of sales, any amounts required to reduce the carrying value to net realizable value.

5. INTANGIBLE ASSETS

The SUGARDOWN® technology and patent applications, which were obtained through the acquisition of BTI in 2010, are being amortized on a straight-line basis over their estimated useful lives of 14 years. The BTI-420 technology and patent applications, which were obtained through the acquisition of CureDM in 2018, are being amortized on a straight-line basis over their estimated useful lives of 5 years.

Intangible assets consist of the following at June 30, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
SUGARDOWN® technology and patent applications	\$ 1,134,122	\$ 1,134,122
Less accumulated amortization	(695,236)	(618,910)
Intangible assets, net	<u>\$ 438,886</u>	<u>\$ 515,212</u>

Amortization expense was \$37,876 and \$39,761 for the three months ended June 30, 2019 and 2018, respectively. Amortization expense was \$76,326 and \$79,679 for the six months ended June 30, 2019 and 2018, respectively.

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The following table represents the major components of accrued expenses and other current liabilities at June 30, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
Accrued payroll	\$ 188,716	\$ 188,716
Professional fees	22,000	95,018
Accrued consulting fees	632,600	413,600
Interest	595,878	456,613
Accrued expense reimbursement and other	15,167	6,696
Total	<u>\$ 1,454,361</u>	<u>\$ 1,160,643</u>

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures the fair value of financial assets and liabilities based on the guidance of ASC 820 “Fair Value Measurements and Disclosures” which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 - quoted prices in active markets for identical assets or liabilities
- Level 2 - quoted prices for similar assets and liabilities in active markets or inputs that are observable
- Level 3 - inputs that are unobservable based on an entity’s own assumptions, as there is little, if any, related market activity (for example, cash flow modeling inputs based on assumptions)

Financial liabilities as of June 30, 2019 measured at fair value on a recurring basis are summarized below:

	June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability	\$ 7,752	\$ —	\$ —	\$ 7,752
Warrant liability	689,171	—	—	689,171
Total	\$ 696,923	\$ —	\$ —	\$ 696,923

Financial liabilities as of December 31, 2018 measured at fair value on a recurring basis are summarized below:

	December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability	\$ 54,242	\$ —	\$ —	\$ 54,242
Warrant liability	925,806	—	—	925,806
Total	\$ 980,048	\$ —	\$ —	\$ 980,048

The Company determined that certain conversion/exercise option related to a convertible note and issued warrants did not have fixed settlement provisions and are deemed to be derivative financial instruments, since the conversion/exercise prices was subject to reset adjustment should the Company issue any option to acquire the Company's common stock lower than the conversion /exercise price. Accordingly, the Company was required to record such conversion/exercise options as a liability and mark such derivative to fair value each reporting period. Such instrument was classified within Level 3 of the valuation hierarchy.

The fair value of the conversion/exercise options were calculated using a binomial lattice formula with the following weighted average assumptions during the six months ended June 30, 2019 and the year ended December 31, 2018:

Conversion option:

	June 30, 2019	December 31, 2018
Common Stock Closing Price	\$ 0.024	\$ 0.03
Conversion Price per Share	\$ 0.075 to 0.10	\$ 0.075 to 0.10
Conversion Shares	5,333,333	5,333,333
Call Option Value	0.0009 to 0.0023	0.013 to 0.055
Dividend Yield	0.00%	0.00%
Volatility	223.28%	221.92%
Risk-free Interest Rate	2.12% to 2.15%	2.46% to 2.51%
Term	0.125 to 0.25 years	0.32 to 0.625 years

Exercise option:

	June 30, 2019	December 31, 2018
Common Stock Closing Price	\$ 0.024	\$ 0.03
Conversion Price per Share	\$ 0.10 to 0.15	\$ 0.10 to 0.15
Conversion Shares	34,000,000	34,000,000
Call Option Value	0.018 to 0.03	0.026 to 0.028
Dividend Yield	0.00%	0.00%
Volatility	223.28%	221.92%
Risk-free Interest Rate	1.71 to 1.75%	2.46 to 2.51%
Term	1.82 to 3.60 years	2.62 to 4 years

The risk-free interest rate is the United States Treasury rate on the measurement date having a term equal to the remaining contractual life of the instrument. The volatility is a measure of the amount by which the Company's share price has fluctuated or is expected to fluctuate. The dividend yield is 0% as the Company has not made any dividend payment and has no plans to pay dividends in the foreseeable future. Level 3 liabilities are valued using unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the derivative liabilities. For fair value measurements categorized within Level 3 of the fair value hierarchy, the Company's Chief Financial Officer, who reports to the Chief Executive Officer, determine its valuation policies and procedures. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's Chief Financial Officer and are approved by the Chief Executive Officer. Level 3 financial liabilities consist of the derivative liabilities for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate. Significant observable and unobservable inputs include stock price, exercise price, annual risk free rate, term, and expected volatility, and are classified within Level 3 of the valuation hierarchy. An increase or decrease in volatility or interest free rate, in isolation, can significantly increase or decrease the fair value of the derivative liabilities. Changes in the values of the derivative liabilities are recorded as a component of other income (expense) on the Company's statements of operations.

The following tables set forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities that are measured at fair value on a recurring basis using significant unobservable input for the six months ended June, 2019 and 2018:

	Debt Derivative	Warrant Liability
Balance, December 31, 2018	\$ 54,242	\$ 925,806
Aggregate amount of derivative instruments issued	—	—
Transferred in due to conversions	—	—
Change in fair value of derivative liabilities	(46,490)	(236,635)
Balance, June 30, 2019	<u>\$ 7,752</u>	<u>\$ 689,171</u>
	Debt Derivative	Warrant Liability
Balance, December 31, 2017	\$ 429,141	\$ 1,099,200
Aggregate amount of derivative instruments issued	—	226,833
Transferred in due to conversions	(261,581)	—
Change in fair value of derivative liabilities	37,333	1,107,627
Balance, June 30, 2018	<u>\$ 204,893</u>	<u>\$ 2,433,660</u>

8. CONVERTIBLE NOTES PAYABLE

In August and September 2016, the Company issued senior convertible debentures for an aggregate of \$1,600,000 (the "Convertible Debentures") in exchange for an aggregate net cash proceeds of \$1,327,300, net of financing costs. The Convertible Debentures have a stated interest rate of 6% per annum payable quarterly beginning June 30, 2017 and were due two years from the date of issuance, the latest due September 15, 2018 and are convertible into shares of the Company's common stock at the option of the holder at a conversion price of \$0.075 with certain anti-dilutive (reset) provisions and are subject to forced conversion if either i) the volume weighted average common stock price for each of any 10 consecutive trading days equals or exceeds \$0.50, or (ii) the Company's elects to lists a class of securities on a national securities exchange.

As long as the convertible notes remain outstanding, the Company is restricted from incurring any indebtedness or liens, except as permitted (as defined), amend its charter in any matter that materially effects rights of noteholders, repay or repurchase more than de minimis number of shares of common stock other than conversion or warrant shares, repay or repurchase all or any portion of any indebtedness or pay cash dividends.

In connection with the issuance of the Convertible Debentures, the Company issued an aggregate of 16,000,000 warrants to purchase the Company's common stock at \$0.10 per share, expiring five years from the date of issuance, the latest being September 15, 2021. These warrants contain a cashless exercise and certain anti-dilutive (reset) provisions.

The Company determined that certain conversion/exercise option related to a convertible note and issued warrants did not have fixed settlement provisions and are deemed to be derivative financial instruments due to price protection features present in the conversion/ exercise price that are not consistent with a fixed for fixed model.

The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivative as of the issuance date of the debenture and warrants and to re-measure the derivatives at fair value as of each subsequent reporting date.

The Company recognized the value attributable to the conversion feature of the convertible debenture and issued warrants of \$2,203,336 and together with financing costs of \$272,700 (aggregate of \$2,476,036) as a discount against the notes up to \$1,600,000 with the excess of \$876,036 charged to current period interest. The Company valued the conversion option and the warrants using the Binomial Lattice pricing model as described in Note 7. The debt discount was amortized over the note's maturity period as interest expense.

On April 11, 2017, one investor converted his Convertible Debenture of \$75,000 plus accrued interest of \$2,873, into 1,038,301 shares of the Company's common stock. Upon conversion, a loss on extinguishment was recorded in the amount of \$51,267.

On July 14, 2017, one investor converted his Convertible Debenture of \$50,000 plus accrued interest of \$2,482, into 711,755 shares of the Company's common stock. Upon conversion, a loss on extinguishment was recorded in the amount of \$30,274.

In August 2018, two investors entered in agreements to extend the due date of convertible debentures held in the amount of \$250,000 until August 31, 2019. One of the investors was issued warrants to acquire 375,000 shares of common stock for \$0.075 per share. The warrants expire in five years. The fair value of the warrants on the date of issuance was \$21,121 which is included in interest expense for the year ended December 31, 2018.

During 2018, 29 investors converted their Convertible Debentures totaling \$1,225,000 plus accrued interest of \$52,066, into 17,027,544 shares of the Company's common stock. Upon conversion, a loss on extinguishment was recorded in the amount of \$2,374.

For the three months ended June 30, 2019 and 2018, the Company amortized \$0 and \$155,194, respectively, of debt discount to operations as interest expense. For the six months ended June 30, 2019 and 2018, the Company amortized \$0 and \$431,035, respectively, of debt discount to operations as interest expense.

Convertible notes payable consist of the following at June 30, 2019 and December 31, 2018:

	2019	2018
Principal balance	\$ 250,000	\$ 250,000
Debt discount	—	—
Deferred finance costs	—	—
Outstanding, net of debt discount	<u>\$ 250,000</u>	<u>\$ 250,000</u>

9. MARKETING AGREEMENT

On June 26, 2018, the Company entered into a License Agreement with Level Brands, Inc. (NYSE: LEVB), an innovative licensing, marketing and brand management company with a focus on lifestyle-based products which includes an exclusive license to the *kathy ireland*® Health & Wellness™ brand. Under the terms of the License Agreement, the Company received a non-exclusive, non-transferrable license to use the *kathy ireland* Health & Wellness™ trademark in the marketing, development, manufacture, sale and distribution of the Sugardown® product domestically and internationally. The initial term of the License Agreement is seven years, with an automatic two-year extension unless either party notifies the other of non-renewal at least 90 days prior to the end of the then current term. Level Brands has agreed to use its commercially reasonable efforts to perform certain promotional obligations, including: (i) producing four branded videos to promote the licensed product and/or the Company; (ii) creation of an electronic press kit; (iii) making their media and marketing teams available for use in creating the video content for which the Company will separately compensate; and (iv) curate social media posts in multiple social media channels.

As compensation, the Company will provide Level Brands with the following:

- A marketing fee of \$850,000, for development of video content and an electronic press kit which will be used ongoing to support product marketing. This fee is paid with a promissory note of \$450,000 and a number of shares of stock of the Company valued at \$400,000, based on the closing price on the day prior to the effective date;
- Quarterly fees for the first two years of up to \$100,000 and issuance of 100,000 shares each quarter, based on sales volumes. The Company has the right to make all the stock payments in cash; and
- a royalty of 5% of the gross licensed marks sales up to \$10,000,000, 7.5% royalty on sales from \$10,000,000 to \$50,000,000 and 10% on sales over \$50,000,000, payable monthly as well as a 1% of all revenue for all Company products as of the date hereof.

The Note Payable of \$450,000 bears interest at 8% and matures December 31, 2019, unless the Company raises \$750,000 through Level Brands prior to that date in which case the Note is to be repaid in full including accrued interest. Accrued interest at June 30, 2019 and December 31, 2018 totaled \$36,493 and \$18,493, respectively.

As of June 30, 2019, the Company has not issued the \$400,000 of common stock which was due upon execution of the agreement or any of the shares pursuant to the quarterly fee.

The Company is currently in arbitration with Level Brands, regarding this marketing contract. Both parties are claiming non performance under the contract. The matter is early into the process and the Company is unable to determine any outcome positive or negative at this time. See Note 13.

10. STOCKHOLDERS' EQUITY

The Company is authorized to issue up to 5,000,000 shares of its \$0.001 par value preferred stock and up to 2,000,000,000 shares of its \$0.001 par value common stock.

On January 9, 2018, the Company's Board of Directors voted to approve an increase in authorized common stock shares outstanding from 200 million shares to 2 billion shares of the Company's common stock. This increase was approved by the shareholders in the first quarter of 2018.

Series A Preferred Stock

The Company has designated 150,000 shares of its preferred stock as Series A Preferred Stock. Each share of Series A Preferred Stock has a stated value of \$10. The Series A Preferred Stock is convertible into shares of the Company's common stock by dividing the stated value by a conversion price of \$0.10 per share. The Series A Preferred Stock shall have voting rights on an as converted basis (subject to limitations) and liquidation preference for each share of Series A Preferred Stock at an amount equal to the stated value per share. As of June 30, 2019 and December 31, 2018, the Company has 82,500 shares of Series A Preferred Stock outstanding.

On August 14, 2017, the Company entered into Securities Purchase Agreements with two accredited investors. In connection with these agreements, the Company issued 45,000 shares of Series A Preferred Stock and warrants to acquire 9,000,000 shares of common stock. The shares of Series A Preferred Stock are convertible, at any time at the option of the holder, into an aggregate of 4,500,000 shares of the Company's common stock. The Warrants shall be exercisable for a period of five years at an exercise price of \$0.15 per share.

The Company recognized the value attributable to the conversion feature of the issued warrants of \$650,421 as a charge against additional paid in capital up to \$450,000 with the excess of \$200,421 charged to change in fair value of warrant liability during the year ended December 31, 2017. The Company valued the warrants using the Binomial Lattice pricing model as described in Note 7.

On October 24, 2017, the Company entered into Securities Purchase Agreements with an accredited investor. In connection with the agreement, the Company issued 10,000 shares of Series A Preferred Stock and warrants to acquire 2,000,000 shares of common stock. The shares of Series A Preferred Stock are convertible, at any time at the option of the holder, into an aggregate of 1,000,000 shares of the Company's common stock. The Warrants shall be exercisable for a period of five years at an exercise price of \$0.15 per share.

The Company recognized the value attributable to the conversion feature of the issued warrants of \$93,312 as a charge against additional paid in capital. The Company valued the warrants using the Binomial Lattice pricing model as described in Note 7.

On February 2, 2018, the Company entered into Securities Purchase Agreements with four accredited investors. In connection with these agreements, the Company issued 27,500 shares of Series A Preferred Stock and warrants to acquire 5,500,000 shares of common stock in consideration of \$275,000. The shares of Series A Preferred Stock are convertible, at any time at the option of the holder, into an aggregate of 2,750,000 shares of the Company's common stock. The Warrants shall be exercisable for a period of five years at an exercise price of \$0.15 per share.

The Company recognized the value attributable to the conversion feature of the issued warrants of \$226,833 as a charge against additional paid in capital. The Company valued the warrants using the Binomial Lattice pricing model as described in Note 7.

Common Stock

On February 16, 2018, the Company's Board of Directors approved the issuance of 3,666,666 shares of the Company's common stock to two consultants for services rendered amounting to \$330,000.

During 2018, 29 investors converted their Convertible Debenture totaling \$1,225,000 plus accrued interest of \$52,066, into 17,027,544 shares of the Company's common stock.

On January 10, 2019, the Company issued 1,000,000 shares of its common stock in exchange for consulting services amounting to \$22,900 pursuant to a consulting agreement entered into and approved by the Board of Directors on November 23, 2018.

Common Stock Warrants

The Company accounts for warrants as either equity instruments or liabilities depending on the specific terms of the warrant agreement. As of June 30, 2019, the Company had 38,583,320 warrants outstanding which are all classified as equity instruments and are fully exercisable.

The following tables summarize the Company's common stock warrants activity for the six months ended June 30, 2019 and 2018:

	Warrants	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding as of December 31, 2018	38,999,990	\$ 0.17	\$ —
Granted	—	—	—
Exercised	—	—	—
Forfeited/Canceled	(416,670)	1.00	—
Outstanding as of June 30, 2019	<u>38,583,320</u>	<u>\$ 0.16</u>	<u>\$ —</u>

	Warrants	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding as of December 31, 2017	41,029,669	\$ 0.23	\$ —
Granted	5,500,000	0.15	—
Exercised	—	—	—
Forfeited/Canceled	(350,000)	1.00	—
Outstanding as of June 30, 2018	<u>46,179,669</u>	<u>\$ 0.22</u>	<u>\$ —</u>

The aggregate intrinsic value represents the pretax intrinsic value, based on the warrants with an exercise price less than the Company's stock price of \$0.024 as of June 30, 2019, which would have been received by the warrant holders had those warrant holders exercised their warrants as of that date.

11. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION

During the year ended December 31, 2010, the Company adopted a stock option plan entitled "The 2010 Stock Plan" (2010 Plan) under which the Company may grant options to purchase up to 5,000,000 shares of common stock. On September 7, 2013, the 2010 plan was amended to increase the number of shares of common stock issuable under the 2010 Plan to 7,500,000. As of June 30, 2019 and December 31, 2018, there were 250,000 and 250,000 options outstanding under the 2010 Plan, respectively.

During the year ended December 31, 2011, the Company adopted a non-qualified stock option plan entitled "2011 Non-Qualified Stock Plan" (2011 Plan) under which the Company may grant options to purchase 2,100,000 shares of common stock. In December 2012, the 2011 Plan was amended to increase the number of shares of common stock issuable under the 2011 Plan to 12,000,000 shares. During the period ended March 31, 2013, the 2011 Plan was amended to increase the number of shares of common stock issuable under the 2011 Plan to 17,500,000. As of June 30, 2019 and December 31, 2018, there were 9,244,000 and 9,344,000 options outstanding under the 2011 Plan.

Under the terms of the stock plans, the Board of Directors shall specify the exercise price and vesting period of each stock option on the grant date. Vesting of the options is typically three to four years and the options typically expire in five to ten years.

On February 12, 2018, Loraine Upham was appointed as Chief Operating Officer. Ms. Upham received a stock option to purchase 4,000,000 shares of common stock under the Company's Amended and Restated 2011 Stock Incentive Plan, vesting over three (3) years, one third on the first anniversary of the effective date and the balance in equal quarterly installments. The exercise price of the initial tranche of options (1,333,334 shares) shall be \$0.06 per share, the second tranche (1,333,333 shares) shall be \$0.10 per share and the final tranche (1,333,333 shares) shall be \$0.20 per share. The term of the options is five years. Ms. Upham resigned from the Company on November 30, 2018. As a result of her resignation all of her stock options were terminated and returned to the option pool.

On March 1, 2018 the Board of Directors approved a reduction in the exercise price of 6,000,000 stock options issued to the Company's CEO on August 22, 2016. The First tranche of 2,000,000 will be exercisable at \$0.10 per share and the second and third tranches of 2,000,000 will be exercisable at \$0.15 per share. The remainder of the terms remain unchanged. On August 22, 2016, the Company granted 6,000,000 options to purchase its common shares to its new CEO as a part of his employment agreement. The options consist of 3 separate tranches with different exercise prices and vest upon reaching certain milestones. All 6 million options have a five year life. The first 2,000,000 shares have an exercise price of \$0.20 per share and vest upon the Company raising at least \$1 million in financing. The second 2,000,000 shares carry an exercise price of \$0.40 per share and vest upon the Company raising \$5 million in financing. The third 2,000,000 shares carry an exercise price of \$0.60 per share and vest upon the Company entering into a significant corporate alliance for substantial marketing and selling of the Company's product portfolio.

In addition, the Company amended 1,500,000 stock options previously granted to the new CEO to extend the expiration date to August 22, 2026. These options were all previously vested.

No stock options were issued under either plan during the six months ended June 30, 2019.

The fair value of stock options granted and revaluation of non-employee consultant options for the six months ended June 30, 2018 was calculated with the following assumptions:

	<u>2018</u>
Risk-free interest rate	2.3%
Expected dividend yield	0%
Volatility factor	217.6% to 219.04%
Expected life of option	1.71 to 5 years

For the three and six months ended June 30, 2019, the Company recorded stock-based compensation expense of \$13,593 and \$27,186, respectively, in connection with share-based payment awards. For the three and six months ended June 30, 2018, the Company recorded stock-based compensation expense of \$52,115 and \$98,396, respectively, in connection with share-based payment awards. As of June 30, 2019 and 2018, there was \$117,808 and \$306,660, respectively of unrecognized compensation expense related to non-vested stock option awards.

The following table summarizes the Company's stock option activity during the six months ended June 30, 2019:

	<u>Shares</u>	<u>Exercise Price per Share</u>	<u>Weighted Average Exercise Price per Share</u>
Outstanding as of December 31, 2018	9,594,000	\$ 0.10 – 1.21	\$ 0.36
Granted	—	—	—
Exercised	—	—	—
Options forfeited/cancelled	100,000	0.10	0.10
Outstanding as of June 30, 2019	<u>9,494,000</u>	<u>\$ 0.10 – 1.21</u>	<u>\$ 0.37</u>

The following table summarizes the Company's stock option activity during the six months ended June 30, 2018:

	<u>Shares</u>	<u>Exercise Price per Share</u>	<u>Weighted Average Exercise Price per Share</u>
Outstanding as of December 31, 2017	9,594,000	\$ 0.10 – 1.21	\$ 0.36
Granted	4,000,000	0.06 – 0.20	0.12
Exercised	—	—	—
Options forfeited/cancelled	—	—	—
Outstanding as of June 30, 2018	<u>13,594,000</u>	<u>\$ 0.06 – 1.21</u>	<u>\$ 0.29</u>

The following table summarizes information about stock options that are vested or expected to vest at June 30, 2019:

Exercise Price	Number of Options	Options Outstanding			Exercisable Options			
		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
\$ 0.10	1,500,000	\$ 0.10	5.25	\$ —	1,500,000	\$ 0.10	5.25	\$ —
0.18	934,000	0.18	3.98	—	934,000	0.18	3.98	—
0.20	2,150,000	0.20	2.87	—	2,150,000	0.20	2.87	—
0.37	58,000	0.37	3.18	—	58,000	0.37	3.18	—
0.40	2,000,000	0.40	2.17	—	—	0.40	2.17	—
0.42	63,000	0.42	1.50	—	63,000	0.42	1.50	—
0.50	310,000	0.50	0.33	—	310,000	0.50	0.33	—
0.60	2,000,000	0.60	2.17	—	—	0.60	2.17	—
0.69	100,000	0.69	4.75	—	100,000	0.69	4.75	—
1.21	379,000	1.21	4.53	—	379,000	1.21	4.53	—
\$ 0.10-1.21	9,494,000	\$ 0.29	3.20	\$ —	5,494,000	\$ 0.27	3.97	\$ —

The following table sets forth the status of the Company's non-vested stock options as of June 30, 2019 and December 31, 2018:

	Number of Options	Weighted-Average Grant-Date Fair Value
Non-vested as of December 31, 2018	4,000,000	\$ 0.50
Granted	—	—
Forfeited	—	—
Vested	—	—
Non-vested as of June 30, 2019	4,000,000	\$ 0.50

The weighted-average remaining contractual life for options exercisable at June 30, 2019 is 3.97 years. At June 30, 2019 the Company has 8,256,000 and 7,250,000 options available for grant under the 2011 Plan and 2010 Plan, respectively.

The aggregate intrinsic value for fully vested, exercisable options was \$0 at June 30, 2019. The aggregate intrinsic value of options exercised during the six months ended June 30, 2019 was \$0 as no options were exercised. The actual tax benefit realized from stock option exercises during the six months ended June 30, 2018 was \$0 as no options were exercised.

12. RELATED PARTY TRANSACTIONS

Through December 31, 2011, a founder of the company and significant shareholder, Dr. David Platt advanced \$257,820 to the Company to fund start-up costs and operations. Advances by Dr. Platt carry an interest rate of 6.5% and were due on June 29, 2013. On May 7, 2012, Dr. Platt and the Company's former President and also a significant shareholder entered into promissory notes to advance to the Company an aggregate of \$40,000. The notes accrue interest at 6.5% per year and were due June 30, 2013. The outstanding notes of \$297,820 were amended each year to extend the maturity dates. Effective June 30, 2015, the outstanding notes for Dr. Platt were amended to extend the maturity dates to June 30, 2017. During 2017, the Company made principal payments totaling \$20,000 to the former President of the Company, reducing the total balance of the outstanding notes to \$277,820. As of June 30, 2019 and December 31, 2018, the remaining notes to Dr. Platt are in default and are classified as current liabilities.

On June 24, 2011, the Company entered into a definitive Licensing and Manufacturing Agreement (the "Agreement") with Advance Pharmaceutical Company Ltd. ("APC"), a Hong Kong-based privately-held company. Under terms of the Agreement, the Company manufactures and supplies product in bulk for APC. APC is responsible for the packaging, marketing and distribution of SUGARDOWN® in certain territories within Asia. In addition, APC is able to purchase the SUGARDOWN product directly from the US manufacturer and sell it within APC's distribution area. In these situations, the Company is entitled to royalty payments from APC of 10% of the total sales price paid upon shipment of the product. APC, through a wholly owned subsidiary, has purchased an aggregate 1,799,800 shares of the Company's common stock in conjunction with the Company's private placement offerings during the years ended December 31, 2012 and 2011. The shares were purchased on the same terms as the other participants acquiring shares in the respective offerings. Conroy Chi-Heng Cheng is a director of APC and joined the Company's Board in December 2013. No revenue was generated pursuant to the Agreement for the six months ended June 30, 2019 or 2018.

In December 2013, the Board of Directors agreed to indemnify Dr. Platt for legal costs incurred in connection with an arbitration (now concluded) initiated before the American Arbitration Association by Galectin Therapeutics, Inc. (formerly named Pro-Pharmaceuticals, Inc.) for which Dr. Platt previously served as CEO and Chairman. Galectin sought to rescind or reform the Separation Agreement entered into with Dr. Platt upon his resignation from Galectin to remove a \$1.0 million milestone payment which Dr. Platt asserted he was entitled to receive and to be repaid all separation benefits paid to Dr. Platt. The Company initially capped the amount for which it would indemnify Dr. Platt at \$150,000 in December 2013 and Dr. Platt agreed to reimburse the indemnification amounts paid by the Company should he prevail in the arbitration. The Board decided to indemnify Dr. Platt after considering a number of factors, including the scope of the Company's existing indemnification obligations to officers and directors and the potential impact of the arbitration on the Company. In May 2014, the Board approved a \$50,000 increase in indemnification support, solely for the payment of outside legal expenses. The Company recorded a total of \$182,697 in costs associated with Dr. Platt's indemnification, of which \$119,401 was expensed in the year ended December 31, 2013 and of which \$63,296 was expensed in the year ended December 31, 2014. In July 2014, the arbitration was concluded in favor of Dr. Platt, confirming the effectiveness of the separation agreement and payment was made to Dr. Platt in July 2014.

On March 2, 2015, the Board of Directors voted to reduce the amount that Dr. Platt was required to reimburse the Company to \$82,355 and to offset this amount against interest accrued in respect of the outstanding note payable to Dr. Platt. In addition, the Board determined that Dr. Platt would be charged interest related to the \$182,697 indemnification payment since funds were received by Dr. Platt in July 2014. The Board of Directors concluded the foregoing constituted complete satisfaction of Dr. Platt's indemnification by the Company. Accordingly, the Company recorded the reduction in accrued interest through equity during the year ended December 31, 2015. As of June 30, 2019 and December 31, 2018, \$70,338 and \$59,650, respectively, of accrued interest in connection with the related party promissory notes, had been included in accrued expenses and other current liabilities on the accompanying balance sheet.

During September 2015, the Company entered into a securities purchase agreement with CJY. Pursuant to this agreement, the Company issued to CJY a convertible promissory note in the principal amount of \$750,000. The Note was amended during the fourth quarter of 2015 to \$1,200,000. During 2016, the Note was amended to \$1,752,000. This Note provided necessary bridge financing to the Company prior to a financing of \$1,600,000 completed in the third quarter of 2016. Interest accrues at the rate of 10% per annum and is due upon maturity of the note in August 2018. The Company may prepay this Note and any accrued interest at any time. At any time amounts outstanding under the CJY Note are convertible into the Company's common stock, in whole or in part, at the option of the lender, at a conversion price of \$0.05 per share. A beneficial conversion feature of \$1,642,000 was calculated and capped at the value of the note pursuant to ASC 470 - 20. The Company recorded amortization of the beneficial conversion feature as interest expense in the amount of \$0 and \$209,322 during the six months ended March 31, 2019 and 2018, respectively.

On October 6, 2017, in accordance with the terms of the Securities Purchase Agreement, CJY Holdings converted \$500,000 of Notes in exchange for 10,000,000 shares of the Company's common stock. The cost basis for the shares issued was \$0.05. Upon conversion, a loss on extinguishment of \$15,354 was charged to additional paid in capital.

On October 16, 2017, CJY holdings converted an additional \$50,000 of the Notes along with \$150,000 of accrued interest into 4,000,000 shares of the Company's common stock. The cost basis for the shares issued was \$0.05. Upon conversion, a loss on extinguishment of \$155,459 was charged to additional paid in capital.

During August 2018, CJY Holdings agreed to extend the maturity of the Notes payable for one year through August 2019.

On April 26, 2017, Boston Therapeutics, Inc. (the "Company") entered into Securities Purchase Agreement with CJY Holdings Limited ("CJY") providing for the sale by the Company to CJY of 6% Subordinated Convertible Debenture in an amount of up to \$1,000,000 (the "Debentures"). In addition to the Debentures, CJY will also receive stock purchase warrants (the "Warrants") to acquire 500,000 shares of common stock of the Company for every \$50,000 in Debentures purchased. The Warrants are exercisable for five years at an exercise price of \$0.10 and may be exercised on a cashless basis. The Company may only use the proceeds for the payment of services or materials associated with clinical trials. The Company closed on \$200,000 in financing and issued the related Debentures and Warrants under this agreement on April 26, 2017.

The Debentures bear interest at 6% per annum and mature two years from issuance. CJY may elect to convert all or part of the Debentures, plus accrued interest, at any time into shares of common stock of the Company at a conversion price of \$0.10 per share. Interest on the Debentures is payable in cash or shares of common stock at \$0.10 per share quarterly commencing June 30, 2017. The conversion price is subject to adjustment for stock dividends and stock splits. In addition, if after the original issue date of the Debentures, either (i) the volume weighted average price equals or exceeds \$0.50 for 10 consecutive trading days or (ii) the Company elects to list a class of securities on a national securities exchange, the Company may cause CJY to convert all or part of the then outstanding principal amount of the Debentures plus, accrued but unpaid interest, liquidated damages and other amounts owed.

CJY agreed to restrict its ability to convert the Debentures and exercise the Warrants and receive shares of common stock such that the number of shares of common stock held by CJY after such conversion or exercise does not exceed 4.99% of the then issued and outstanding shares of common stock.

A beneficial conversion feature of \$186,939 was calculated and capped at the value of the note pursuant to ASC 470 - 20. The Company recorded amortization of the beneficial conversion feature as interest expense in the amount of \$29,193 and \$46,680 during the three months ended June 30, 2019 and 2018, respectively. In connection with this borrowing, the Company also issued warrants to purchase 2,000,000 shares of the Company's common stock at \$0.10 per share.

Convertible notes payable – related party consist of the following at June 30, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
Principal balance	\$ 1,402,000	\$ 1,402,000
Debt discount	-	(30,332)
Outstanding, net of debt	<u>\$ 1,402,000</u>	<u>\$ 1,371,668</u>

On June 12, 2018, the Company issued a note payable for \$100,000 to World Technology East II Limited (“WTE2”). WTE2 is a Hong Kong company owned equally by Carl W. Rausch, the Company’s CEO and a director, and Conroy Chi-Heng Cheng, a director of the Company. The WTE2 Note is an unsecured obligation of the Company. Principal and interest under the WTE2 Note is due and payable June 12, 2019, however, in the event that the Company raises in excess of \$1,000,000 in equity financing, then the Company will use part of its proceeds to pay off the WTE2 Note. During the fourth quarter of 2018, the Company increased the amount of the note payable to \$174,500 with borrowings of \$44,500 on October 4, \$15,000 on November 5 and \$15,000 on December 7. During the first quarter of 2019, the Company increased the amount of the note payable to \$224,500 with borrowings of \$30,000 on January 17 and \$20,000 on February 11. During the second quarter of 2019, the Company increased the amount of the note payable to \$324,500 with borrowings of \$50,000 on April 4 and \$50,000 on May 31. The notes payable are due on various dates through May 31, 2020 including \$100,000 which was due on June 12, 2019 and is currently in default. Interest accrues on the WTE2 Note at the rate of 10.0% per annum. Accrued interest at June 30, 2019 and December 31, 2018 totaled \$18,483 and \$6,843, respectively.

On September 26, 2018, the Company issued a note payable for \$305,937 to CJY Holdings, Ltd (“CJY”). CJY is a Hong Kong company owned by Conroy Chi-Heng Cheng, a director of the Company. The CJY Note is an unsecured obligation of the Company. Principal and interest under the CJY Note is due and payable September 26, 2019. During the second quarter of 2019, the Company increased the amount of the note payable to \$595,081 with a borrowing of \$289,144 on April 12. Interest accrues on the CJY Note at the rate of 10% per annum. Accrued interest at June 30, 2019 and December 31, 2018 totaled \$29,305 and \$7,984, respectively.

Included in accounts payable at June 30, 2019 and December 31, 2018 are amounts due shareholders, officers and directors of the Company in the amounts of \$144,802 and \$121,453, respectively.

Included in accrued expenses at June 30, 2019 and December 31, 2018 are amounts due shareholders, officers and directors of the Company in the amounts of \$1,060,113 and \$779,545, respectively.

13. COMMITMENTS AND CONTINGENCIES

Pending litigation

In March 2019, we were served with notification of complaint filed by CureDM Inc. as agent for the members of CureDM Group Holdings, LLC regarding breach of contract and other matters relating to their desire to unwind the acquisition of CureDM Group Holdings LLC according to the original Contribution Agreement. At the date of these financial statements, we are unable to state with certainty and outcome either positive or negative. We have been working with the representatives from CureDM Inc. to settle this claim and unwind the Contribution Agreement. As of the date of these financial statements, we were unable to conclude whether this attempt at settlement will be successful. If our attempts to settle are not successful, we do intend to vigorously defend against the claims. (See Note 14)

In addition to the above matter, we are also in arbitration with Level Brands, Inc. regarding a License Agreement dated June 21, 2018. Both parties are claiming non-performance under the License Agreement. The matter is currently in arbitration but is early in the process and we are unable to determine any outcome positive or negative at this time.

Leases

The Company leased office space at 354 Merrimack Street, Lawrence, MA 01843 on a month to month basis. The Company recognized rent expense of \$900 and \$1,800 for the three and six month periods ended June 30, 2019 and 2018.

Contingent share liability

On February 12, 2018, the Company entered into a Contribution Agreement with the members of CureDM Group Holdings, LLC, a limited liability company ("CureDM Group"), all of which except five are accredited investors ("CureDM Group Members") pursuant to which the CureDM Group Members agreed to contribute 100% of the outstanding securities of CureDM Group in exchange for an aggregate of 47,741,140 shares of common stock of the Company (the "BTHE Contribution Shares") of which 25,000,000 BTHE Contribution Shares were delivered at closing and 22,741,140 BTHE Contribution Shares (the "Milestone BTHE Shares") shall be delivered in four equal tranches of 5,685,285 BTHE Contribution Shares each upon the achievement of specific milestones (the "CureDM Group Contribution"). The closing of the CureDM Group Contribution occurred on February 12, 2018.

Under the agreement, BTI was to use its best efforts to secure a binding commitment to close an equity financing with net proceeds of at least \$1,000,000 within 180 days after the closing date. The use of the equity financing proceeds would be designated as working capital for at least, but not limited to the synthesis of HIP2B clinical material. In the event the equity financing is not closed by the required date, then, if both BTI and CureDM, Inc. mutually agree, (i) this Acquisition Agreement will then be null and void and have no further force and effect and all other rights and liabilities of the parties will terminate without any liability of any party to any other party and (ii) each party shall have released the other party. Further, if such event occurs, the CureDM Members will return all shares to BTI for cancellation.

Subsequent to June 30, 2018, the 180 day time period elapsed and the Company did not raise the required funding.

The Company believes the milestones noted above will not be achieved and that the Milestone BTHE Shares will not be issued. Therefore, the Company has not established a contingent liability to recognize the milestone shares obligations.

Employment Agreement

The Company entered into an Employment Agreement with Carl W. Rausch pursuant to which Mr. Rausch was engaged as the Chief Executive Officer of the Company for a period of three years. Mr. Rausch was initially required to relocate from Hong Kong to the United States. However, due to his continued efforts in Hong Kong, the Company and Mr. Rausch, in March 2017, have amended the employment agreement to remove the provision requiring Mr. Rausch to relocate to the United States. Mr. Rausch received a signing bonus of \$60,000 and an annual salary of \$224,000, which will be increased to \$264,000 upon Mr. Rausch relocating to the United States. Further, upon the Company being listed on a national exchange, Mr. Rausch's salary will be increased by \$20,000. The Company granted Mr. Rausch a Stock Option (the "Rausch Option") to acquire an aggregate of 6,000,000 shares of common stock of the Company, exercisable for five (5) years, subject to vesting. The Rausch Option shall be earned and vested in three equal tranches of 2,000,000 upon the Company raising \$1,000,000 in financing, the Company raising \$5,000,000 in financing and the Company entering into a significant corporate alliance for substantial marketing and selling of the Company's product portfolio. The initial tranche shall be exercisable at \$0.20 per share, the second tranche will be \$0.40 per share and the third tranche shall be \$0.60 per share, which such vesting is subject to Mr. Rausch's continued employment as an executive with the Company as of the vesting date. In addition, as additional consideration for Mr. Rausch's commitment to the Company, the stock options previously granted to Mr. Rausch shall be amended to extend the expiration date to the ten year anniversary of signing date and such options shall be considered fully vested. Mr. Rausch shall be entitled to certain raises and milestones subject to the achievement of certain milestones to be agreed upon. In the event the Employment Agreement is terminated prior to the expiration of the term by the Company without cause or by Mr. Rausch with good reason, the Company shall pay Mr. Rausch an amount equal to Mr. Rausch's accrued but unpaid base salary and earned but unpaid bonus prior to the termination date, reimbursement for any reimbursable business expenses and Mr. Rausch's salary for a period of one year.

On March 1, 2018 the Board of Directors approved a reduction in the exercise price of 6,000,000 stock options issued to the Company's CEO on August 22, 2016. The First tranche of 2,000,000 will be exercisable at \$0.10 per share and the second and third tranches of 2,000,000 will be exercisable at \$0.15 per share. The remainder of the terms remain unchanged.

On February 12, 2018, Loraine Upham was appointed as Chief Operating Officer. The Company and Ms. Upham entered into an Executive Retention Agreement pursuant to which Ms. Upham was engaged as Chief Operating Officer with an annual salary of \$200,000. However, Ms. Upham's salary shall accrue until the Company has raised a minimum of \$1,250,000. Ms. Upham is eligible for bonuses as determined by the Board of Directors. These include a bonus of \$20,000 is to be paid upon the Company successfully raising \$1,250,000 through the sale of equity; an annual performance bonus based on milestones related to clinical progress, partnering and fund raising success to be established by the Board of Directors or the Compensation Committee, if in existence on an annual basis. In addition, Ms. Upham received a stock option to purchase 4,000,000 shares of common stock under the Company's Amended and Restated 2011 Stock Incentive Plan, vesting over three (3) years, one third on the first anniversary of the effective date and the balance in equal quarterly installments. The exercise price of the initial tranche of options (1,333,334 shares) shall be \$0.06 per share, the second tranche (1,333,333 shares) shall be \$0.10 per share and the final tranche (1,333,333 shares) shall be \$0.20 per share. The term of the options is five years. Ms. Upham resigned from the Company on November 30, 2018. As a result of her resignation all of her stock options were terminated and returned to the option pool. Her accrued salary and vacation of \$188,716 will be paid once the funding is obtained. (See Note 14)

Consulting Agreement

On April 1, 2018, the Company entered into a Corporate Advisory Agreement with a consultant. Services commenced May 1, 2018 for a term of one year with an option to renew for an additional six months. Compensation pursuant to the agreement is as follows: (1) a monthly fee of \$6,500 paid in cash, and (2) 3,000,000 shares of restricted common stock of which 1,400,000 shares were deliverable upon execution of the agreement and the remaining 1,600,000 delivered in monthly installments of 400,000 shares as long as the agreement has not been terminated. Included in accrued expenses is the monthly fee totaling \$91,000 and the fair value of the shares of common stock totaling \$211,600, as the shares have not been issued as of June 30, 2019.

14. SUBSEQUENT EVENTS

The Company has evaluated events and transactions that occurred from March 31, 2019 through the date of the filing for possible disclosure and recognition in the financial statements.

On July 31, 2019, the company borrowed \$50,000 from a related party. The Note bears interest at 10% and is due in twelve months.

On July 31, 2019, the Company borrowed \$194,356 from a related party to continue its clinical trials in the U.S. The Note bears interest at 10% and is due in twelve months.

As discussed in Note 13, the Company is involved in litigation with CureDM Inc., a former member of CureDM Group Holdings LLC ("CureDM Group"). On August 6, 2019, the parties have agreed to unwind the Contribution whereby the former members of CureDM Group will return the shares of common stock that they received as part of the Contribution Agreement to the Company for cancellation, the Company will return the membership interest of CureDM Group to the former members of CureDM Group and the parties will mutually release the other. In the event former members of CureDM Group do not return their shares of common stock to the Company, CureDM Inc. will pay the Company \$.02 per share for up to 1,639,480, \$.05 per share for each share in excess of 1,639,480 up to 4,000,000 shares of common stock. Further, at closing of the unwind, CureDM Group and CureDM will assume \$158,845 in liabilities.

Effective June 12, 2019, the Company was in default on its \$100,000 note payable to World Technology East II, a related party. Subsequent to June 30, 2019, World Technology East II agreed to extend the terms of the debt for one year. All other terms of the note payable remain the same.

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

The following discussion and analysis is based on, and should be read in conjunction with, the unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Report on Form 10-Q.

Overview

Boston Therapeutics, headquartered in Lawrence, MA, (OTCQB: BTHE) is a leader in the field of complex carbohydrate chemistry and peptide therapeutic drug discovery and development. The Company's initial product pipeline is focused on developing and commercializing therapeutic molecules for sugar control more specifically prediabetics and diabetes: investigative material BTI-320, a non-systemic, non-toxic, investigative therapeutic compound designed to reduce post-meal glucose elevation. In addition, under manufacturing control, SUGARDOWN®, a similar base material to BTI-320 has progressed into market testing as a dietary supplement designed to manage post-meal sugar spikes. The adjunctive therapeutic material called IPOXYN, is an investigative intravenous fluid therapy for the prevention of necrosis and a treatment for ischemia, with an initial target indication of lower limb ischemic events often associated with diabetes. This covers a wider combined prevention and therapeutic option for the growing worldwide epidemic related to metabolic diseases with diabetes being the leader.

The Company has incurred recurring operating losses since inception as it has worked to bring its SUGARDOWN® product to market and develop BTI-320 and IPOXYN. Management expects such operating losses will continue until such time that substantial revenues are received from SUGARDOWN® or the regulatory and clinical development of BTI-320 or IPOXYN is completed. The Company has approximately \$11,000 cash on hand at June 30, 2019. Management is currently seeking additional capital through private placements and public offerings of its common stock. In addition, the Company may seek to raise additional capital through public or private debt or equity financings as well as collaboration activities in order to fund our operations. The Company was advanced \$50,000 through the issuance of 10% notes payable to a related party during the first quarter of 2019. The Company was advanced \$339,144 during April 2019, from two related parties. The Company was advanced \$50,000 from a related party during May 2019. In addition, the Company was advanced \$244,356 during July 2019, from two related parties. Management anticipates that cash resources will be sufficient to fund our planned operations into the third quarter of 2019. The future of the Company is dependent upon its ability to obtain continued financing and upon future profitable operations from the partnering, development and clarity of its new business opportunities.

There can be no assurance that we will be successful in accomplishing our objectives. Without such additional capital, we may be required to cease operations. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue operations.

Results of Operations

Three Months Ended June 30, 2019 compared to June 30, 2018

Revenue

Revenue for the three months ended June 30, 2019 was \$5,371, a decrease of \$2,795 as compared to revenue of \$8,166 for the three months ended June 30, 2018. The decrease is attributable to the Company's lack of financial resources to assist with sales and marketing costs.

Direct Expenses

Direct expenses related to revenue for the three months ended June 30, 2019 totaled \$5,895 as compared to \$45,946 for the three months ended June 30, 2018. The 2018 results include a one time charge of \$31,752 for the disposal of raw materials that had expired. The 2018 results also include higher fulfillment costs related to Hong Kong purchases. Costs for fulfillment were lower in 2019 due to the reduced volume of units sold.

Research and Development

Research and development expense for the three months ended June 30, 2019 was \$383,094, an increase of \$323,533 as compared to \$59,561 for the three months ended June 30, 2018. The increase is the result of costs related to the domestic clinical trials being conducted for Sugardown. The remainder of the expense is non cash amortization of patents.

Sales and Marketing

Sales and marketing expense for the three months ended June 30, 2019 was \$31,359, an increase of \$24,775 as compared to \$6,584 for the three months ended June 30, 2018. The increase is related to a License Agreement entered into with Level Brands, Inc. There are currently no employees dedicated to sales and marketing.

General and Administrative

General and administrative expense for the three months ended June 30, 2019 was \$196,107, a decrease of \$107,240 as compared to \$303,347 for the three months ended June 30, 2018. The 2018 numbers include an accrual of \$50,000 related to the employment contract for the Company's new COO who joined us through the CureDM acquisition. Also, in 2018 the Company recognized increased stock compensation costs of \$29,626 related to stock options issued to the new COO. Finally, also in 2018, we recognized increased professional fees, including audit fees, related to the acquisition of CureDM. The COO resigned from the Company on November 30, 2018. The Company currently has zero employees as all of the general and administrative tasks are performed by outside consultants.

Other (Expenses) Income

Total other income was \$329,463 for the three months ended June 30, 2019 compared to other income of \$275,655 for the three months ended June 30, 2018. Interest expense decreased by approximately \$136,000 for the three months ended June 30, 2019. This was due to the significant number of debt conversions that took place during 2018. Amortization of deferred financing costs from our 2016 fund raising also decreased by approximately \$31,000 as the costs fully amortized during the third quarter of 2018. Also, during the second quarter of 2018, the Company recognized gains of \$263,618 due to the early extinguishment of its debt due to the conversions. There were no conversions during the three months ended June 30, 2019. The Company recognized a gain of approximately \$373,000 from the change in the valuation of its warrant liability for the three months ended June 30, 2019 compared to a gain of approximately \$121,000 for the three months ended June 30, 2018. The Company also recognized a gain of approximately \$40,000 from the change in the valuation of its derivative liability for the three months ended June 30, 2019 compared to a gain of approximately \$143,000 for the three months ended June 30, 2018.

Six Months Ended June 30, 2019 compared to June 30, 2018

Revenue

Revenue for the six months ended June 30, 2019 was \$9,456, a decrease of \$7,946 as compared to revenue of \$17,402 for the six months ended June 30, 2018. The decrease is attributable to the Company's lack of financial resources to assist with sales and marketing costs.

Direct Expenses

Direct expenses related to revenue for the six months ended June 30, 2019 totaled \$12,807 as compared to \$54,772 for the six months ended June 30, 2018. The 2018 results include a one time charge of \$31,752 for the disposal of raw materials that had expired. The 2018 results also include higher fulfillment costs related to Hong Kong purchases. Costs for fulfillment were lower in 2019 due to the reduced volume of units sold.

Research and Development

Research and development expense for the six months ended June 30, 2019 was \$871,544, an increase of \$769,037 as compared to \$102,507 for the six months ended June 30, 2018. The increase is the result of costs related to the domestic clinical trials being conducted for Sugardown. The remainder of the expense is non cash amortization of patents.

Sales and Marketing

Sales and marketing expense for the six months ended June 30, 2019 was \$62,300, an increase of \$48,748 as compared to \$13,552 for the six months ended June 30, 2018. The increase is related to a License Agreement entered into with Level Brands, Inc. The Company is currently in arbitration with Level Brands, Inc. There are currently no employees dedicated to sales and marketing.

General and Administrative

General and administrative expense for the six months ended June 30, 2019 was \$409,808, a decrease of \$568,183 as compared to \$975,991 for the six months ended June 30, 2018. The 2018 numbers include a stock award to two consultants totaling \$330,000. In addition, the 2018 numbers include an accrual of \$100,000 related to the employment contract for the Company's new COO who joined us through the CureDM acquisition. Also, in 2018 the Company recognized increased stock compensation costs of \$71,832 related to stock options issued to the new COO during the first quarter of 2018 and also do to a revaluation of options issued to our CEO that were repriced during the first quarter of 2018. Finally, we recognized increased professional fees, including audit fees, related to the acquisition of CureDM. The COO resigned from the Company on November 30, 2018. The Company currently has zero employees as all of the general and administrative tasks are performed by outside consultants.

Other (Expenses) Income

Total other income was \$113,502 for the six months ended June 30, 2019 compared to other expense of (\$1,745,403) for the six months ended June 30, 2018. Interest expense decreased by approximately \$374,000 for the six months ended June 30, 2019. This was due to the significant number of debt conversions that took place during 2018. Amortization of deferred financing costs from our 2016 fund raising also decreased by approximately \$63,000 as the costs fully amortized during the third quarter of 2018. Also, during the first six months of 2018, the Company recognized gains of approximately \$6,000 due to the early extinguishment of its debt due to the conversions. There were no conversions during the six months ended June 30, 2019. The Company recognized a gain of approximately \$237,000 from the change in the valuation of its warrant liability for the six months ended June 30, 2019 compared to a loss of approximately (\$1,108,000) for the first six months of 2018. The Company also recognized a gain of approximately \$46,000 from the change in the valuation of its derivative liability for the six months ended June 30, 2019 compared to a loss of approximately (\$37,000) for the first six months of 2018.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2019

As of June 30, 2019, we had cash of \$11,026 and accounts payable and accrued expenses totaling \$2,049,550. During the six months ended June 30, 2019, the Company used \$440,585 of cash in operations.

The Company has incurred recurring operating losses since inception as it has worked to bring its SUGARDOWN® product to market and develop BTI-320 and IPOXYN. Management expects such operating losses will continue until such time that substantial revenues are received from SUGARDOWN® or the regulatory and clinical development of BTI-320 or IPOXYN is completed. The Company has approximately \$11,000 cash on hand at June 30, 2019. Management is currently seeking additional capital through private placements and public offerings of its common stock. In addition, the Company may seek to raise additional capital through public or private debt or equity financings as well as collaboration activities in order to fund our operations. The Company was advanced \$50,000 through the issuance of 10% notes payable to a related party during the first quarter of 2019. The Company was advanced \$339,144 during April 2019, from two related parties. The Company was advanced \$50,000 from a related party during May 2019. In addition, the Company was advanced \$244,356 during July 2019, from two related parties. Management anticipates that cash resources will be sufficient to fund our planned operations into the third quarter of 2019. The future of the Company is dependent upon its ability to obtain continued financing and upon future profitable operations from the partnering, development and clarity of its new business opportunities.

The Company may seek to raise additional capital or private debt or public or private equity financings, and partnerships or licensing opportunities in order to fund our operations. There can be no assurance that the Company will be successful in accomplishing its objectives. Without such additional capital, the Company may be required to cease operations.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our investors.

CRITICAL ACCOUNTING POLICIES

See Note 2 Summary of Significant Accounting Policies, of the Notes to Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 herein for a discussion of critical accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide the information requested by this item, as provided by Regulation S-K Item 305(e).

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Pursuant to Rules 13a-15(b) and 15-d-15(b) under the Securities Exchange Act of 1934, as amended (“Exchange Act”), the Company carried out an evaluation, with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer (“CEO/CFO”) of the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this report. The term “disclosure controls and procedures”, as defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods 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 by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

As disclosed in our annual report filing for the year ended December 31, 2018, there was a material weakness in the Company’s internal control over financial reporting due to the fact that the Company does not have an adequate process established to ensure appropriate levels of review of accounting and financial reporting matters, which resulted in our closing process not identifying all required adjustments and disclosures in a timely fashion. The Company’s CEO/CFO has identified control deficiencies regarding the lack of segregation of duties and the need for a stronger internal control environment. The small size of the Company’s accounting staff may prevent adequate controls in the future, such as segregation of duties, due to the cost/benefit of such remediation. Based upon the evaluation of the disclosure controls and procedures at the end of the period covered by this report, the Company’s CEO/CFO concluded that the Company’s disclosure controls and procedures were not effective due to a material weakness in the Company’s internal control over financial reporting.

Through the use of external consultants and the review process, management believes that the unaudited condensed consolidated financial statements and other information presented herewith are materially correct.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting (as defined in Rule 13a-15f of the Exchange Act) that occurred during the most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Limitations on Internal Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In March 2019, we were served with notification of complaint filed by CureDM Inc. as agent for the members of CureDM Group Holdings, LLC regarding breach of contract and other matters relating to their desire to unwind the acquisition of CureDM Group Holdings LLC according to the original Contribution Agreement. At the date of these financial statements, we are unable to state with certainty and outcome either positive or negative. We have been working with the representatives from CureDM Inc. to settle this claim and unwind the Contribution Agreement. As of the date of these financial statements, we were unable to conclude whether this attempt at settlement will be successful. If our attempts to settle are not successful, we do intend to vigorously defend against the claims. (See Note 14)

In addition to the above matter, we are also in arbitration with Level Brands, Inc. regarding a License Agreement dated June 21, 2018. Both parties are claiming non-performance under the License Agreement. The matter is currently in arbitration but is early in the process and we are unable to determine any outcome positive or negative at this time.

The Company may become involved in certain legal proceedings and claims which arise in the normal course of business. The Company is not aware of any other outstanding or pending litigation.

Item 1A. Risk Factors

There have not been any material changes in the risk factors from those previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

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

One January 10, 2019, the Company issued 1,000,000 shares of its common stock in exchange for consulting services amounting to \$22,900.

The preceding sales and issuances was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act for transactions not involving a public offering.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Title of Document
10.1	Unwind Agreement between Boston Therapeutics, Inc., Cure DM, Inc. and Cure DM Group Holdings, LLC signed August 6, 2019
31.1	Certification of Principal Executive and Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended*
32.1	Certification pursuant to Section 906 of Sarbanes Oxley Act of 2002 (Chief Executive and Financial Officer)**
101	The following financial statements from the Quarterly Report on Form 10-Q of Boston Therapeutics, Inc. for the quarter ended June 30, 2019 formatted in XBRL: (i) Condensed Balance Sheets (unaudited), (ii) Condensed Statements of Operations (unaudited), (iii) Condensed Statements of Cash Flows (unaudited), and (iv) Notes to Condensed Financial Statements (unaudited), tagged as blocks of text.*

* Filed as an exhibit hereto.

** These certificates are furnished to, but shall not be deemed to be filed with, the Securities and Exchange Commission.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

BOSTON THERAPEUTICS, INC.

Date: August 19, 2019

By: /s/ Carl W. Rausch
Carl W. Rausch
Chief Executive Officer

UNWIND AGREEMENT

THIS UNWIND AGREEMENT (this “*Unwind Agreement*”) is made effective as of the [] day of July, 2019 by and between Boston Therapeutics, Inc., a Delaware corporation (“*BTHE*”), CureDM, Inc., a Delaware corporation (“*CureDM*”), and CureDM Group Holdings, LLC, a Delaware limited liability company (“*PriveCo*”).

RECITALS

- A. On February 12, 2018, BTHE entered into a Contribution Agreement (the “*Contribution Agreement*”), dated January 1, 2018, with the members of PriveCo (“*PriveCo Members*”), pursuant to which the PriveCo Members contributed 100% of the outstanding securities of PriveCo (the “*PriveCo Securities*”) in exchange for an aggregate of 47,741,140 shares of common stock of BTHE (the “*BTHE Contribution Share*”) of which 25,000,000 BTHE Contribution Shares (the “*BTHE Closing Shares*”) were delivered at closing and 22,741,140 BTHE Contribution Shares (the “*Milestone BTHE Share*”) were to be delivered in four equal tranches of 5,685,285 BTHE Contribution Shares each upon the achievement of specific milestones (the “*Transaction*”). BTHE, PriveCo, the PriveCo Members, and CureDM are individually referred to herein as the “*Party*,” and collectively referred to herein as the “*Parties*.”
- B. CureDM and BTHE acknowledge and agree that the Milestones were not achieved, and the Milestone BTHE Shares were not issued or delivered to the PriveCo Members.
- C. Section 5.6 of the Contribution Agreement provides that if the Milestones are not achieved as contemplated in such agreement, then (i) the Contribution Agreement, other than the provisions of Section 13 thereof, will be null and void and have no further force and effect and all other rights and liabilities of the parties thereunder will terminate without any liability of any Party to any other Party, (ii) each Party shall have released, remised and forever discharged any and all rights and claims that it has had, now has or might now have against the other, and (iii) the PriveCo Members will return all BTHE Shares to BTHE for cancellation (such actions being collectively referred to herein as the “*Unwind*”).
- D. On July 19, 2019, BTHE and CureDM, on behalf of itself and as agent in fact for the PriveCo Members, entered into a Letter of Intent (the “*Letter of Intent*”) that set forth the material terms of the Unwind. To the extent that any provision of this Unwind Agreement conflicts with or is inconsistent with any provision of the Letter of Intent, the provisions of this Unwind Agreement supersede those of the Letter of Intent and the terms of this Unwind Agreement shall govern.
- E. Upon the terms and subject to the conditions set forth in this Unwind Agreement, BTHE and CureDM, on behalf of itself and as agent-in-fact for the PriveCo Members, have agreed to unwind the Transaction, such that (except as set forth in this Unwind Agreement) the PriveCo Members will return all BTHE Closing Shares to BTHE for cancellation, which cancelled shares shall be considered authorized but unissued shares of common stock. The PriveCo Members will waive any and all rights to the Milestone BTHE Shares in consideration of their respective membership interest in PriveCo that was contributed to BTHE pursuant to the Contribution Agreement.
- F. It is the intention of the Parties hereto that: (i) the Unwind shall qualify as a tax-free reorganization under Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the “*Code*”), and (ii) the surrender and exchange of securities contemplated herein shall be exempted from registration or qualification under the Securities Act of 1933, as amended.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

1. Surrender and Exchange of Securities.

- a. Return of BTHE Shares. Subject to the terms and conditions of this Unwind Agreement, and except as otherwise provided below, the PriveCo Members shall return all BTHE Closing Shares to BTHE for cancellation prior to the Closing (as defined below) and thereby surrender all legal right, title, and interest, which cancelled shares shall be considered authorized but unissued shares of common stock.

- b. **Delivery of Documents.** Subject to the terms and conditions of this Unwind Agreement, and except as otherwise provided below, the PriveCo Members shall deliver all documents required to cancel the BTHE Closing Shares, including, but not limited to, the original stock certificates representing the BTHE Closing Shares and all documents reasonably and customarily required by BTHE's transfer agent and registrar as needed to cancel such shares.
 - c. **Open Shares.** Notwithstanding the foregoing, with respect to those PriveCo Members who do not surrender their BTHE Closing Shares for cancellation (such shares, the "**Open Shares**"), (i) to the extent that such number of Open Shares do not exceed 1,639,480, CureDM will pay BTHE \$0.02 per Open Share, and (ii) to the extent that such number of Open Shares exceeds 1.6 million, CureDM will pay BTHE \$0.05 for each Open Share in excess of 1,639,480, *provided, however*, that in no event shall the number of Open Shares exceed 4.0 million. In the event that the number of Open Shares Exceeds 4.0 million, this Unwind Agreement shall be null and void. The aggregate dollar value to be paid pursuant to the foregoing (i) and (ii) is referred to herein as the "**Open Share Payment**". The Open Share Payment shall be wired by CureDM to BTHE in accordance with the instructions set forth in Exhibit A.
 - d. **Return of PriveCo Securities.** BTHE hereby agrees to transfer all of the issued and outstanding PriveCo Securities to CureDM and the PriveCo Members free and clear of any liens, charges, claims, and encumbrances, after which neither BTHE or any party affiliated with BTHE will own any right or interest or future equity claims in PriveCo.
 - e. **Release of Obligations.** Upon the completion of the Unwind (the "**Closing**"), each Party shall be deemed to have released, remised and forever discharged any and all rights and claims that it has had, now has or might now have against the other, including the full release of BTHE of its obligations to issue and deliver the Milestone BTHE Shares to the PriveCo Members.
2. **Assumption of Liabilities.** Upon the completion of the Unwind, PriveCo and CureDM will assume responsibility for the payment of the liabilities set forth on Exhibit B and shall indemnify BTHE against losses arising from or relating to the liabilities up to the amount of the liabilities set forth on Exhibit B.
 3. **Mutual Release.** Each of CureDM and BTHE on behalf of itself and its respective partners, agents, assigns, heirs, officers, directors, employees executors, and attorneys ("**Affiliates**") hereby forever and finally releases, relieves, acquits, absolves and discharges the other Party and their Affiliates from any and all losses, claims, debts, liabilities, demands, obligations, promises, acts, omissions, agreements, costs and expenses, damages, injuries, suits, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, that they may have against the other Party and their Affiliates.
 4. **Indemnification.** Each Party hereto shall defend, indemnify, and hold the other harmless from and against any and all losses, damages, liabilities and expenses (including penalties and attorneys' fees) which are incurred or suffered by or imposed upon another Party arising out of or relating to (i) any failure or breach by the Party to perform any of its covenants, agreements or obligations under this Unwind Agreement, or (ii) any inaccuracy or incompleteness of any of the representations and warranties of the Party contained in this Unwind Agreement or in any Exhibit delivered in connection with this Unwind Agreement.
 5. **Representations and Warranties of BTHE.** BTHE represents and warrants to CureDM and the PriveCo Members that:
 - a. BTHE has not assigned, pledged or hypothecated the PriveCo Securities and that it is the record and beneficial owner of and has good and marketable title to all of the PriveCo Securities and is transferring such free and clear of any and all liens, charges, claims and encumbrances whatsoever.
 - b. BTHE has due and sufficient right and authority to enter into this Unwind Agreement on the terms and conditions herein set forth and to transfer the record, legal and beneficial title and ownership of all of the PriveCo Securities to CureDM and the PriveCo Members at the Closing.
 - c. Since the date of the Contribution Agreement, there has been no change in the assets or intellectual property (collectively, the "**Assets**") of PriveCo.
 - d. As of the date of this Unwind Agreement, no interference, opposition, reissue, reexamination or other proceeding of any nature is pending or, to the knowledge of BTHE, threatened, in which the scope, validity, enforceability or ownership of any intellectual property of PriveCo is being or has been contested or challenged.

- e. Since the date of the Contribution Agreement, no right, license, or interest has been granted or conveyed with respect to any of the Assets, and all Assets are free from all liens, charges, claims and encumbrances.
- f. The only liabilities of PriveCo are those listed on Exhibit B.
- g. Between the date of the Contribution Agreement and the date of this Unwind Agreement, no agreement has been entered into that relates to PriveCo or will require PriveCo to perform obligations after the Closing.
- h. Since the date of the Contribution Agreement, BTHE has taken reasonable and customary security and other measures, including measures against unauthorized disclosure, to protect the secrecy, confidentiality, and value of its trade secrets and other technical information of PriveCo.
- i. Neither the execution and delivery of this Unwind Agreement by BTHE, nor the performance by BTHE of its obligations hereunder or the consummation of the Unwind pursuant to the terms conflict with BTHE's certificate of incorporation or bylaws; violate any statute, law, ordinance, rule or regulation applicable to BTHE, or any of its assets or properties or violate, breach, be in conflict with or constitute a default under any material contract or any order, judgment or decree to which BTHE is a party or by which BTHE, or any of its respective assets or properties is bound or encumbered.

6. Representations and Warranties of CureDM.

- a. CureDM is duly incorporated, organized, validly existing and in good standing under the laws of the State of Delaware, and has sufficient right and authority to enter into this Unwind Agreement.
- b. Neither the execution and delivery of this Unwind Agreement by CureDM, nor the performance by CureDM of its obligations hereunder or the consummation of the Unwind pursuant to the terms and conditions of this Unwind Agreement conflict with CureDM's organizational documents; violate any statute, law, ordinance, rule or regulation applicable to CureDM, or any of its assets or properties, violate, breach, be in conflict with or constitute a default under any material contract or any order, judgment or decree to which CureDM is a party or by which CureDM, or any of its respective assets or properties is bound or encumbered.
- c. CureDM has due and sufficient right and authority to enter into this Unwind Agreement on the terms and conditions herein set forth and to transfer the record, legal and beneficial title and ownership of all of the BTHE Closing Shares to BTHE at the Closing.

7. Conditions to Closing.

- a. Conditions to Obligations of BTHE. The obligation of BTHE to consummate the Unwind is subject to the satisfaction or written waiver of the conditions set forth below. The Closing of the Unwind contemplated by this Unwind Agreement will be deemed to mean a waiver of all conditions to Closing. These conditions precedent are for the benefit of BTHE and may be waived by BTHE in its sole discretion.
 - i. The representations and warranties of CureDM set forth in this Unwind Agreement shall be true, correct and complete in all respects as of the Closing date, as though made on and as of the Closing date, and CureDM shall have delivered to BTHE a certificate, dated as of the Closing date, to the effect that the representations and warranties made by CureDM in this Unwind Agreement are true and correct.
 - ii. All of the covenants and obligations that CureDM or the PriveCo Members are required to perform or to comply with pursuant to this Unwind Agreement at or prior to the Closing shall have been performed and complied with in all material respects. CureDM and the PriveCo Members must have delivered each of the documents required to be delivered by it pursuant to this Unwind Agreement (including those set forth in Section 8 below).

- iii. This Unwind Agreement and all other documents necessary or reasonably required to consummate the Unwind shall have been executed and delivered by CureDM.
 - iv. CureDM Inc. shall have executed a Stipulation of Discontinuance with Prejudice and Release for the litigation commenced in the Supreme Court of the State of New York, County of New York under index number 651716/2019.
- b. Conditions to Obligations of CureDM and PriveCo Members. The obligations of CureDM and the PriveCo Members, as applicable, to consummate the Unwind is subject to the satisfaction or written waiver of the conditions set forth below. The Closing of the Unwind will be deemed to mean a waiver of all conditions to Closing. These conditions precedent are for the benefit of CureDM and the PriveCo Members, and may be waived by CureDM in its sole discretion.
- i. The representations and warranties of BTHE set forth in this Unwind Agreement shall be true, correct and complete in all respects as of the Closing date, as though made on and as of the Closing date, and BTHE will have delivered to CureDM a certificate dated the Closing date, to the effect that the representations and warranties made by BTHE in this Unwind Agreement are true and correct.
 - ii. All of the covenants and obligations that BTHE are required to perform or to comply with pursuant to this Unwind Agreement at or prior to the Closing shall have been performed and complied with in all material respects. BTHE must have delivered each of the documents required to be delivered by it pursuant to this Unwind Agreement (including those set forth in Section 8 below).
 - iii. This Unwind Agreement and all other documents necessary or reasonably required to consummate the Unwind shall have been executed and delivered by BTHE.

8. Closing.

- a. Closing Date. The Closing shall take place, subject to the terms and conditions of this Unwind Agreement, as soon as August 14, 2019, and no later than September 6, 2019, 2019 (the "*Outside Date*"). The Closing shall take place on the Closing Date at the offices of the lawyers for CureDM or at such other location as agreed to by CureDM and BTHE.
- b. Closing Deliveries of BTHE. At Closing, BTHE will deliver or cause to be delivered to CureDM the following, in the form and substance reasonably satisfactory to CureDM:
 - i. Copies of all resolutions and/or consent actions adopted by or on behalf of the board of directors of PriveCo since the date of the Contribution Agreement.
 - ii. Copies of all resolutions and/or consent actions adopted by or on behalf of the board of directors of BTHE evidencing approval of this Unwind Agreement and the Unwind.
 - iii. Share certificates representing 100% of the issued and outstanding PriveCo Securities.
 - iv. Any other necessary documents as required to give effect to the Unwind.
- c. Closing Deliveries of CureDM. At Closing, CureDM will deliver or cause to be delivered to BTHE the following, in the form and substance reasonably satisfactory to BTHE:
 - i. Copies of all resolutions and/or consent actions adopted by or on behalf of the board of directors of CureDM evidencing approval of this Unwind Agreement and the Unwind.
 - ii. All documents as reasonably and customarily required by the transfer agent and registrar for BTHE's common stock for the surrender and cancellation of the BTHE Closing Shares (other than the Open Shares).
 - iii. The Open Share Payment, to the extent required by Section 1(c) above.
 - iv. Any other necessary documents as required to give effect to the Unwind.

9. Additional Covenants of the Parties

- a. Confidentiality of PriveCo Business. All information regarding the business of PriveCo including, without limitation, financial information that PriveCo provided to BTHE during BTHE's due diligence investigation of PriveCo will be kept in strict confidence by BTHE and will not be used (except in connection with due diligence), dealt with, exploited or commercialized by BTHE or disclosed to any third party (other than BTHE's professional accounting and legal advisors) without the prior written consent of PriveCo.
- b. Confidentiality. Each Party shall treat as confidential all information furnished to it by the other Party hereto concerning the business, operations and financial condition of the Party furnishing such information, and shall not disclose any of such information to any third party or use any such information except in furtherance of the evaluation and completion of the Unwind. Any disclosure of confidential information to BTHE shall not be construed as an assignment, grant, option, license or other transfer of any such right, title or interest whatsoever to BTHE or any of its Affiliates. Upon request, each Party shall promptly return all documents and copies thereof received from the other Party. The obligations of confidentiality under this paragraph shall survive the Closing and any termination of this Unwind Agreement and shall remain in effect for a period of one year from the date of Closing. If any Party becomes legally compelled to disclose any other Party's confidential information, the disclosing Party will use all commercially reasonable efforts to provide the other party with prior notice thereof so that the other Party may seek a protective order or other appropriate remedy to prevent such disclosure.
- c. No Publicity. Except for the filing with the U.S. Securities and Exchange Commission of a Current Report on Form 8-K by BTHE, and any other required U.S. Securities and Exchange Commission Filing, in BTHE's sole discretion, it is agreed that the Parties shall not make any public announcement or issue any press release or publicity or make any other disclosures, except disclosures required by law on a confidential basis to persons deemed to be "representatives" of such Parties, or confirm any statements by third parties concerning the transactions herein proposed, or disclose or confirm that discussions regarding the Unwind are occurring, without the prior written consent in advance of the other Party.
- d. Non-Disparagement. Neither CureDM nor BTHE will directly or indirectly contact the press, make any statements for public dissemination (except as specifically provided above), or respond to inquiries from the press regarding this Unwind Agreement or the other Parties.
- e. Notification. Between the date of this Unwind Agreement and the Closing Date, each of CureDM and BTHE will promptly notify the other in writing if it becomes aware of any fact or condition that causes or constitutes a material breach of any of its representations and warranties as of the date of this Unwind Agreement, if it becomes aware of the occurrence after the date of this Unwind Agreement of any fact or condition that would cause or constitute a material breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in the exhibits relating to such Party, such Party will promptly deliver to the other a supplement to the exhibits specifying such change. During the same period, each of CureDM and BTHE will promptly notify the other of the occurrence of any material breach of any of its covenants in this Unwind Agreement or of the occurrence of any event that may make the satisfaction of such conditions impossible or unlikely.
- f. Tax Matters. BTHE agrees to furnish or cause to be furnished to CureDM upon request as promptly as practicable such information (including access to books and records) and information and assistance as is reasonably necessary for the filing of any tax or information return, for the preparation Many tax audit, and for the prosecution or defense of any claim, suit or proceeding relating to any proposed tax adjustment.

- g. Certain Acts Prohibited. Except as expressly contemplated by this Unwind Agreement, between the date of this Unwind Agreement and the Closing date, BTHE will not, without the prior written consent of CureDM:
- i. Incur any liability or obligation or encumber or permit the encumbrance of any properties or assets of PriveCo except in the ordinary course of business consistent with past practice;
 - ii. Dispose of or contract to dispose of any PriveCo property or assets except in the ordinary course of business consistent with past practice;
 - iii. Declare, set aside or pay any dividends on, or make any other distributions in respect of the PriveCo Securities; or
 - iv. Materially increase benefits or compensation expenses of PriveCo, increase the cash compensation of any director, executive officer or other key employee or pay any benefit or amount to any such person.

10. Termination. This Unwind Agreement and Mutual Release may be terminated at any time prior to the Closing by mutual written consent of BTHE and CureDM. Notwithstanding anything to the contrary contained herein, in the event that CureDM does not surrender at least 21.0 million BTHE Closing Shares for cancellation prior to the Outside Date, then this Unwind Agreement shall be null and void.

11. Miscellaneous Provisions.

- a. Effectiveness of Representations: Survival. Each Party is entitled to rely on the representations, warranties and agreements of each other and all such representation, warranties and agreement will be effective regardless of any investigation that any party has undertaken or failed to undertake. Unless otherwise stated in this Unwind Agreement, and except for instances of fraud, the representations, warranties and agreements will survive the Closing Date and continue in full force and effect.
- b. Further Assurances. Each of CureDM and BTHE will cooperate with each other and execute and deliver such other instruments and documents and take such other actions as may be reasonably requested from time to time by any Party as necessary to carry out, evidence, and confirm the intended purposes of this Unwind Agreement.
- c. Amendment. This Unwind Agreement may not be amended except by an instrument in writing signed by each of CureDM and BTHE.
- d. Expenses. All fees and expenses incurred in connection with this Unwind Agreement and the Unwind, including, without limitation, all fees and expenses of attorneys, accountants and representatives employed by either Party, shall be borne solely by the Party that has incurred such expense.
- e. Entire Agreement. This Unwind Agreement, the exhibits attached hereto and the other documents delivered pursuant to this Unwind Agreement or otherwise in connection with the Unwind contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior arrangements and understandings, both written and oral, expressed or implied, with respect thereto. Any preceding correspondence or offers (including those set forth in the Letter of Intent) are expressly superseded and terminated by this Unwind Agreement.
- f. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been given or made if in writing and delivered personally or sent by registered or certified mail (postage prepaid, return receipt requested) or facsimile to the Parties at the following addresses:

If to BTHE, to;

Thomas D. Atkinson
Ledwith & Atkinson
81 Hempstead Avenue
Lynbrook, New York 11563
Email: tatkinson@ledwithatkinson.com
(516) 593-1771

If to CureDM or the PriveCo Members, to:

Loraine V. Upham
CureDM, Inc.
5901 Indian School Road
Albuquerque, NM 87110
Email: lori@curedm.com
Telephone: 505-515-1947(LVU)

- g. Headings. The headings contained in this Unwind Agreement are for convenience purposes only and will not affect in any way the meaning or interpretation of this Unwind Agreement.
- h. Third Party Beneficiaries. This Unwind Agreement is and will only be construed as for the benefit of or enforceable by those persons party to this Unwind Agreement and the PriveCo Members.
- i. Assignment. This Unwind Agreement may not be assigned (except by operation of law) by any Party without the consent of the other parties.
- j. Governing Law, Jurisdiction, and Venue. This Unwind Agreement will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed therein. In the event any dispute arises hereunder, the exclusive jurisdiction for the resolution of such dispute or disputes shall be the state or federal courts located in Manhattan, New York. The parties hereby consent to venue and personal jurisdiction in such courts.
- k. Jury Waiver. THE PARTIES HERETO AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTER-CLAIM BROUGHT BY ANY PARTY HERETO AGAINST ANY OTHER PARTY HERETO IN ANY MANNERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS UNWIND AGREEMENT, THE RELATIONSHIP OF THE PARTIES AND/OR ANY CLAIM OF INJURY OR DAMAGE, AND ANY STATUTORY REMEDY RELATED THERETO OR TO THIS UNWIND AGREEMENT.
- l. Attorneys' Fees. If any Party hereto shall commence any action or proceeding against any or all of the other Party that arises out of the provisions of this Unwind Agreement or to recover damages as the result of the alleged breach of any of the provisions of this Unwind Agreement, the prevailing Party therein shall be entitled to recover from the non-prevailing party (and the court shall award to the prevailing party) all reasonable costs incurred in connection therewith, including reasonable attorneys' fees.
- m. Construction. The language used in this Unwind Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any Party.
- n. Gender. All references to any Party will be read with such changes in number and gender as the context or reference requires.
- o. Business Days. If the last or appointed day for the taking of any action required or the expiration of any rights granted herein shall be a Saturday, Sunday or a legal holiday in the State of New York, then such action may be taken or right may be exercised on the next succeeding day which is not a Saturday, Sunday or such a legal holiday.
- p. Counterparts. This Unwind Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.
- q. Fax or Email Execution. This Unwind Agreement may be executed by delivery of executed signature pages by fax or email and such fax or email execution will be effective for all purposes.
- r. Schedules and Exhibits. The schedules and exhibits are attached to this Unwind Agreement and are incorporated herein.

[Signature Pages Follow]

IN WITNESS WHEREOF the parties hereto have executed this Unwind Agreement as of the day and year first above written.

Sincerely,

BOSTON THERAPEUTICS, INC.

By: /s/ Carl W.Rausch

Name: Carl W. Rausch

Title: Chief Executive Officer

Agreed and Accepted:

CURE DM, INC.

By: /s/ Loraine V.Upham

Name: Loraine V. Upham

Title: Chief Executive Officer

Signature Page to Unwind Agreement

Wire Instructions

Beneficiary:
Boston Therapeutics, Inc.
354 Merrimack Street #4
Lawrence MA 01843
603-935-9799

Bank account number: 004661705915
Routing number: 026009593
SWIFT Code: BOFAUS3N

Bank information:
Bank of America
154 Main Street
North Andover, MA 01845
978-682-0309

Liabilities

1 Citrin Cooperman	\$	16,632.00
2 ICON	\$	15,072.00
3 Pepper Hamilton	\$	58,050.46
4 Thompson Hine	\$	35,090.68
5 Upham BioConsulting	\$	20,000.00
6 Patent Expenses	\$	14,000.00
7 Annuities	\$	158,845.14

CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO RULE 13a-14

I, Carl W. Rausch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boston Therapeutics, Inc;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal 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 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 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.

Dated: August 19, 2019

By: /s/ Carl W. Rausch
Carl W. Rausch
Chief Executive Officer (Principal Executive, Financial and
Accounting Officer)

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

In connection with the Quarterly Report on Form 10-Q of Boston Therapeutics, Inc. (the "Company") for the quarter ending June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Carl W. Rausch, Chief Executive and Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 19, 2019

By: /s/ Carl W. Rausch
Carl W. Rausch
Chief Executive Officer
(Principal Executive, Financial and Accounting Officer)