

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

FORM 10-Q  
(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2019  
OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 001-35527

**MYnd Analytics, Inc.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**87-0419387**  
(I.R.S. Employer  
Identification No.)

**26522 La Alameda, Suite 290**  
**Mission Viejo, California 92691**  
(Address of principal executive offices) (Zip Code)

**(949) 420-4400**  
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, \$0.001 par value	The Nasdaq Stock Market LLC
Warrants to Purchase Common Stock	The Nasdaq Stock Market LLC

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

None

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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	(Do not check if smaller reporting company)	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 Act.) Yes  No

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

Class	Outstanding as of May 10, 2019
Common Stock, \$0.001 par value per share	9,479,081 shares
Series A Preferred Stock, \$0.001 par value per share	550,000 shares
Series A-1 Preferred Stock, \$0.001 par value per share	500,000 shares

MYnd Analytics, Inc. and its subsidiaries

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**PART I  
FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**MYND ANALYTICS, INC.  
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	As of March 31, 2019 (Unaudited)	As of September 30, 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,203,200	\$ 3,254,700
Accounts receivable, net	154,400	63,300
Prepaid insurance	9,700	57,900
Prepaid expenses and other current assets	181,200	134,700
<b>Total current assets</b>	<b>1,548,500</b>	<b>3,510,600</b>
Property and equipment, net	87,700	110,800
Intangible assets, net	88,400	116,500
Goodwill	1,386,800	1,386,800
Other assets	29,600	27,100
<b>TOTAL ASSETS</b>	<b>\$ 3,141,000</b>	<b>\$ 5,151,800</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable (including \$36,400 and \$30,350 to related parties as of March 31, 2019 and September 30, 2018, respectively)	\$ 970,700	\$ 346,900
Accrued liabilities	204,700	268,900
Accrued compensation	244,900	175,400
Accrued compensation – related parties	322,800	209,300
Accrued interest and other liabilities	3,900	3,900
Deferred revenue	152,100	159,700
Current portion of leases	1,400	1,300
<b>Total current liabilities</b>	<b>1,900,500</b>	<b>1,165,400</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term borrowing, net	606,500	587,700
Accrued interest on long-term borrowing	120,500	110,100
Long-term portion of capital lease	1,400	2,100
<b>Total long-term liabilities</b>	<b>728,400</b>	<b>699,900</b>
<b>TOTAL LIABILITIES</b>	<b>2,628,900</b>	<b>1,865,300</b>
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$0.001 par value; 15,000,000 authorized; 1,500,000 shares of Series A Preferred Stock and 500,000 shares of Series A-1 authorized; 550,000 shares of Series A Preferred Stock and 500,000 shares of Series A-1 issued and outstanding as of March 31, 2019 and as of September 30, 2018; aggregate liquidation preference of \$1,968,750 as of March 31, 2019 and as of September 30, 2018;	1,100	1,100
Common stock, \$0.001 par value; 250,000,000 shares authorized as of March 31, 2019 and September 30, 2018 respectively, 8,936,695 and 7,407,254 shares issued and outstanding as of March 31, 2019 and September 30, 2018, respectively;	8,900	7,400
Additional paid-in capital	91,895,900	89,257,700
Accumulated deficit	(89,881,400)	(85,245,300)
	2,024,500	4,020,900
Non controlling interest	(1,512,400)	(734,400)
<b>Total stockholders' equity</b>	<b>512,100</b>	<b>3,286,500</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 3,141,000</b>	<b>\$ 5,151,800</b>

See accompanying notes to unaudited condensed consolidated financial statements.

**MYND ANALYTICS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
<b>REVENUES</b>				
Neurometric services	\$ 44,800	\$ 79,800	\$ 124,000	\$ 133,100
Telepsychiatry services	415,300	380,100	723,200	448,800
Total revenues	460,100	459,900	847,200	581,900
<b>COST OF REVENUES</b>				
Neurometric services	5,100	69,700	11,500	118,800
Telepsychiatry services	291,200	228,600	509,900	264,400
	296,300	298,300	521,400	383,200
<b>GROSS MARGIN</b>	163,800	161,600	325,800	198,700
<b>OPERATING EXPENSES</b>				
Research	60,800	73,400	141,600	154,900
Product development	237,300	342,200	474,300	611,400
Sales and marketing	199,400	638,000	351,300	1,305,200
General and administrative	2,350,300	1,740,900	4,724,100	3,515,800
Total operating expenses	2,847,800	2,794,500	5,691,300	5,587,300
<b>OPERATING LOSS</b>	(2,684,000)	(2,632,900)	(5,365,500)	(5,388,600)
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense, net	(23,400)	(24,800)	(46,300)	(38,500)
Total other income (expense)	(23,400)	(24,800)	(46,300)	(38,500)
<b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>	(2,707,400)	(2,657,700)	(5,411,800)	(5,427,100)
Income taxes	2,300	1,900	2,300	1,900
<b>NET LOSS</b>	\$ (2,709,700)	\$ (2,659,600)	\$ (5,414,100)	\$ (5,429,000)
Net loss attributable to noncontrolling interest	(451,100)	(72,300)	(778,000)	(72,300)
<b>Net Loss attributable to MYnd Analytics, Inc.</b>	\$ (2,258,600)	\$ (2,587,300)	\$ (4,636,100)	\$ (5,356,700)
<b>BASIC AND DILUTED LOSS PER SHARE:</b>	\$ (0.27)	\$ (0.59)	\$ (0.58)	\$ (1.23)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>				
Basic and Diluted	8,399,443	4,362,564	7,964,021	4,347,745

See accompanying notes to unaudited condensed consolidated financial statements.

**MYND ANALYTICS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**for the three and six months ended March 31, 2019 and 2018**

	Common Stock		Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Sub-total MYnd Stockholders' Equity	Non- controlling Interest	Total
	Shares	Amount	Shares	Amount					
<b>Balance at September 30, 2018</b>	7,407,254	\$ 7,400	1,050,000	\$ 1,100	\$ 89,257,700	\$ (85,245,300)	\$ 4,020,900	\$ (734,400)	\$ 3,286,500
Shares issued to Aspire Capital Purchase Agreement	144,000	200	—	—	517,100	—	517,300	—	517,300
Common Stock issued to vendors for services	3,750	—	—	—	5,600	—	5,600	—	5,600
Net loss	—	—	—	—	—	(2,377,500)	(2,377,500)	(326,900)	(2,704,400)
<b>Balance at December 31, 2018</b>	<u>7,555,004</u>	<u>\$ 7,600</u>	<u>1,050,000</u>	<u>\$ 1,100</u>	<u>\$ 89,780,400</u>	<u>\$ (87,622,800)</u>	<u>\$ 2,166,300</u>	<u>\$ (1,061,300)</u>	<u>\$ 1,105,000</u>
Stock-based compensation	30,000	—	—	—	258,000	—	258,000	—	258,000
Shares issued to Aspire Capital Purchase Agreement	1,315,429	1,300	—	—	1,810,500	—	1,811,800	—	1,811,800
Common Stock issued to vendors for services	36,262	—	—	—	47,000	—	47,000	—	47,000
Net loss	—	—	—	—	—	(2,258,600)	(2,258,600)	(451,100)	(2,709,700)
<b>Balance at March 31, 2019</b>	<u>8,936,695</u>	<u>\$ 8,900</u>	<u>1,050,000</u>	<u>\$ 1,100</u>	<u>\$ 91,895,900</u>	<u>\$ (89,881,400)</u>	<u>\$ 2,024,500</u>	<u>\$ (1,512,400)</u>	<u>\$ 512,100</u>
<b>Balance at September 30, 2017</b>	4,299,311	\$ 4,300	—	\$ —	\$ 80,189,700	\$ (75,646,600)	\$ 4,547,400	—	\$ 4,547,400
Stock-based compensation	37,500	100	—	—	336,500	—	336,600	—	336,600
Common Stock issued to vendors for services	23,750	—	—	—	14,800	—	14,800	—	14,800
Net loss	—	—	—	—	—	(2,769,300)	(2,769,300)	—	(2,769,300)
<b>Balance at December 31, 2017</b>	<u>4,360,561</u>	<u>\$ 4,400</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 80,541,000</u>	<u>\$ (78,415,900)</u>	<u>\$ 2,129,500</u>	<u>\$ —</u>	<u>\$ 2,129,500</u>
Stock-based compensation	20,000	—	—	—	256,400	—	256,400	—	256,400
Common Stock issued to vendors for services	(16,250)	—	—	—	11,000	—	11,000	—	11,000
Stock issued for preferred shares	—	—	1,050,000	1,100	2,098,900	—	2,100,000	—	2,100,000
Net loss	—	—	—	—	—	(2,659,700)	(2,659,700)	(72,300)	(2,732,000)
<b>Balance at March 31, 2018</b>	<u>4,364,311</u>	<u>\$ 4,400</u>	<u>1,050,000</u>	<u>\$ 1,100</u>	<u>\$ 82,907,300</u>	<u>\$ (81,075,600)</u>	<u>\$ 1,837,200</u>	<u>\$ (72,300)</u>	<u>\$ 1,764,900</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

**MYND ANALYTICS, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Six Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (5,414,100)	\$ (5,429,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	60,300	57,500
Change in provision for doubtful accounts	6,300	1,200
Stock-based compensation	775,300	593,000
Common stock issued to vendors for services	52,600	25,800
Accretion of debt discount	46,700	35,500
Changes in operating assets and liabilities:		
Accounts receivable	(97,400)	(156,200)
Prepaid expenses and other assets	(800)	(97,200)
Accounts payable and accrued liabilities	559,600	112,400
Deferred revenue	(7,600)	125,000
Deferred compensation	183,000	(8,300)
Net cash used in operating activities	(3,836,100)	(4,740,300)
<b>INVESTING ACTIVITIES:</b>		
Purchase of furniture and equipment	(9,100)	(55,200)
Payment for acquisition of business, net of cash acquired	—	(306,600)
Net cash used in investing activities	(9,100)	(361,800)
<b>FINANCING ACTIVITIES:</b>		
Principal payments on note payable	(17,500)	(34,100)
Principal payments on capital lease	(600)	(600)
Proceeds from sale of common stock, net of costs	1,811,800	2,100,000
Net cash provided by financing activities	1,793,700	2,065,300
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(2,051,500)</b>	<b>(3,036,800)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD</b>	<b>3,254,700</b>	<b>5,449,000</b>
<b>CASH AND CASH EQUIVALENTS - END OF THE PERIOD</b>	<b>\$ 1,203,200</b>	<b>\$ 2,412,200</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 2,000	\$ 4,700
Income taxes	\$ 2,300	\$ 1,900
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING &amp; FINANCING ACTIVITIES:</b>		
Long-term borrowings assumed in business combination	\$ —	\$ 651,700

See accompanying notes to unaudited condensed consolidated financial statements

**MYND ANALYTICS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization, Nature of Operations and Going Concern Uncertainty**

MYnd Analytics, Inc. (“MYnd,” “CNS,” “we,” “us,” “our,” or the “Company”), formerly known as CNS Response Inc., is a predictive analytics company that has developed a decision support tool to help physicians reduce trial and error treatment in mental health and provide more personalized care to patients. The Company employs a clinically validated scalable technology platform to support personalized care for mental health patients. The Company utilizes its patented machine learning, artificial intelligence, data analytics platform for the delivery of telebehavioral health services and its PEER predictive analytics product offering. On November 13, 2017, the Company acquired Arcadian Telepsychiatry Services LLC (“Arcadian”), which manages the delivery of telepsychiatry and telebehavioral health services through a nationwide network of licensed and credentialed psychiatrists, psychologists and master’s-level therapists. The Company is commercializing its PEER predictive analytics tool to help physicians reduce trial and error treatment in mental health. MYnd’s patented, clinically validated technology platform (“PEER Online”) utilizes complex algorithms to analyze electroencephalograms (“EEGs”) to generate Psychiatric EEG Evaluation Registry (“PEER”) Reports to predict individual responses to a range of medications prescribed for the treatment of behavioral disorders including depression, anxiety, bipolar disorder, PTSD and other non-psychotic disorders.

**Going Concern Uncertainty**

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”), which contemplate continuation of the Company as a going concern. The Company’s operations are subject to certain problems, expenses, difficulties, delays, complications, risks and uncertainties frequently encountered in the operation of a business. These risks include the ability to obtain adequate financing on a timely basis, if at all, the failure to develop or supply technology or services to meet the demands of the marketplace, the failure to attract and retain qualified personnel, competition within the industry, government regulation and the general strength of regional and national economies.

The Company’s recurring net losses and negative cash flows from operations raise substantial doubt about its ability to continue as a going concern. During the six months ended March 31, 2019, the Company incurred a net loss of \$5.4 million and used \$3.8 million of net cash in operating activities. As of March 31, 2019, the Company’s accumulated deficit was \$89.9 million. In connection with these unaudited condensed consolidated financial statements, management evaluated whether there were conditions and events, considered in the aggregate, that raised substantial doubt about the Company’s ability to meet its obligations as they become due for the next twelve months from the date of issuance of these financial statements. Management assessed that there were such conditions and events, including a history of recurring operating losses, and negative cash flows from operating activities.

To date, the Company has financed its cash requirements primarily from equity financings. As of March 31, 2019, the Company’s principal sources of liquidity were its cash balance of \$1.2 million and the remaining amount available under the Aspire Equity Line of Credit of \$6.3 million. The Company will need to raise funds immediately to continue its operations and increase demand for its services. Until it can generate sufficient revenues to meet its cash requirements, which it may never do, the Company must continue to finance future cash needs primarily through public or private equity offerings, debt financings or strategic collaborations. The Company’s liquidity and capital requirements depend on several factors, including the rate of market acceptance of its services, the future profitability of the Company, the rate of growth of the Company’s business and other factors described elsewhere in this Quarterly Report on Form 10-Q. The Company continues to explore additional sources of capital, but there is substantial doubt as to whether any financing arrangement will be available in amounts and on terms acceptable to the Company to permit it to continue operations. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with GAAP and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. In the opinion of the Company’s management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals and adjustments) necessary to present fairly the financial position, changes in stockholders’ equity, results of operations and cash flows of the Company at the dates and for the periods indicated. The interim results for the quarter ended March 31, 2019 are not necessarily indicative of results for the full 2019 fiscal year or any other future interim periods. As such, the information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company’s Form 10-K for the year ended September 30, 2018.

## Basis of Consolidation

The unaudited condensed consolidated financial statements include the results of the Company, its wholly owned subsidiary, Arcadian, two professional associations, Arcadian Telepsychiatry PA (“Texas PA”) incorporated in Texas, Arcadian Telepsychiatry Florida P.A. (“Florida PA”) incorporated in Florida, and two professional corporations, Arcadian Telepsychiatry P.C. (“Pennsylvania PC”) incorporated in Pennsylvania and Arcadian Telepsychiatry of California, P.C. incorporated in California (“California PC” and together with the Pennsylvania PC, Florida PA and Texas PA, the “Arcadian Entities.”)

Arcadian is party to Management Services Agreements by and among it and the Arcadian Entities, pursuant to which Arcadian provides management and administrative services to each of the Arcadian Entities. Each entity is established pursuant to the requirements of its respective domestic jurisdiction governing the corporate practice of medicine. All intercompany balances and transactions have been eliminated upon consolidation.

## Segments

We view our operations and manage our business as one operating segment.

## Variable Interest Entities (VIE)

On November 13, 2017, Arcadian entered into a management and administrative services agreement with Texas PA and with Pennsylvania PC, for an initial fixed term of 20 years. In accordance with relevant accounting guidance, Texas PA and Pennsylvania PC are each determined to be a Variable Interest Entity (“VIE”) as MYnd is the primary beneficiary with the ability to direct the activities (excluding clinical decisions) that most significantly affect Texas PA’s and Pennsylvania PC’s economic performance through its majority representation of the Texas PA and Pennsylvania PC; therefore, Texas PA and Pennsylvania PC are consolidated by MYnd. On January 19, 2018, Arcadian entered into a management and administrative services agreement with California PC, for an initial fixed term of 20 years. In accordance with relevant accounting guidance, California PC is determined to be a VIE and MYnd is the primary beneficiary with the ability to direct the activities (excluding clinical decisions) that most significantly affect California PC’s economic performance through its majority representation of California PC; therefore, California PC is consolidated by MYnd. On March 27, 2018, Arcadian entered into a management and administrative services agreement with Florida PA, for an initial fixed term of 20 years. In accordance with relevant accounting guidance, Florida PA is determined to be a VIE and MYnd is the primary beneficiary with the ability to direct the activities (excluding clinical decisions) that most significantly affect Florida PA’s economic performance through its majority representation of Florida PA; therefore, Florida PA is consolidated by MYnd.

The Company holds a variable interest in the entities which contract with physicians and other health professionals in order to provide telepsychiatry services to Arcadian. The entities are considered variable interest entities since they do not have sufficient equity to finance their activities without additional financial support. An enterprise having a controlling financial interest in a VIE must consolidate the VIE if it has both power and benefits—that is, it has (1) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance (power) and (2) the obligation to absorb losses of the VIE that potentially could be significant to the VIE or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits). The Company has the power and rights to control all activities of the entities and funds and absorbs all losses of the VIE.

In accordance with management service agreements entered into between the Company and medical professional corporations and associations in compliance with regulatory requirements within certain states, the Company has the power to direct activities of the VIE’s and may transfer the assets from the individual VIEs. Therefore, the Company considers that there are no assets in any of the consolidated VIEs that may be relied upon to settle obligations of these entities. Furthermore, creditors of the VIEs do not have recourse to the general credit of the Company for any of the liabilities of the VIEs. Finally, none of the professional corporations or associations have purchased equipment nor are they responsible for handling cash or accounts receivable.

There is no either explicit or implicit arrangement that requires the Company to provide financial support to the VIE, including events or circumstances that could expose the Company to a loss. For the six months ended March 31, 2019 and 2018, the Company did not provide, nor does it intend to provide in the future, any financial or other support either explicitly or implicitly during the periods presented to its variable interest entities. In addition, there are no restrictions on the net income earned by the VIEs. The Company allocates all of the net income earned to the primary owner of the VIE. As part of the operating agreement with the VIE, the Company will be reimbursed for all cost incurred related to operating the VIE in addition to a management fee charged for oversight. For the six months ended March 31, 2019 and 2018, no net income was allocated to the VIEs nor have any dividends been paid from the Company to the VIEs from inception to date, respectively.

In addition, to the extent that the VIE is not a shareholder of the Company, the Company has not paid any dividends to the VIEs from inception to date and there are no dividend obligations within the management services agreement entered into with the medical professional corporations and associations.

## Use of Estimates

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expense, and related disclosure of assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to revenue recognition, allowance for doubtful accounts, useful lives of furniture and equipment, intangible assets, valuation allowance on deferred taxes, valuation of equity instruments, and accrued liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

## Cash and Cash Equivalents

The Company considers all liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Company deposits its cash with major financial institutions and may at times exceed the federally insured limit of \$250,000. At March 31, 2019 cash exceeds the federally insured limit by \$1.1 million. The Company believes that the risk of loss is minimal. To date, the Company has not experienced any losses related to cash deposits with financial institutions.

## Debt Instruments

Debt instruments are initially recorded at fair value, with coupon interest and amortization of debt issuance discounts recognized in the statement of operations as interest expense at each period end while such instruments are outstanding.

## Fair Value of Financial Instruments

Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, ASC 825-10 Recognition and Measurement of Financial Assets and Financial Liabilities defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company. The Company considers the carrying amount of cash, accounts receivable, other receivables, accounts payable and accrued liabilities, to approximate their fair values because of the short period of time between the origination of such instruments and their expected realization.

The Company also analyzes all financial instruments with features of both liabilities and equity under ASC 480-10, ASC 815-10 and ASC 815-40.

The FASB has established a framework for measuring fair value using generally accepted accounting principles. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level I inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets;
- Level II inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means;

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level III inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

#### Accounts Receivable, net

The Company estimates the collectability of customer receivables on an ongoing basis by reviewing past-due invoices and assessing the current creditworthiness of each customer. Allowances are provided for specific receivables deemed to be at risk for collection which as of March 31, 2019 and September 30, 2018 were \$8,100 and \$1,800, respectively.

#### Property and Equipment

Property and equipment, which are recorded at cost, consist of office furniture and equipment which are depreciated, over their estimated useful lives on a straight-line basis. The useful lives of these assets are estimated to be between three and five years. Depreciation expense on furniture and equipment for the three months ended March 31, 2019 and 2018 was \$16,100 and \$15,600, respectively. Depreciation expense on furniture and equipment for the six months ended March 31, 2019 and 2018 was 32,300 and 28,000, respectively. Accumulated depreciation at March 31, 2019 and September 30, 2018 was \$181,500 and 149,200, respectively.

#### Intangible Assets

Costs for software developed for internal use are accounted for through the capitalization of those costs incurred in connection with developing or obtaining internal-use software. Capitalized costs for internal-use software are included in intangible assets in the unaudited condensed consolidated balance sheets. Capitalized software development costs are amortized over three years. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software development and costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life.

On November 13, 2017, the Company acquired customer relationship and tradename intangibles in connection with the Arcadian acquisition which were recorded at fair value and are being amortized over an estimated useful life of four years on a straight-line basis.

Amortization for the three months ended March 31, 2019 and 2018 was \$14,000 and \$13,800, respectively. Amortization for the six months ended March 31, 2019 and 2018 was 28,000 and 24,700, respectively. Accumulated amortization was \$122,300 and \$94,200 at March 31, 2019 and September 30, 2018 respectively.

The expected amortization of the intangible assets, as of March 31, 2019, is as follows:

<b>For the year ended September 30,</b>	<b>Intangible assets</b>	
2019 (for the remaining six months)	\$	26,100
2020		29,400
2021		29,400
2022		3,500
<b>Total</b>	<b>\$</b>	<b>88,400</b>

#### Goodwill

Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net assets acquired in our business combinations. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events or changes in circumstances that could trigger an impairment review include a significant adverse change in business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, or significant under performance relative to expected historical or projected future results of operations. The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill. If, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, additional impairment testing is not required. The Company tests for goodwill impairment annually on September 30.

The Company performed a qualitative goodwill assessment at September 30, 2018 and concluded there was no impairment based on consideration of a number of factors, including the improvement in the Company's key operating metrics over the prior year, improvement in the strength of the general economy and the Company's continued execution against its overall strategic objectives.

Based on the foregoing, the Company determined that it was not more likely than not that the fair value of its reporting unit is less than its carrying amount and therefore that no further impairment testing was required.

During the six months ended March 31, 2019, the Company did not record any Goodwill impairment.

#### **Accrued Compensation**

Accrued compensation consists of accrued vacation pay, accrued compensation granted by the Board but not paid, and accrued pay due to staff members.

Accrued compensation – related parties consists of accrued vacation pay, accrued bonuses granted by the Board but not paid for officers and directors.

#### **Deferred Revenue**

Deferred revenue represents cash collected in advance of services being rendered but not earned as of March 31, 2019 and September 30, 2018. This represents a philanthropic grant for the payment of PEER Reports ordered in a clinical trial for a member of the U.S. Military, a veteran or their family members, the cost of which is not covered by other sources. On August 1, 2017, the Company entered into a Research Study Funding Agreement with Horizon Healthcare Services, Inc. dba Horizon Blue Cross Blue Shield of New Jersey and its subsidiaries (collectively "Horizon") and Cota, Inc. ("Cota"). On February 6, 2018, Horizon prepaid for part of the study in the amount of \$125,000 and the Company paid Cota \$15,000 out of this payment for its services under the Study.

These deferred revenue grant funds total \$152,100 and \$159,700 as of March 31, 2019 and September 30, 2018, respectively.

#### **Revenue Recognition**

Neurometric services - gross service revenue is recorded in the accounting records at the time the services are provided on an accrual basis at the provider's established rates, regardless of whether the provider expects to collect that amount. The Company reserves a provision for contractual adjustment and discounts that are deducted from gross service revenue. The Company reports revenues net of any sales, use and value added taxes.

Telepsychiatry services - The Company satisfies its performance obligation to stand ready to provide telepsychiatry services which occurs when the Company's clients have access to the telepsychiatry service. The Company generally bills for the telepsychiatry services on a monthly basis with payment terms generally being 30 days. There are not significant differences between the timing of revenue recognition and billing. Consequently, the Company has determined that client contracts do not include a financing component. Revenue is recognized in an amount that reflects the consideration that is expected in exchange for the service and this may include a variable transaction price as the number of members may vary from the initial billing. Based on historical experience, the Company estimates this amount which is recorded as a component of revenue.

Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), became effective for the Company on October 1, 2018. The Company's revenue recognition disclosure reflects its updated accounting policies that are affected by this new standard. The Company applied the "modified retrospective" transition method for open contracts for the implementation of Topic 606. As sales are and have been primarily from providing healthcare services, and the Company has no significant post-delivery obligations, this new standard did not result in a material recognition of revenue on the Company's accompanying consolidated financial statements for the cumulative impact of applying this new standard. The Company made no adjustments to its previously-reported total revenues, as those periods continue to be presented in accordance with its historical accounting practices under Topic 605, *Revenue Recognition*.

Revenue from providing neurometric and telepsychiatry services are recognized under Topic 606 in a manner that reasonably reflects the delivery of its services to customers in return for expected consideration and includes the following elements:

- executed contracts with the Company's customers that it believes are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- allocation the transaction price to each performance obligation; and
- recognition of revenue only when the Company satisfies each performance obligation.

#### **Research and Development Expenses**

The Company charges research and development expenses to operations as incurred.

#### **Advertising Expenses**

The Company charges all advertising expenses to operations as incurred. For the three months ended March 31, 2019 and 2018 advertising expenses were \$4,800 and \$97,500, respectively. For the six months ended March 31, 2019 and 2018 advertising expenses were \$4,800 and \$248,500, respectively

#### **Stock-Based Compensation**

The Company accounts for employee stock options in accordance with ASC 718, Compensation-Stock Compensation. For stock options issued to employees and directors we use the Black-Scholes option valuation model for estimating fair value at the date of grant. For stock options issued for services rendered by non-employees, we recognize compensation expense in accordance with the requirements of ASC 505-50, Equity, as amended. Non-employee option grants that do not vest immediately upon grant are recorded as an expense over the vesting period. At the end of each financial reporting period prior to performance, the value of these options, as calculated using the Black-Scholes option valuation model, is determined, and compensation expense recognized or recovered during the period is adjusted accordingly. Since the fair value of options granted to non-employees is subject to change in the future, the amount of the future compensation expense is subject to adjustment until the common stock options or warrants are fully vested.

#### **Warrants**

From time to time, the Company has issued warrants to purchase shares of common stock. These warrants have been issued in connection with the Company's financing transactions. The Company's warrants are subject to standard anti-dilution provisions applicable to shares of our common stock. The Company estimates the fair value of warrants using the Black-Scholes option valuation model with the following inputs: market prices of the stock, time to maturity, volatility, zero expected dividend rate and risk free rate all at the date of the warrant issuance.

#### **Income Taxes**

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for 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 expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or 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. Valuation allowances are recorded, when necessary, to reduce deferred tax assets to the amount expected to be realized.

On December 22, 2017, new legislation was adopted that significantly revises the Internal Revenue Code of 1986, as amended, or the Code. The newly enacted federal income tax law, among other things, contains significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35 percent to a flat rate of 21 percent, limitation of the tax deduction for interest expense to 30 percent of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80 percent of current-year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits.

As a result of the implementation of certain provisions of FASB ASC 740, Income Taxes, which clarifies the accounting and disclosure for uncertainty in tax positions, the Company has analyzed filing positions in each of the federal and state jurisdictions where required to file income tax returns, as well as all open tax years in these jurisdictions. We have identified U.S. Federal and California as our major tax jurisdictions. Generally, the Company remains subject to Internal Revenue Service examination of our 2014 through 2016 U.S. federal income tax returns, and remain subject to California Franchise Tax Board examination of our 2013 through 2016 California Franchise Tax Returns. The Company has certain tax attribute carryforwards which will remain subject to review and adjustment by the relevant tax authorities until the statute of limitations closes with respect to the year in which such attributes are utilized.

The Company believes that its income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. Our policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

Deferred taxes have been recorded on a net basis in the accompanying balance sheet. The Act reduces the U.S. statutory tax rate from 35% to 21%, effective January 1, 2018. As of September 30, 2018, the Company had gross Federal net operating loss carryforwards of approximately \$60.2 million and State gross net operating loss carryforwards of approximately \$33.8 million. Both the Federal and State net operating loss carryforwards will begin to expire in 2022 and 2023 respectively. The Company's ability to utilize net operating loss carryforwards may be limited in the event that a change in ownership, as defined in the Internal Revenue Code, occurs in the future.

The Company has placed a valuation allowance against the deferred tax assets in excess of deferred tax liabilities due to the uncertainty surrounding the realization of such excess tax assets. Management periodically evaluates the recoverability of the deferred tax assets and the level of the valuation allowance. At such time as it is determined that it is more likely than not that the deferred tax assets are realizable, the valuation allowance will be reduced accordingly.

#### **Noncontrolling Interest**

The Company consolidates entities in which the Company has a controlling financial interest. The Company consolidates subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting rights, and VIEs for which the Company is the primary beneficiary. Noncontrolling interests represent third-party equity ownership interests in the Company's consolidated entities. The amount of net loss attributable to noncontrolling interests for the three months ended March 31, 2019 and 2018 was \$451,100 and \$72,300, respectively. The amount of net loss attributable to noncontrolling interests for the six months ended March 31, 2019 and 2018 was \$778,000 and \$72,300, respectively.

#### **Earnings (Loss) per Share**

Basic and diluted earnings (loss) per share is presented in conformity with the two-class method. Under the two-class method, basic net loss per share is computed by dividing income (loss) available to common stockholders by the weighted average common shares outstanding during the period. Net loss per share is calculated as the net loss less the current period preferred stock dividends. Diluted earnings (loss) per share takes into account the potential dilution that could occur if securities or other contracts to issue Common Stock were exercised and converted into Common Stock.

#### **Recent Accounting Pronouncements**

Apart from the below-mentioned recent accounting pronouncements, there are no new accounting pronouncements that are currently applicable to the Company.

In June 2018, the FASB issued ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting (Topic 718). The amendments in this Update expand the scope of Topic 718 to include share based payment transactions for acquiring goods and services from nonemployees. An entity should apply the requirements of Topic 718 to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of cost (that is, the period of time over which share-based payment awards vest and the pattern of cost recognition over that period). The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Topic 606, Revenue from Contracts with Customers. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. The Company is currently evaluating the impact of adoption of this standard to its financial statements.

ASU 2016-15, “Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Payments” was issued by the Financial Accounting Standards Board (FASB) in August 2016. The purpose of this amendment is to address eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments in this Update are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted. The Company adopted ASU 2016-15 during our first quarter of fiscal year 2019, which had no impact on our consolidated financial statements, and will apply the new guidance in future periods.

ASU 2016-02, “Leases (Topic 842)” was issued by the FASB in February 2016. The guidance requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, and should be applied using a modified retrospective approach. The guidance is effective for the Company on October 1, 2019. The Company will elect the prospective transition method with the effects of adoption recognized as a cumulative effect adjustment to the opening balance of retained earnings in the Company’s fiscal 2020 financial statements, with no restatement of comparative periods. The Company will also elect the package of three practical expedients permitted under the transition guidance within the new standard, which among other things, allows the Company to carryforward the historical lease classification. The Company is currently assessing the impact of adopting this guidance on its consolidated financial statements and related disclosures. The Company expects to record right of use assets and lease liabilities, which may be material, on its consolidated balance sheet upon adoption of this standard and is still assessing the impact to its results of operations and cash flows.

Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“Topic 606”), became effective for the Company on October 1, 2018. The Company’s revenue recognition disclosure reflects its updated accounting policies that are affected by this new standard. The Company applied the “modified retrospective” transition method for open contracts for the implementation of Topic 606. As sales are and have been primarily from providing healthcare services, and the Company has no significant post-delivery obligations, this new standard did not result in a change to revenue recognition on the Company’s accompanying condensed consolidated financial statements for the cumulative impact of applying this new standard. The Company made no adjustments to its previously-reported total revenues, as those periods continue to be presented in accordance with its historical accounting practices under Topic 605, *Revenue Recognition*.

### 3. REVENUE RECOGNITION

At the adoption of Topic 606, the cumulative effect of initially applying the new revenue standard is required to be presented as an adjustment to the opening balance of retained earnings. The Company determined there was no impact to opening retained earnings based on applying the new revenue standard.

The Company operates as one reportable segment, the healthcare delivery segment. The Company disaggregates revenue from contracts by service type and by payor. This level of detail provides useful information pertaining to how the Company generates revenue by significant revenue stream and by type of direct contracts. The condensed consolidated statements of operations present disaggregated revenue by service type. The following table presents disaggregated revenue for the three and six months ended March 31, 2019 and 2018:

	Three months ended		Six months ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Neurometric services	\$ 44,800	\$ 79,800	\$ 124,000	\$ 133,100
Telepsychiatry services	415,300	380,100	723,200	448,800
Revenue	460,100	459,900	847,200	581,900

As of March 31, 2019, accounts receivable, net of allowance for doubtful accounts, was \$154,400. The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on historical experience, specific account information and other currently available evidence.

The Company receives payments from the following sources for services rendered: (i) commercial insurers; (ii) the federal government under the Medicare program administered by CMS; (iii) state governments under the Medicaid and other programs; (iv) other third party payors (e.g., hospitals); and (v) individual patients and clients. As the period between the time of service and time of payment is typically one year or less, the Company elected the practical expedient under ASC 606-10-32-18 and did not adjust for the effects of a significant financing component.

The Company derives a significant portion of its revenue from Medicare, Medicaid and other payors that receive discounts from established billing rates. The Medicare and Medicaid regulations and various managed care contracts under which these discounts must be calculated are complex, subject to interpretation and adjustment, and may include multiple reimbursement mechanisms for different types of services provided and cost settlement provisions. Management estimates the transaction price on a payor-specific basis given its interpretation of the applicable regulations or contract terms. The services authorized and provided and related reimbursements are often subject to interpretation that could result in payments that differ from the Company's estimates. Additionally, updated regulations and contract renegotiations occur frequently, necessitating regular review and assessment of the estimation process by management.

Settlements under cost reimbursement agreements with third-party payors are estimated and recorded in the period in which the related services are rendered and are adjusted in future periods as final settlements are determined. Final determination of amounts earned under the Medicare and Medicaid programs often occurs in subsequent years because of audits by such programs, rights of appeal and the application of numerous technical provisions.

Under the new revenue standard, the Company has elected to apply the following practical expedients and optional exemptions:

- Recognize incremental costs of obtaining a contract with amortization periods of one year or less as expense when incurred. These costs are recorded within general and administrative expenses.
- Recognize revenue in the amount of consideration to which the Company has a right to invoice the customer if that amount corresponds directly with the value to the customer of the Company's services completed to date.
- Exemptions from disclosing the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts for which revenue is recognized in the amount of consideration to which the Company has a right to invoice for services performed, and (iii) contracts for which variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation.
- Use a portfolio approach for the fee-for-service (FFS) revenue stream to group contracts with similar characteristics and analyze historical cash collections trends.
- No adjustment is made for the effects of a significant financing component as the period between the time of service and time of payment is typically one year or less.

#### Contract Assets

Typically, revenues and receivables are recognized once the Company has satisfied its performance obligation. Accordingly, the Company's contract assets are comprised of accounts receivable. Generally, the Company does not have material amounts of other contract assets.

#### Contract Liabilities (Deferred Revenue)

Contract liabilities are recorded when cash payments are received in advance of the Company's performance. The Company's contract liability balance was \$152,100 and \$159,700 as of March 31, 2019 and September 30, 2018 and is presented within the "Deferred Revenue" line item of the condensed consolidated balance sheets. \$7,600 of the amounts recorded as of September 30, 2018 was recognized as revenue for the six months ended March 31, 2019. The Company has elected the optional exemption to not disclose the remaining performance obligations of its contracts since substantially all of its contracts have a duration of one year or less.

#### 4. ACCOUNTS RECEIVABLE

Accounts receivable, net, is as follows:

	March 31, 2019	September 30, 2018
Accounts receivable	\$ 162,500	\$ 65,100
Allowance for doubtful accounts	(8,100)	(1,800)
Accounts receivable, net	\$ 154,400	\$ 63,300

#### 5. LONG - TERM BORROWINGS AND OTHER NOTES PAYABLE

##### Debt assumed from Arcadian

As a result of the acquisition of Arcadian, the Company guaranteed Arcadian's then outstanding debt obligations totaling

\$700,000 owed to Ben Franklin Technology Partners of Southeastern Pennsylvania ("BFTP"). The maturity date for the debt is September 30, 2021 and interest accrues at an 8% annual rate. Unpaid interest was \$120,500 as of March 31, 2019. The Company recorded the debt at its fair value and recorded a discount of \$93,500 as of March 31, 2019 attributable to the difference between the market interest rate and the stated interest rate on the debt. Interest expense related to the accretion of debt discount for the three months ended March 31, 2019 and 2018 was \$9,400 and 9,400, respectively. Interest expense related to the accretion of debt discount for the six months ended March 31, 2019 and 2018 was \$18,800 and \$14,000, respectively.

A balloon payment of \$700,000 plus interest will be made on the scheduled maturity date of September 30, 2021.

The changes in carrying amounts of the debt acquired through acquisition for the six months ended March 31, 2019 were as follows:

Beginning balance (September 30, 2018)	\$ 587,700
Accretion of debt discount	18,800
Ending balance (March 31, 2019)	\$ 606,500

## 6. ACQUISITION

On November 13, 2017, the Company acquired Arcadian. The Company accounted for the acquisition of Arcadian using the acquisition method of accounting for business combinations under ASC 805, Business Combinations. The total purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date.

Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives and the expected future cash flows and related discount rates, can materially impact our results of operations. Significant inputs used for the model included the amount of cash flows, the expected period of the cash flows and the discount rates.

The purchase price, including the value of the indebtedness and payables of Arcadian, is \$1,339,600 based upon a deemed acquisition of all of the assets and liabilities of Arcadian, including the equity interests in Arcadian. The aggregate purchase price consists of (i) initial investment in Arcadian of \$195,900 (ii) \$317,000 of forgiveness of a note receivable with the primary member of Arcadian (iii) assumption by Arcadian of subordinated debt ("Arcadian Note") with a fair value of \$555,000, plus accrued interest of \$96,700 (iv) \$175,000 payment for the redemption and cancellation of two warrants to purchase equity interests in Arcadian Services. The Arcadian Note bears interest at an annual rate of 8% and matures on September 30, 2021.

### Unaudited Pro Forma Financial Information

The following unaudited pro forma statement of operations data presents the combined results of operations for the six months ended March 31, 2018 as if the acquisition of Arcadian had taken place on October 1, 2017. The unaudited pro forma financial information includes the effects of certain adjustments, including the amortization of acquired intangibles and the associated tax effect and the elimination of the Company's and the acquiree's non-recurring acquisition related expenses.

The unaudited pro forma information presented does not purport to be indicative of the results that would have been achieved had the acquisitions been consummated at October 1, 2017 nor of the results which may occur in the future. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable.

Pro Forma	Three Months Ended	Six Months Ended
	March 31, 2018	March 31, 2018
Revenues	\$ 459,900	\$ 727,100
Net income (loss)	(2,659,600)	(5,605,300)
Basic and diluted loss per share:	\$ (0.61)	\$ (1.29)
Outstanding at weighted average shares outstanding	4,362,564	4,347,745

## 7. REVERSE MERGER

### Merger Agreement

On January 4, 2019, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, the Company's wholly owned subsidiary, Athena Merger Subsidiary, Inc., a Delaware corporation ("Merger Sub"), and Emmaus Life Sciences, Inc., a Delaware corporation ("Emmaus"). Under the terms of the Merger Agreement, pending stockholder approval of the transaction, Merger Sub will merge with and into Emmaus with Emmaus surviving the merger and becoming a wholly-owned subsidiary of MYnd (the "Merger"). Subject to the terms of the Merger Agreement, at the effective time of the Merger, Emmaus stockholders will receive a number of newly issued shares of MYnd common stock determined using the exchange ratio described below in exchange for their shares of Emmaus stock. Following the Merger, stockholders of Emmaus will become the majority owners of MYnd.

The exchange ratio will be determined prior to closing and will cause the MYnd securityholders (including holders of options and warrants) prior to the effective time to collectively own 5.9% of the post-merger company on a fully diluted basis and Emmaus securityholders (including holders of options, warrants and convertible notes) prior to the effective time to collectively own 94.1% of the post-merger company on a fully diluted basis. The exchange ratio will reflect any dilution that may result from securities sold by MYnd or Emmaus prior to the closing of the Merger and any changes to the number of outstanding convertible securities of each company. The Merger Agreement provides that if Emmaus converts certain debt obligations into equity within six months of the completion of the Merger, Emmaus will issue additional shares (equal to 5.9% of the shares issued in connection with the debt conversion to third parties) to an existing subsidiary of MYnd which is expected to be spun-off to stockholders of MYnd prior to the effective time of the merger, as described below.

The post-merger company, led by Emmaus' management team, is expected to be named "Emmaus Life Sciences, Inc." Prior to the closing of the Merger, MYnd will seek shareholder approval to conduct a reverse split of its outstanding shares if necessary to satisfy listing requirements of the Nasdaq Capital Market (the "NasdaqCM"). The post-merger company is expected to trade on the NasdaqCM under a new ticker symbol. At the closing, the post-merger company's board of directors is expected to consist of one member from MYnd and up to six members from Emmaus. The Merger has been unanimously approved by the Board of Directors of each company. The transaction is expected to close no later than July 31, 2019, subject to approvals by the stockholders of MYnd and Emmaus, and other closing conditions, including but not limited to the approval of the continued listing of the post-merger company's common stock on the NasdaqCM, conversion of MYnd's preferred stock into common stock, satisfaction of certain cash and debt conversion conditions and consummation of the MYnd spin-off described below.

The parties to the Merger Agreement have made representations and warranties to each other as of specific dates for the purpose of allocating risk and not for the purpose of establishing facts. Accordingly, the representations and warranties should not be relied on as characterizations of the actual state of facts.

The Merger Agreement contains certain termination rights for each of MYnd and Emmaus, and further provides that, upon certain terminations of the Merger Agreement, MYnd may be required to pay Emmaus a termination fee of \$750,000 and Emmaus may be required to pay MYnd a termination fee of \$750,000; provided that if the termination results from the failure to obtain the approval of the continued listing of the post-merger company's common stock on the NasdaqCM, this fee payable by Emmaus will be \$1,600,000. In connection with the termination of the Merger Agreement upon certain circumstances, either party also may be required to pay the other party's third party expenses up to \$600,000. The termination of the Merger Agreement will not relieve any party thereto from any liability or damages resulting from or arising out of any fraud or willful or intentional breach of any representation, warranty, covenant, obligation or other provision contained in the Merger Agreement.

#### *Spin-Off*

Prior to the closing of the Merger, we intend, subject to obtaining any required regulatory approvals and the completion of certain tax analyses, to transfer all of our businesses, assets and liabilities not assumed by Emmaus to our existing wholly-owned subsidiary, Telemetry, Inc., a Delaware corporation ("Telemetry"), pursuant to the terms of the Amended and Restated Separation and Distribution Agreement (the "Separation Agreement") entered into on March 27, 2019 by us, Telemetry and MYnd Analytics, Inc., a California corporation ("MYnd California"). We intend to distribute all shares of Telemetry held by us to our stockholders of record as a future record date will be determined for such potential distribution.

The Separation Agreement: (i) amended and restated in its entirety that certain Separation and Distribution Agreement dated as of January 4, 2019, by and between MYnd and MYnd California (the "Prior Agreement") and (ii) caused Telemetry to assume all of the rights and obligations of MYnd California under the Prior Agreement.

Pursuant to the Separation Agreement, the Telemetry Business (as defined in the Separation Agreement) would be separated from the Company upon, and subject to, the closing of the transactions contemplated by the Separation Agreement (provided that such transactions occur at all), and the Company intends to distribute all shares of Telemetry held by it to the Company's stockholders of record as of a future record date to be determined for such potential distribution. The Separation Agreement includes the terms of the proposed spin-off and the distribution to the Company's stockholders and includes representations and warranties, covenants and conditions, which would impact the terms of the proposed spin-off and distribution. The proposed spin-off will be subject to conditions and regulatory approvals not entirely under the control of the Company and the terms of the proposed spin-off, if and when completed, are subject to change. The foregoing summary of the Separation Agreement is not complete and qualified in its entirety by reference to the text of the Separation Agreement filed herewith.

#### *Amendment to Merger Agreement*

On May 10, 2019, the parties executed amendment no. 1 to the Merger Agreement. By executing amendment no. 1, MYnd, Emmaus and Merger Sub agreed that: (i) the definition "Parent California Subsidiary" should be amended to refer to Telemetry, Inc., the newly formed wholly-owned corporation, (ii) MYnd would not adopt a new equity incentive plan at closing, which had been contemplated previously and determined to be unnecessary at this time, (iii) MYnd would be entitled to receive credit in its Net Liabilities calculation for certain agreed upon prepaid costs, (iv) Telemetry would be entitled to receive shares of Emmaus after closing if the exchange ratio applicable to any Company Warrants, Company Convertible Notes or Company Debentures is reduced during the six (6) month period after the closing of the Merger for any reason, and (v) the outside termination date was extended from May 31, 2019 to July 31, 2019.

## 8. STOCKHOLDERS' EQUITY

### The Aspire Capital Equity Credit Lines

On December 6, 2016, the Company, entered into the first common stock purchase agreement (the "First Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital") which provided that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital was committed to purchase up to an aggregate of \$10.0 million of shares of the Company's Common Stock over the 30-month term of the First Purchase Agreement. Concurrently with entering into the First Purchase Agreement, the Company also entered into a registration rights agreement with Aspire Capital (the "Registration Rights Agreement"), pursuant to which the Company maintained an effective registration statement registering the sale of the shares of Common Stock that were issued to Aspire under the First Purchase Agreement. Under the First Purchase Agreement, on any trading day selected by the Company on which the closing sale price of its Common Stock is equal to or greater than \$0.50 per share, the Company had the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital (as principal) to purchase up to 50,000 shares of Common Stock per business day, up to \$10.0 million of the Company's common stock in the aggregate at a per share purchase price equal to the lesser of:

- a) the lowest sale price of Common Stock on the purchase date; or
- b) the arithmetic average of the three (3) lowest closing sale prices for Common Stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

In addition, on any date on which the Company submitted a purchase notice to Aspire Capital in an amount equal to 50,000 shares, and the closing sale price of its Common Stock is equal to or greater than \$0.50 per share, the Company also had the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of Common Stock traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 95% of the volume-weighted average price for Common Stock traded on its principal market on the VWAP Purchase Date.

The purchase price was subject to adjustment for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the First Purchase Price. The Company could deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The First Purchase Agreement provided that the Company and Aspire Capital would not effect any sales under the First Purchase Agreement on any purchase date where the closing sale price of the Company's common stock was less than \$0.50. There were no trading volume requirements or restrictions under the First Purchase Agreement, and the Company could control the timing and amount of sales of Common Stock to Aspire Capital. Aspire Capital had no right to require any sales by the Company, but was obligated to make purchases from the Company as directed by the Company in accordance with the First Purchase Agreement. There were no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the First Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the First Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of Common Stock (the "First Commitment Shares"). The First Purchase Agreement was terminated and replaced by the Second Purchase Agreement defined below on May 15, 2018. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of Common Stock during any time prior to the termination of the Purchase Agreement. Any proceeds from the Company received under the First Purchase Agreement are expected to be used for working capital and general corporate purposes. The Company cannot request Aspire to purchase more than \$100,000 per business day.

As of March 31, 2019, the Company has issued purchase notices to Aspire Capital under the First Purchase Agreement to purchase an aggregate of 1,180,000 shares of common stock, at a per share price of \$2.00, resulting in gross cash proceeds of approximately \$2.4 million. The issuance of shares of common stock that were issued from time to time to Aspire Capital under the First Purchase Agreement were exempt from registration under the Securities Act, pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act.

## The Second Purchase Agreement with Aspire Capital

On May 15, 2018, the Company terminated the First Purchase Agreement, and entered into a second common stock purchase agreement (the "Second Purchase Agreement") with Aspire Capital under substantially the same terms, conditions and limitations as the First Purchase Agreement which are: Aspire Capital is committed to purchase up to an aggregate of \$10.0 million of shares of the Company's Common Stock over the 30-month term of the Second Purchase Agreement. Concurrently with entering into the Second Purchase Agreement, the Company also entered into a registration rights agreement with Aspire Capital (the "Registration Rights Agreement"), pursuant to which the Company maintains an effective registration statement registering the sale of the shares of Common Stock that have and may be issued to Aspire under the Second Purchase Agreement. Under the Second Purchase Agreement, on any trading day selected by the Company on which the closing sale price of its Common Stock is equal to or greater than \$0.50 per share, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital (as principal) to purchase up to 50,000 shares of Common Stock per business day, up to \$10.0 million of the Company's common stock in the aggregate at a per share purchase price equal to the lesser of:

a) the lowest sale price of Common Stock on the purchase date; or

b) the arithmetic average of the three (3) lowest closing sale prices for Common Stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

In addition, on any date on which the Company submits a purchase notice to Aspire Capital in an amount equal to 50,000 shares, and the closing sale price of its Common Stock is equal to or greater than \$0.50 per share, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of Common Stock traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 95% of the volume-weighted average price for Common Stock traded on its principal market on the VWAP Purchase Date.

The purchase price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Second Purchase Agreement, so long as the most recent purchase has been completed.

The Second Purchase Agreement provides that the Company and Aspire Capital will not effect any sales under the Second Purchase Agreement on any purchase date where the closing sale price of the Company's common stock is less than \$0.50. There are no trading volume requirements or restrictions under the Second Purchase Agreement, and the Company will control the timing and amount of sales of Common Stock to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Second Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Second Purchase Agreement. In consideration for entering into the Second Purchase Agreement, concurrently with the execution of the Second Purchase Agreement, the Company issued to Aspire Capital 250,000 shares of Common Stock (the "Second Commitment Shares"). The Second Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of Common Stock during any time prior to the termination of the Second Purchase Agreement. Any proceeds from the Company receives under the Second Purchase Agreement are expected to be used for working capital and general corporate purposes. The Company cannot request Aspire to purchase more than \$300,000 per business day.

As of March 31, 2019, the Company has issued purchase notices to Aspire Capital under the Second Purchase Agreement to purchase an aggregate of 2,200,100 shares of common stock, resulting in gross cash proceeds of approximately \$3.7 million. The issuance of shares of common stock that were issued from time to time to Aspire Capital under the Second Purchase Agreement were exempt from registration under the Securities Act, pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act.

## Shareholder Approval for Removal of Exchange Cap

The Second Purchase Agreement previously restricted the amount of shares that may be sold to Aspire Capital thereunder to 1,134,671 shares of Common Stock (the "Exchange Cap"). On November 26, 2018, the Company received shareholder approval to remove the Exchange Cap in compliance with the applicable listing rules of the Nasdaq Stock Market. Pursuant to Nasdaq Listing Rule 5635(d), shareholder approval is required prior to the issuance of securities in connection with a transaction other than a public offering involving the sale, issuance or potential issuance by the Company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock outstanding before the issuance for less than the greater of book or market value of the stock. Following receipt of shareholder approval, the Company may issue an additional \$8.1 million, up to an aggregate of \$10 million, of common stock to Aspire Capital under the Second Purchase Agreement, with remaining availability of \$6.3 million at March 31, 2019.

## **Common and Preferred Stock**

As of March 31, 2019, the Company is authorized to issue 265,000,000 shares of stock of which 250,000,000 are common stock, and 15,000,000 shares were preferred shares, with a par value of \$0.001 per shares are blank-check preferred stock which the Board is expressly authorized to issue without stockholder approval, for one or more series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of preferred stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

## **Private Placement with Directors and Management**

On September 21, 2018, the Company entered into definitive agreements with George C. Carpenter IV, President and then Chief Executive Officer, Robin L. Smith, Chairman, as well as John Pappajohn, and Peter Unanue, each a director of the Company, and entities affiliated with Michal Votruba, a member of the Board of Directors of MYnd Analytics and Director of Life Sciences for the European-based RSJ-Gradus fund, relating to a private placement of an aggregate of 459,458 units for \$1.85 per unit, with each unit consisting of one share of common stock and one common stock purchase warrant to purchase one share of Common Stock for \$2.00 per share.

## **Stock-Option Plans**

### **2006 Stock Incentive Plan**

On August 3, 2006, CNS Response, Inc. adopted the CNS 2006 Stock Incentive Plan (the "2006 Plan"). The 2006 Plan provided for the issuance of awards in the form of restricted shares, stock options (which may constitute incentive stock options (ISO) or non-statutory stock options (NSO)), stock appreciation rights and stock unit grants to eligible employees, directors and consultants and is administered by the Board. A total of 3,339 shares of stock were ultimately reserved for issuance under the 2006 Plan. As of March 31, 2019, zero options were exercised and there were 1,435 option shares outstanding under the amended 2006 Plan. The outstanding options have exercise prices to purchase shares of common stock ranging from \$2,400 to \$3,300 per share.

### **2012 Omnibus Incentive Compensation Plan**

On March 22, 2012, our Board approved the MYnd Analytics, Inc. 2012 Omnibus Incentive Compensation Plan (the "2012 Plan"), reserved 1,667 shares of stock for issuance and on December 10, 2012, the Board approved the amendment of the 2012 Plan to increase the shares authorized for issuance from 1,667 shares to 27,500 shares. On March 26, 2013, the Board further approved the amendment of the 2012 Plan to increase the shares authorized for issuance from 27,500 shares to 75,000 shares. The 2012 Plan, as amended, was approved by our stockholders at the 2013 annual meeting held on May 23, 2013.

On April 5, 2016, the Board approved a further amendment of the 2012 Plan to increase the Common Stock authorized for issuance from 75,000 shares to 200,000 shares.

On September 22, 2016 the Board amended the 2012 Plan to: (i) increase the total number of shares of Common Stock available for grant under the 2012 Plan from 200,000 shares to an aggregate of 500,000 shares, (ii) add an "evergreen" provision which, on January 1st of each year through 2022, automatically increases the number of shares subject to the 2012 Plan by the lesser of: (a) a number equal to 10% of the shares of Common Stock authorized under the 2012 Plan as of the preceding December 31st, or (b) an amount, or no amount, as determined by the Board, but in no event may the number of shares of Common Stock authorized under the 2012 Plan exceed 885,781 and (iii) increase the annual individual award limits under the 2012 Plan to 100,000 shares of Common Stock, subject to adjustment in accordance with the 2012 Plan. Per the above mentioned "evergreen" provision, an additional 50,000 shares were automatically allocated for distribution under the 2012 Plan as of January 1, 2017.

At the 2017 Annual Meeting of Stockholders of the Company, held on August 21, 2017 (the "2017 Annual Meeting"), the holders of the Company's common stock voted to amend the Company's 2012 Plan to increase: (i) the total number of shares of common stock, par value \$0.001 per share ("Common Stock"), available for grant under the 2012 Plan (subject to the overall limits described in clause (ii) below) from 550,000 shares to an aggregate of 975,000 shares; (ii) the aggregate limitation on authorized shares available for grant under the 2012 Plan, following any increases pursuant to the evergreen provision, from 885,781 shares to 1,570,248 shares and (iii) the annual individual award limits under the 2012 Plan to 150,000 shares of Common Stock (subject to adjustment in accordance with the 2012 Plan);

At the 2018 Annual Meeting of Stockholders of the Company, held on April 4, 2018 (the “2018 Annual Meeting”), the holders of the Company’s common stock voted to amend the 2012 Plan to increase (i) the total number of shares of Common Stock available for grant under the 2012 Plan (subject to the overall limit described in clause (ii) below) from 1,072,500 shares to an aggregate of 1,500,000 shares and (ii) the aggregate limitation on the authorization shares available for grant under the 2012 Plan, following any increases pursuant to the evergreen provision, from 1,570,248 shares to 2,200,000 shares.

At the Special Meeting of Stockholders of the Company, held on November 26, 2018, the holders of the Company’s common and preferred stock voted to (i) amend the 2012 Plan to eliminate the annual individual award limits under the 2012 Plan and (ii) amend 2012 Plan to increase: (a) the total number of shares of common stock, par value \$0.001 per share (“Common Stock”), available for grant under the 2012 Plan (subject to the overall limits described in clause (b) below) from 1,500,000 shares to an aggregate of 2,250,000 shares and (b) the aggregate limitation on authorized shares available for grant under the 2012 Plan, following any increases pursuant to the evergreen provision (the “Evergreen Provision”), from 2,200,000 shares to 2,950,000 shares.

*Amendment to Chief Executive Officer’s Agreement*

On April 19, 2018, the Company and George C. Carpenter, IV, the former CEO of the Company, entered into an amendment to his Employment Agreement, dated as of September 7, 2007 (the “CEO Amendment”), pursuant to which Mr. Carpenter’s annual salary was reduced from \$270,000 to \$206,250. This change is retroactive to April 13, 2018. Further, pursuant to the CEO Amendment, Mr. Carpenter was granted 34,380 restricted shares of common stock under the 2012 Plan. The shares granted under the CEO Amendment will vest quarterly. If the employee’s relationship with the Company is terminated, the above grant will be prorated. On or before December 31, 2018, the parties will review this modification to determine if the above salary reduction adjustment will be renewed. As of May 9, 2019, the parties have not amended the modification.

*Appointment of Chief Innovation Officer; Amendment to Former CEO Employment Agreement*

As of December 12, 2018, George C. Carpenter, IV no longer served in the position of Chief Executive Officer and became, in addition to President, the Chief Innovation Officer of the Company. In connection therewith, on December 12, 2018, the Company and Mr. Carpenter entered into an amendment to his Employment Agreement, dated as of September 7, 2007 (the “Carpenter Amendment”), pursuant to which Mr. Carpenter was given the title of President and Chief Innovation Officer of the Company. Pursuant to the Carpenter Amendment, Mr. Carpenter received an option to purchase 50,000 shares of common stock of the Company, with such option vesting over a twelve-month period.

*Appointment of Patrick Herguth as CEO; Herguth Employment Agreement*

Effective December 12, 2018, the Company appointed Patrick Herguth to the position of Chief Executive Officer.

In connection with Mr. Herguth’s appointment to the position of Chief Executive Officer, the Company entered into an employment agreement with Mr. Herguth, dated as of December 12, 2018 (the “Herguth Employment Agreement”). Pursuant to the Herguth Employment Agreement, Mr. Herguth will serve as the Company’s Chief Executive Officer and will receive a base annual compensation of \$325,000, subject to periodic increases. For fiscal year 2019, Mr. Herguth is eligible to receive a performance bonus in a target amount of \$340,000, with payment of such bonuses subject to achievement of certain performance goals set forth in the Herguth Employment Agreement. The employment agreement also provides that Mr. Herguth will receive an option to purchase up to 200,000 shares of the Company’s common stock, subject to the time-based vesting schedule and up to 200,000 shares of the Company’s common stock subject to a performance-based vesting schedule, both as specified in the Herguth Employment Agreement, with options to purchase 50,000 of such shares vesting on the date of the Herguth Employment Agreement. The time-based options will be subject to vesting upon a change of control of the Company.

*Election of Patrick Herguth to the Board of Directors*

Effective December 12, 2018, the Board increased the number of directors on the Board by one and elected Mr. Herguth to the Board to serve as a director of the Company to fill the vacancy created by such increase. Mr. Herguth has not been appointed to any committee of the Board.

*Stock-based Compensation and Expenses*

As of March 31, 2019, options to purchase 1,428,500 shares of Common Stock were outstanding under the 2012 Plan with exercise prices ranging from \$1.20 to \$600.00 per share, with a weighted average exercise price of \$3.05 per share. Additionally, 580,564 restricted shares of Common Stock have been granted under the 2012 Plan, leaving 465,936 shares of Common Stock available to be awarded under the 2012 Plan.

Stock-based compensation expenses are generally recognized over the employees' or service provider's requisite service period, generally the vesting period of the award. Stock-based compensation expense included in the accompanying unaudited condensed consolidated statements of operations for the six months ended March 31, 2019 and 2018 is as follows:

	Six months ended March 31,			
	2019		2018	
	Stock-based compensation expense - stock options	Stock-based compensation expense - restricted shares	Stock-based compensation expense - stock options	Stock-based compensation expense - restricted shares
Research	\$ —	\$ —	\$ —	\$ —
Product development	29,200	17,800	100	—
Sales and marketing	12,000	—	100	—
General and administrative	404,200	312,100	302,900	289,900
<b>Total</b>	<b>\$ 445,400</b>	<b>\$ 329,900</b>	<b>\$ 303,100</b>	<b>\$ 289,900</b>

Total unrecognized stock compensation expense as of March 31, 2019 amounted to \$334,900.

The following table sets forth the Company's unrecognized stock-based compensation expense, net of estimated forfeitures, by type of award and the weighted-average period over which that expense is expected to be recognized:

	March 31,			
	2019		2018	
Type of Award:	Unrecognized Expense, net of estimated forfeitures	Weighted average Recognition Period (in years)	Unrecognized Expense, net of estimated forfeitures	Weighted average Recognition Period (in years)
Stock Options	\$ 329,600	1.40	\$ 682,900	0.53
Restricted Stock	5,300	0.05	139,100	0.48
<b>Total</b>	<b>\$ 334,900</b>	<b>1.38</b>	<b>\$ 822,000</b>	<b>0.52</b>

A summary of all stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted- Average Remaining Contractual Term (in years)	Intrinsic Value
Outstanding at September 30, 2018	803,937	\$ 10.13	8.75	\$ 7,500
Granted	864,758	1.34		—
Exercised	—	—		—
Forfeited or expired	(38,760)	2.28		—
<b>Outstanding at March 31, 2019</b>	<b>1,629,935</b>	<b>\$ 5.65</b>	<b>8.89</b>	<b>\$ 52,600</b>

There are 825,100 options vested and 804,835 unvested as of March 31, 2019; there are 531,604 options vested and 272,333 options unvested as of September 30, 2018;

Following is a summary of the restricted stock activity for the six months ended March 31, 2019:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at September 30, 2018	406,564	\$ 4.09
Granted	174,000	1.35
Forfeited	—	—
Outstanding at March 31, 2019	<u>580,564</u>	<u>\$ 3.27</u>

There are 567,469 shares of restricted stock vested and 13,095 unvested as of March 31, 2019; there are 351,522 shares of restricted stock vested and 55,042 unvested as of September 30, 2018;

The range of Black-Scholes option-pricing model assumption inputs for all the valuation dates are in the table below:

	Six Months Ended March 31, 2019	
	Low	High
Annual dividend yield	—%	—%
Expected life (years)	3.0	5.0
Risk-free interest rate	2.23%	2.90%
Expected volatility	172.89%	200.47%

*Expected Dividend Yield.* The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future.

*Expected Life.* The Company elected to utilize the “simplified” method for “plain vanilla” options to value stock option grants. Under this approach, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term.

*Expected Volatility.* The expected volatility rate used to value stock option grants is based on the historical volatilities of the Company’s common stock.

*Risk-free Interest Rate.* The risk-free interest rate assumption was based on U.S. Treasury bill instruments that had terms consistent with the expected term of the Company’s stock option grants.

The warrant activity for the six months ended March 31, 2019, are described as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at September 30, 2018	6,075,874	\$ 4.53
Expired/ Forfeited	(555)	55.00
Outstanding at March 31, 2019	<u>6,075,319</u>	<u>\$ 4.52</u>

Following is a summary of the status of warrants outstanding at March 31, 2019:

Exercise Price	Number of Shares	Expiration Date	Weighted Average Exercise Price
\$ 2.00	459,458 (1)	09/2023	\$ 2.00
2.34	1,050,000 (2)	03/2023	2.34
5.25	2,539,061 (3)	07/2022	5.25
5.25	1,675,000 (4)	07/2022	5.25
5.25	213,800 (5)	07/2022	5.25
6.04	134,000 (6)	07/2022	6.04
10.00	4,000	06/2021	10.00
<b>Total</b>	<b>6,075,319</b>		<b>\$ 4.52</b>

- (1) On September 21, 2018, the Company entered into definitive agreements with George C. Carpenter IV, President and former Chief Executive Officer, Robin L. Smith, Chairman, as well as John Pappajohn, and Peter Unanue, each a director of the Company, and entities affiliated with Michal Votruba, a member of the Board of Directors of MYnd Analytics and Director of Life Sciences for the European-based RSJ-Gradus fund, relating to a private placement of an aggregate of 459,458 units for \$1.85 per unit, with each unit consisting of one share of Common Stock and one Common Stock Purchase Warrant to purchase one share of Common Stock for \$2.00 per share. The closing price per share of the Common Stock on the Nasdaq Stock Market on September 20, 2018 was \$1.72 per share.
- (2) On March 29, 2018, the Company sold an aggregate of 1,050,000 units for \$2.00 per Unit each consisting of one share of newly-designated Series A Preferred Stock, and one warrant in a private placement to three affiliates of the Company, for gross proceeds of \$2.1 million. The private placement closed on March 29, 2018. The closing price per share of the Common Stock on the Nasdaq Stock Market on March 29, 2018 was \$1.19 per share.
- (3) On July 13, 2017, the Company declared a special dividend of warrants to purchase shares of the Company's common stock to record holders of Common Stock as of such date. Warrants to purchase 2,539,061 shares of Common Stock were distributed pro rata to all holders of common stock on the record date. These warrants are exercisable (in accordance with their terms) to purchase one share of common stock, at an exercise price of \$5.25 per share. The warrants will become exercisable commencing not less than 12 months following their July 27, 2017 distribution date and will expire five years from the date of issuance.
- (4) On July 19, 2017, the Company issued 1,675,000 shares of Common Stock and accompanying Warrants to purchase up to 1,675,000 shares of Common Stock in connection with an underwritten public offering.
- (5) On August 23, 2017, the Company issued warrants to purchase 213,800 shares of common stock to underwriters as part of the exercise of the overallotment option attributed to the July 2017 underwritten public offering.
- (6) As part of the underwritten public offering on July 19, 2017, the Company issued warrants to purchase 134,000 shares of common stock to the underwriters as part of the services performed by them in connection with the underwritten public offering.

## 9. RELATED PARTY TRANSACTIONS

### *DCA Agreement*

On September 25, 2013, the Board approved a consulting agreement effective May 1, 2013, for marketing services provided by Decision Calculus Associates ("DCA"), an entity operated by Mr. Carpenter's spouse, Jill Carpenter. Effective August 2015, DCA was engaged at a fee of \$10,000 per month. From August 2015 through February 2017, DCA has been paid \$170,000. The DCA contract was renewed at \$3,000 a month effective March 1, 2017. On May 1, 2018, the Company amended the agreement with DCA to reduce the monthly fee to \$2,000 a month. The amendment provides for a term of one year with a 30 day termination clause. The Company incurred fees of \$6,000 and \$9,000 for the three months ended March 31, 2019 and 2018, respectively. The Company incurred fees of \$12,000 and \$18,000 for the six months ended March 31, 2019 and 2018, respectively. The agreement with DCA was terminated on April 20, 2019.

### *Hooper Holmes Agreement*

In 2016, we entered into an agreement with Hooper Holmes Inc, for which Dr. Smith, our Chairman of the Board, became an advisory member of its board as of March 16, 2017, and in which Mr. Pappajohn, our director, has participated in equity raises to become the beneficial owner of a greater than 10% interest. Hooper Holmes performs EEGs nationwide to patients who wish to obtain a PEER report. The Company paid \$0 and \$54,300 for these services during the three months ended March 31, 2019 and 2018, respectively. The Company paid \$2,600 and \$90,700 for these services during the six months ended March 31, 2019 and 2018, respectively. The agreement with Hooper Holmes was deleted on December 31, 2018.

On September 21, 2018, the Company entered into definitive agreements with George C. Carpenter IV, President and then Chief Executive Officer, Robin L. Smith, Chairman, as well as John Pappajohn, and Peter Unanue, each a director of the Company, and entities affiliated with Michal Votruba, a member of the Board of Directors of MYnd Analytics and Director of Life Sciences for the European-based RSJ-Gradus fund, relating to a private placement of an aggregate of 459,458 units for \$1.85 per unit, with each unit consisting of one share of common stock and one common stock purchase warrant to purchase one share of Common Stock for \$2.00 per share.

## 10. LOSS PER SHARE

Basic earnings (loss) per share is computed by dividing income (loss) available to common stockholders less the current period preferred stock dividend by the weighted average common shares outstanding during the period. Diluted earnings (loss) per share takes into account the potential dilution that could occur if securities or other contracts to issue Common Stock were exercised and converted into Common Stock

A summary of the net income (loss) and shares used to compute net income (loss) per share for the three and six months ended March 31, 2019 and 2018 is as follows:

	<b>Three Months Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net loss for computation of basic and diluted net loss per share:				
Net Loss attributable to MYnd Analytics, Inc.	\$ (2,258,600)	\$ (2,587,300)	\$ (4,636,100)	\$ (5,356,700)
Preferred stock dividends	(24,600)	—	(49,200)	—
	<u>\$ (2,283,200)</u>	<u>\$ (2,587,300)</u>	<u>\$ (4,685,300)</u>	<u>\$ (5,356,700)</u>
Basic and diluted net loss per share:				
Basic and diluted net loss per share	\$ (0.27)	\$ (0.59)	\$ (0.59)	\$ (1.23)
Basic and diluted weighted average shares outstanding	8,399,443	4,362,564	7,964,021	4,347,745
Anti-dilutive common equivalent shares not included in the computation of dilutive net loss per share:				
Warrants	6,075,319	5,617,481	6,075,319	5,617,481
Restricted common stock	13,095	42,416	13,095	42,416
Options	1,629,935	554,059	1,629,935	554,059
<b>Total</b>	<u><b>7,718,349</b></u>	<u><b>6,213,956</b></u>	<u><b>7,718,349</b></u>	<u><b>6,213,956</b></u>

## 11. COMMITMENTS AND CONTINGENT LIABILITIES

### Litigation

The Company is not currently party to any legal proceedings, the adverse outcome of which, in the Company's management's opinion, individually or in the aggregate, would have a material adverse effect on the Company's results of operations or financial position.

### Lease Commitments

The Company has entered into operating lease agreements for its office locations in California, Virginia and Pennsylvania which expire at various times through September 30, 2020. Minimum future lease payments under these leases are as follows:

Contractual Obligations	Payments due by period		
	Total	2019	2020
Operating Lease Obligations	\$ 177,300	\$ 129,800	\$ 47,500
Total	<u>\$ 177,300</u>	<u>\$ 129,800</u>	<u>\$ 47,500</u>

## 12. SUBSEQUENT EVENTS

### *Aspire Line*

Subsequent to March 31, 2019, the Company issued purchase notices to Aspire Capital to purchase 463,636 shares of common stock, at a weighted average per share price of \$1.10, resulting in gross cash proceeds of \$510,000.

### *Equity Grant to Chairman of the Board*

On May 8, 2019, the Board of Directors granted 50,000 restricted shares and 100,000 options to purchase common stock to the Chairman of the Board, Dr. Robin L. Smith, under the Company's Amended and Restated 2012 Omnibus Incentive Compensation Plan. The restricted shares and options vest immediately and survive the full term. In the event the merger does not close, Dr. Smith will forfeit 25,000 restricted shares and 25,000 shares of common stock to the Company's plan.

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

The following discussion and analysis of our financial condition and results of operation should be read in conjunction with our unaudited condensed consolidated financial statements as of, and for, the three and six months ended March 31, 2019 and 2018, and our Annual Report on Form 10-K for the year ended September 30, 2018, filed with the U.S. Securities and Exchange Commission on December 11, 2018.

### Forward-Looking Statements

This discussion summarizes the significant factors affecting the unaudited condensed consolidated operating results, financial condition and liquidity and cash flows of MYnd Analytics, Inc. ("we," "us," "our," or the "Company") for the three and six month periods ended March 31, 2019 and 2018. Except for historical information, the matters discussed in this management's discussion and analysis and elsewhere in this Quarterly Report on Form 10-Q are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new products or services; our statements concerning litigation or other matters; statements concerning projections, predictions, expectations, estimates or forecasts for our business, financial and operating results and future economic performance; statements of management's goals and objectives; trends affecting our financial condition, results of operations or future prospects; our financing plans or growth strategies; and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes" and "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements.

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

- our need for immediate additional funding to support our operations and capital expenditures;
- our ability to successfully maintain listing of our shares of common stock on the Nasdaq Capital Market, particularly given our failure as reported in this filing to satisfy the continued listing requirement for stockholder equity;
- our history of operating losses;
- our inability to gain widespread acceptance of our PEER Reports;
- our inability to prevail in convincing the United States Food and Drug Administration (the "FDA"), that our rEEG or PEER Online service does not constitute a medical device and should, therefore, not be subject to regulations;
- the possible imposition of fines or penalties by the FDA for alleged violations of its rules and regulations;
- our subsidiary in telebehavioral health may be harmed by evolving governmental regulation;
- our subsidiary's business model requires us to work with affiliated professional entities not owned by the Company;
- our subsidiary may require an expanded and maintained network of certified professionals;
- our business may be subject to additional regulations in the future that could increase our compliance costs;
- our operating results may fluctuate significantly and our stock price could decline or fluctuate if our results do not meet the expectations of analysts or investors;
- our inability to achieve greater and broader market acceptance of our products and services in existing and new market segments;
- any negative or unfavorable media coverage;
- our inability to generate and commercialize additional products and services;
- our inability to comply with the substantial and evolving regulation by state and federal authorities, which could hinder, delay or prevent us from commercializing our products and services;
- our inability to successfully compete against existing and future competitors;
- delays or failure in clinical trials;
- any losses we may incur as a result of litigation;
- our inability to manage and maintain the growth of our business;
- our inability to protect our intellectual property rights;
- employee relations;
- possible security breaches;
- possible medical liability claims;

- our ability to sell common stock to *Aspire Capital* under our current common stock purchase agreement;
- our ability to consummate the Merger and other transactions contemplated by the Merger Agreement;
- our ability to consummate the transactions contemplated by the Separation Agreement, including the Separation and Distribution (as defined therein);
- adverse tax consequences to shareholders of the transactions contemplated by the Merger Agreement and the Separation Agreement;
- disruption following the transactions contemplated by the Merger Agreement and the Separation Agreement, if consummated;
- possible personal injury claims in the future; and
- our limited trading volume.

Additional risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from those expressed or implied in our written or oral forward-looking statements may be found and in our Annual Report on Form 10-K for the year ended September 30, 2018 under the headings “Risk Factors” and “Business,” as updated in this Quarterly Report on Form 10-Q.

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

## Overview

MYnd Analytics, Inc. (“MYnd,” “CNS,” “we,” “us,” “our,” or the “Company”), formerly known as CNS Response Inc., is a predictive analytics company that has developed a decision support tool to help physicians reduce trial and error treatment in mental health and provide more personalized care to patients. The Company employs a clinically validated scalable technology platform to support personalized care for mental health patients. The Company utilizes its patented machine learning, artificial intelligence, data analytics platform for the delivery of telebehavioral health services and its PEER predictive analytics product offering. On November 13, 2017, the Company acquired Arcadian, which manages the delivery of telepsychiatry and telebehavioral health services through a nationwide network of licensed and credentialed psychiatrists, psychologists and master’s-level therapists. The Company is commercializing its PEER predictive analytics tool to help physicians reduce trial and error treatment in mental health. MYnd’s patented, clinically validated technology platform (“PEER Online”) utilizes complex algorithms to analyze electroencephalograms (“EEGs”) to generate Psychiatric EEG Evaluation Registry (“PEER”) Reports to predict individual responses to a range of medications prescribed for the treatment of behavioral disorders including depression, anxiety, bipolar disorder, PTSD and other non-psychotic disorders.

## Recent Developments

### *Merger Agreement*

On January 4, 2019, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among us, our wholly owned subsidiary, Athena Merger Subsidiary, Inc., a Delaware corporation (“Merger Sub”), and Emmaus Life Sciences, Inc., a Delaware corporation (“Emmaus”). Under the terms of the Merger Agreement, pending stockholder approval of the transaction, Merger Sub will merge with and into Emmaus with Emmaus surviving the merger and becoming a wholly-owned subsidiary of us (the “Merger”). Subject to the terms of the Merger Agreement, at the effective time of the Merger, Emmaus stockholders will receive a number of newly issued shares of our common stock determined using the exchange ratio described below in exchange for their shares of Emmaus stock. Following the Merger, stockholders of Emmaus will become the our majority owners.

The exchange ratio will be determined prior to closing and will cause our securityholders (including holders of options and warrants) prior to the effective time to collectively own 5.9% of the post-merger company on a fully diluted basis and Emmaus securityholders (including holders of options, warrants and convertible notes) prior to the effective time to collectively own 94.1% of the post-merger company on a fully diluted basis. The exchange ratio will reflect any dilution that may result from securities sold by us or Emmaus prior to the closing of the Merger and any changes to the number of outstanding convertible securities of each company. The Merger Agreement provides that if Emmaus converts certain debt obligations into equity within six months of the completion of the Merger, Emmaus will issue additional shares (equal to 5.9% of the shares issued in connection with the debt conversion to third parties) to an existing subsidiary of us which is expected to be spun-off to our stockholders prior to the effective time of the merger, as described below.

The post-merger company, led by Emmaus' management team, is expected to be named "Emmaus Life Sciences, Inc." Prior to the closing of the Merger, MYnd will seek shareholder approval to conduct a reverse split of its outstanding shares if necessary to satisfy listing requirements of the Nasdaq Capital Market (the "NasdaqCM"). The post-merger company is expected to trade on the NasdaqCM under a new ticker symbol. At the closing, the post-merger company's board of directors is expected to consist of one member from us and up to six members from Emmaus. The Merger has been unanimously approved by the Board of Directors of each company. The transaction is expected to close no later than July 31, 2019, subject to approvals by the stockholders of us and Emmaus, and other closing conditions, including but not limited to the approval of the continued listing of the post-merger company's common stock on the NasdaqCM, conversion of MYnd's preferred stock into common stock, satisfaction of certain cash and debt conversion conditions and consummation of the MYnd spin-off described below.

#### *Spin-Off*

Prior to the closing of the Merger, we intend, subject to obtaining any required regulatory approvals and the completion of certain tax analyses, to transfer all of our businesses, assets and liabilities not assumed by Emmaus to our existing wholly-owned subsidiary, Telemetrynd, Inc., a Delaware corporation ("Telemetrynd"), pursuant to the terms of the Amended and Restated Separation and Distribution Agreement (the "Separation Agreement") entered into on March 27, 2019 by us, Telemetrynd and MYnd Analytics, Inc., a California corporation ("MYnd California"). We intend to distribute all shares of Telemetrynd held by us to our stockholders of record as a future record date will be determined for such potential distribution.

The Separation Agreement (i) amended and restated in its entirety that certain Separation and Distribution Agreement dated as of January 4, 2019, by and between MYnd and MYnd California (the "Prior Agreement") and (ii) caused Telemetrynd to assume all of the rights and obligations of MYnd California under the Prior Agreement.

Pursuant to the Separation Agreement, the Telemetrynd Business (as defined in the Separation Agreement) would be separated from the Company upon, and subject to, the closing of the transactions contemplated by the Separation Agreement (provided that such transactions occur at all), and the Company intends to distribute all shares of Telemetrynd held by it to the Company's stockholders of record as of a future record date to be determined for such potential distribution. The Separation Agreement includes the terms of the proposed spin-off and the distribution to the Company's stockholders and includes representations and warranties, covenants and conditions, which would impact the terms of the proposed spin-off and distribution. The proposed spin-off will be subject to conditions and regulatory approvals not entirely under the control of the Company and the terms of the proposed spin-off, if and when completed, are subject to change. The foregoing summary of the Separation Agreement is not complete and qualified in its entirety by reference to the text of the Separation Agreement filed herewith.

#### *Amendment to Merger Agreement*

On May 10, 2019, the parties executed amendment no. 1 to the Merger Agreement. By executing amendment no. 1, MYnd, Emmaus and Merger Sub agreed that: (i) the definition "Parent California Subsidiary" should be amended to refer to Telemetrynd, Inc., the newly formed wholly-owned corporation, (ii) MYnd would not adopt a new equity incentive plan at closing, which had been contemplated previously and determined to be unnecessary at this time, (iii) MYnd would be entitled to receive credit in its Net Liabilities calculation for certain agreed upon prepaid costs, (iv) Telemetrynd would be entitled to receive shares of Emmaus after closing if the exchange ratio applicable to any Company Warrants, Company Convertible Notes or Company Debentures is reduced during the six (6) month period after the closing of the Merger for any reason, and (v) the outside termination date was extended from May 31, 2019 to July 31, 2019.

#### **Going Concern Uncertainty**

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), which contemplate continuation of the Company as a going concern. The Company has a limited operating history and its operations are subject to certain problems, expenses, difficulties, delays, complications, risks and uncertainties frequently encountered in the operation of a business with a limited operating history. These risks include the ability to obtain adequate financing on a timely basis, if at all, the failure to develop or supply technology or services to meet the demands of the marketplace, the failure to attract and retain qualified personnel, competition within the industry, government regulation and the general strength of regional and national economies.

The Company's recurring net losses and negative cash flows from operations raise substantial doubt about its ability to continue as a going concern. During the six months ended March 31, 2019, the Company incurred a net loss of approximately \$5.4 million and used approximately \$3.8 million of net cash in operating activities. As of March 31, 2019, the Company's accumulated deficit was approximately \$89.9 million. In connection with these consolidated financial statements, management evaluated whether there were conditions and events, considered in the aggregate, that raised substantial doubt about the Company's ability to meet its obligations as they become due for the next twelve months from the date of issuance of these financial statements. Management assessed that there were such conditions and events, including a history of recurring operating losses, and negative cash flows from operating activities.

If the Company raises additional funds by issuing additional equity or convertible debt securities, the fully diluted ownership percentages of existing stockholders will be reduced. In addition, any equity or debt securities that the Company would issue may have rights, preferences or privileges senior to those of the holders of its common stock.

To date, the Company has financed its cash requirements primarily from equity financings. The Company will need to raise funds immediately to continue its operations and increase demand for its services. Until it can generate sufficient revenues to meet its cash requirements, which it may never do, the Company must continue to finance future cash needs primarily through public or private equity offerings, debt financings or strategic collaborations. The Company's liquidity and capital requirements depend on several factors, including the rate of market acceptance of its services, the future profitability of the Company, the rate of growth of the Company's business and other factors described elsewhere in this Quarterly Report on Form 10-Q. The Company continues to explore additional sources of capital, but there is substantial doubt as to whether any financing arrangement will be available in amounts and on terms acceptable to the Company to permit it to continue operations. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

#### **Nasdaq Listing Requirements**

As March 31, 2019, we had stockholders' equity of approximately \$512,100, and we are no longer in compliance with such continue listing requirement. If our Common Stock is delisted and we are not able to list our Common Stock on another national securities exchange, we expect our securities would be quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our Common Stock and reduced liquidity for the trading of our securities. In addition, we could experience a decreased ability to issue additional securities and obtain additional financing in the future. There can be no assurance that an active trading market for our Common Stock will develop or be sustained. We may choose to raise additional capital in order to increase our stockholders' equity in order to meet the NASDAQ continued listing standards. Any additional equity financings may be financially dilutive to and will be dilutive from an ownership perspective to our stockholders, and such dilution may be significant based upon the size of such financing. Additionally, we cannot assure that such funding will be available on a timely basis, in needed quantities, or on terms favorable to us, if at all. On February 21, 2019, the Company received a letter from The Nasdaq Stock Market ("Nasdaq") indicating that the Company was not compliant with the minimum stockholders' equity requirement under Nasdaq Listing Rule 5550(b)(1) for continued listing on The Nasdaq Capital Market because the Company's stockholders' equity, as reported in the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2018, was below the required minimum of \$2.5 million. Further, as of February 21, 2019, the Company did not meet the alternative compliance standards relating to the market value of listed securities or net income from continuing operations. This notice of noncompliance has had no immediate impact on the continued listing or trading of the Company's common stock on The Nasdaq Capital Market. On April 17, 2019, the Company received a letter from Nasdaq granting the Company an extension through August 20, 2019 to regain compliance with Listing Rule 5550(b). The terms of the extension are as follows:

- On or before June 30, 2019, the Company must provide an update on the closing of the merger transaction. If the merger transaction is delayed or terminated for any reason, the Company must provide an updated plan of compliance. Upon review of the updated plan, Staff will determine if a further extension is warranted; and,
- On or before August 20, 2019, the Company must complete its business combination with Emmaus and the post-merger company must file an application and receive approval to list its securities on the Nasdaq Stock Market.

No assurance can be given that the Company will be able to regain compliance prior to such date.

#### **Financial Operations Overview**

##### *Revenues*

Our neurometric services revenues are derived from the sales of PEER Reports and services of Electroencephalographs (EEG) and Quantitative Electroencephalographs (qEEG). Physicians and Customers are generally billed upon delivery of a PEER Report. The customer's insurance is billed for EEG and qEEG services. The Company also derives revenue from its subsidiary Arcadian who manages the delivery of telepsychiatry and telebehavioral health services which are delivered directly to patients.

##### *Cost of Revenues*

Cost of revenues are for services and represent the cost of direct labor, the costs associated with external processing, analysis and consulting services necessary to generate the revenues.

### *Research and Product Development*

Research and product development expenses are associated with our neurometric and telepsychiatry services and primarily represent costs incurred to design and conduct clinical studies, to recruit patients into the studies, to add data to our database, to improve analytical techniques and advance application of the methodology. We charge all research and development expenses to operations as they are incurred.

### *Sales and Marketing*

For our neurometric and telepsychiatry services, our selling and marketing expenses consist primarily of personnel, media, support and travel costs to inform user organizations and consumers of our products and services. Additional marketing expenses are the costs of advertising, educating physicians, laboratory personnel, other healthcare professionals regarding our products and services.

### *General and Administrative*

Our general and administrative expenses consist primarily of personnel, occupancy, legal, audit, consulting and administrative support costs.

### *Critical Accounting Policies and Significant Judgments and Estimates*

This management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from those estimates under different assumptions or conditions.

Our significant accounting policies are described in Note 2 to our condensed Consolidated Financial Statements included elsewhere in this report. We believe the following critical accounting policies reflect our more significant estimates and assumptions used in the preparation of our condensed consolidated financial statements.

### *Revenue Recognition*

Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), became effective for the Company on October 1, 2018. The Company's revenue recognition disclosure reflects its updated accounting policies that are affected by this new standard. The Company applied the "modified retrospective" transition method for open contracts for the implementation of Topic 606. As sales are and have been primarily from providing healthcare services, and the Company has no significant post-delivery obligations, this new standard did not result in a material recognition of revenue on the Company's accompanying consolidated financial statements for the cumulative impact of applying this new standard. The Company made no adjustments to its previously-reported total revenues, as those periods continue to be presented in accordance with its historical accounting practices under Topic 605, *Revenue Recognition*.

Revenue from providing neurometric and telepsychiatry services are recognized under Topic 606 in a manner that reasonably reflects the delivery of its services to customers in return for expected consideration and includes the following elements:

- executed contracts with the Company's customers that it believes are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- allocation the transaction price to each performance obligation; and
- recognition of revenue only when the Company satisfies each performance obligation.

### *Stock-based Compensation Expense*

Stock-based compensation expense, which is a non-cash charge, results from stock option grants and restricted share awards. Compensation for option is measured at the grant date based on the calculated fair value of the award. We recognize stock-based compensation expense on a straight-line basis over the vesting period of the underlying option. The amount of stock-based compensation expense expected to be amortized in future periods may decrease if unvested options are subsequently cancelled or may increase if future option grants are made.

### Long-Lived Assets and Intangible Assets

Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the assets may not be recoverable. If the Company determines that the carrying value of the asset is not recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of the long-lived or intangible asset exceeds its fair value. Intangible assets with finite lives are amortized on a straight-line basis over their useful lives of ten years.

Costs for software developed for internal use are accounted for through the capitalization of those costs incurred in connection with developing or obtaining internal-use software. Capitalized costs for internal-use software are included in intangible assets in the consolidated balance sheet. Capitalized software development costs are amortized over three years. Costs incurred during the preliminary project along with post-implementation stages of internal use computer software development and costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. The Company will begin amortizing the software over its estimated economic life once it has been placed into service.

### Derivative accounting for convertible debt and warrants

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. As of March 31, 2019, the Company had no financial instruments that contain embedded derivative features.

### Results of Operations for Three Months Ended March 31, 2019 and 2018

MYnd Analytics is focused on research and the commercialization of its PEER Reports through its Neurometric Services, as well as providing telehealth service through scheduling and videoconferencing which is accessed through a secure portal.

The following table presents consolidated statement of operations data for each of the periods:

#### Revenues

	Three months ended March 31,		Change
	2019	2018	
Neurometric services	\$ 44,800	\$ 79,800	\$ (35,000)
Telepsychiatry services	415,300	380,100	35,200
Total Revenues	\$ 460,100	\$ 459,900	\$ 200

Our neurometric services revenues decreased by \$35,000, or approximately 44%, during the three months ended March 31, 2019. This decrease was primarily due to decreased sales of PEER reports during the period. Our telepsychiatry revenues increased by \$35,200, or approximately 9.3% during the three months ended March 31, 2019 which was primarily due to our allocation of additional resources to the Arcadian platform during the 2019 period.

Cost of Revenues

	Three months ended March 31,		Change
	2019	2018	
Neurometric services	\$ 5,100	\$ 69,700	\$ (64,600)
Telepsychiatry services	291,200	228,600	62,600
Cost of Revenues	\$ 296,300	\$ 298,300	\$ (2,000)

Cost of revenues increased during the three months ended March 31, 2019, primarily due to decreased cost of PEER, reports, offset by increased telepsychiatry service and labor costs. Our cost of revenues for neurometric services represents approximately 11% and 23%, respectively, of neurometric services revenues for the three months ended March 31, 2019 and 2018, respectively. The cost for neurometric services fluctuates as the Company pays fees to third party providers for EEG services as a cost for its Peer reports. In most cases, fees for Peer reports are billed to patients' insurance carriers for which the Company does not recognize as revenues until they are ultimately collected. Historically, the Company has experienced a low collection rate while most claims are collected in excess of ninety days from billing. Therefore, there will be timing differences between payment of services (cost of revenues) and receipt of payment (revenues) which will not reflect evenly in the Company's Statement of Operations.

Research expenses

	Three months ended March 31,		Change
	2019	2018	
Services Research Expenses	\$ 60,800	\$ 73,400	\$ (12,600)

Research expenses consist of consulting fees, travel expenses, conference fees, and other miscellaneous costs listed as following:

	Three months ended March 31,		Change
	2019	2018	
(1) Consulting fees	58,500	69,800	(11,300)
(2) Other miscellaneous costs	2,300	3,600	(1,300)
Total Research Expenses	\$ 60,800	\$ 73,400	\$ (12,600)

(1) Consulting costs decreased by \$11,300 for the three months ended March 31, 2019 and 2018, primarily due to decreased consulting services during the period.

(2) Other miscellaneous costs for the three months ended March 31, 2019 and 2018 were relatively unchanged.

Product Development

	Three months ended March 31,		Change
	2019	2018	
Product Development Expenses	\$ 237,300	\$ 342,200	\$ (104,900)

Product development expenses consist of payroll costs, (including stock-based compensation), consulting fees, system development costs, conference fee, travel expenses, and miscellaneous costs which were as follows:

	Three months ended March 31,		Change
	2019	2018	
(1) Salaries and benefit costs	\$ 152,600	\$ 140,700	\$ 11,900
(2) Consulting fees	45,700	139,200	(93,500)
(3) System development costs	28,400	46,800	(18,400)
(4) Conference & travel	2,700	3,700	(1,000)
(5) Other miscellaneous costs	7,900	11,800	(3,900)
Total Product Development Expenses	\$ 237,300	\$ 342,200	\$ (104,900)

- (1) Salaries and benefits increased by \$11,900 for the three months ended March 31, 2019 and 2018, primarily due to increased stock based compensation of \$19,000;
- (2) Consulting fees decreased by \$93,500 for the three months ended March 31, 2019, primarily due to services in relation to the upgrade of the Company's cloud based sales platform and for a data science project to improve the Company's algorithms for the production of an enhanced PEER report during the three months ended March 31, 2018;
- (3) System development and maintenance costs decreased by \$18,400 for the three months ended March 31, 2019, primarily due to no system development cost incurred during the current period;
- (4) Conference and travel costs for the three months ended March 31, 2019 and 2018, were relatively unchanged;
- (5) Other miscellaneous costs decreased by \$3,900 for the three months ended March 31, 2019, primarily due to decreased dues subscriptions ;

**Sales and marketing**

	Three months ended March 31,		Change
	2019	2018	
Sales and Marketing Expenses	\$ 199,400	\$ 638,000	\$ (438,600)

Sales and marketing expenses consist of payroll and benefit costs, (including stock-based compensation), advertising and marketing expenses, consulting fees, and miscellaneous expenses.

	Three months ended March 31,		Change
	2019	2018	
(1) Salaries and benefit costs	\$ 139,200	\$ 342,300	\$ (203,100)
(2) Consulting fees	31,200	95,100	(63,900)
(3) Advertising and marketing costs	4,800	97,500	(92,700)
(4) Conferences and travel costs	6,100	30,100	(24,000)
(5) Other miscellaneous costs	18,100	73,000	(54,900)
Total Sales and marketing expenses	\$ 199,400	\$ 638,000	\$ (438,600)

- (1) Salaries and benefits for the three months ended March 31, 2019 decreased by \$203,100 from the 2018 period; primarily due to decreased salaries and commission of marketing and sales staff;
- (2) Consulting fees for the three months ended March 31, 2019 decreased by \$63,900, primarily due to the decrease in the number of marketing consultants;
- (3) Advertising and marketing expenses for the three months ended March 31, 2019 decreased by \$92,700 primarily due to decreased social media advertising;
- (4) Conference and travel expenditures for the three months ended March 31, 2019 decreased by \$24,000, primarily due to decreased travel expense for the sales staff; and
- (5) Miscellaneous expenditures for the three months ended March 31, 2019 decreased by \$54,900, primarily due to decreased rent and office expenses.

**General and administrative**

	Three months ended March 31,		Change
	2019	2018	
General and administrative expenses	\$ 2,350,300	\$ 1,740,900	\$ 609,400

General and administrative expenses consist of payroll and benefit costs, (including stock based compensation), legal fees, patent costs, other professional and consulting fees, general administrative and occupancy costs, dues and subscriptions, conference fees, and travel expenses.

		<b>Three months ended March 31,</b>		
		<b>2019</b>	<b>2018</b>	<b>Change</b>
(1)	Salaries and benefit costs	\$ 998,200	\$ 728,000	\$ 270,200
(2)	Consulting fees	336,600	364,200	(27,600)
(3)	Legal fees	484,600	44,300	440,300
(4)	Other professional fees	108,000	246,200	(138,200)
(5)	Patent costs	44,800	45,800	(1,000)
(6)	Marketing and investor relations costs	143,700	46,500	97,200
(7)	Conference and travel costs	36,200	26,100	10,100
(8)	Dues & subscriptions fees	52,600	49,700	2,900
(9)	Computer & web services	20,100	40,000	(19,900)
(10)	General admin and occupancy costs	125,500	150,100	(24,600)
	<b>Total General and administrative expenses</b>	<b>\$ 2,350,300</b>	<b>\$ 1,740,900</b>	<b>\$ 609,400</b>

- (1) Salaries and benefit expenses increased by \$270,200 for the three months ended March 31, 2019 period. This increase was primarily due to increased bonus accrual of \$153,000, and increased telepsychiatry management and staff cost due to acquisition of Arcadian on November 13, 2017;
- (2) Consulting fees decreased by \$27,600 for the three months ended March 31, 2019 period, primarily related to decreased operational and consulting fees;
- (3) Legal fees increased by \$440,300 for the three months ended March 31, 2019 period, primarily due to additional legal fees related to the negotiation and execution of the merger agreement and other financing activities;
- (4) Other professional fees decreased by \$138,200 for the three months ended March 31, 2019 period, primarily due to higher audit fees in relation to the acquisition of Arcadian in fiscal 2018;
- (5) Patent costs decreased by \$1,000 primarily due to less volume of patent and trademark applications and maintenance costs;
- (6) Marketing and investor relations costs increased by \$97,200 for the three months ended March 31, 2019 as the Company engaged public relation firms in relation to capital raise and support of NASDAQ matters;
- (7) Conference and travel costs increased by \$10,100 for the three months ended March 31, 2019, primarily due to more conferences attended and travel made during the period;
- (8) Dues and subscription costs increased by \$2,900 for the three months ended March 31, 2019, primarily due to additional licenses for our Salesforce platform;
- (9) Computer and web services decreased by \$19,900 for the three months ended March 31, 2019, primarily due to decreased services related to our telepsychiatry business and cloud hosting fees; and
- (10) General administrative and occupancy costs decreased by \$24,600 for the three months ended March 31, 2019 period, primarily due to decreased Delaware franchise tax at \$98,000, offset by increased bad debt write off at \$14,000, and increased expenses from acquisition of Arcadian in fiscal 2018.

***Other income (expense)***

		<b>Three months ended March 31,</b>		
		<b>2019</b>	<b>2018</b>	<b>Change</b>
	Interest expense	\$ (23,400)	\$ (24,800)	\$ 1,400

Interest expense for the three months ended March 31, 2019 and 2018 were relatively unchanged;

**Net Loss**

	<b>Three months ended March 31,</b>		<b>Change</b>
	<b>2019</b>	<b>2018</b>	
Loss, net	\$ (2,709,700)	\$ (2,659,600)	\$ (50,100)

Our net loss was \$2.7 million for the three months ended March 31, 2019, compared to a net loss of approximately \$2.7 million for the same period ended March 31, 2018, primarily due to increased revenue from the acquisition of our telepsychiatry business on November 13, 2018, offset by increased costs and expenses respectively.

**Results of Operations for Six Months Ended March 31, 2019 and 2018**

MYnd Analytics is focused on research and the commercialization of its PEER Reports through its Neurometric Services, as well as providing telehealth service through scheduling and videoconferencing which is accessed through a secure portal.

The following table presents consolidated statement of operations data for each of the periods:

**Revenues**

	<b>Six months ended March 31,</b>		<b>Change</b>
	<b>2019</b>	<b>2018</b>	
Neurometric services	\$ 124,000	\$ 133,100	\$ (9,100)
Telepsychiatry services	723,200	448,800	274,400
<b>Total Revenues</b>	<b>\$ 847,200</b>	<b>\$ 581,900</b>	<b>\$ 265,300</b>

Our neurometric services revenues decreased by \$9,100, or approximately 7% for the six months ended March 31, 2019. The decrease was primarily due to decreased sales of PEER reports during the period. Our telepsychiatry revenues increased by \$274,400, or approximately 61% during the six months ended March 31, 2019. Our increase in telepsychiatry services revenues is due to a combination of factors. First, the Company only began operating its Arcadian business during the three months ended December 31, 2017. As a result, the Company only recognized revenues from the Arcadian business (i.e. telepsychiatry services revenues) for a portion of the six-months ended March 31, 2018. In addition, the Company provided additional resources to the Arcadian platform during 2019, which improved its results of operations.

**Cost of Revenues**

	<b>Six months ended March 31,</b>		<b>Change</b>
	<b>2019</b>	<b>2018</b>	
Neurometric services	\$ 11,500	\$ 118,800	\$ (107,300)
Telepsychiatry services	509,900	264,400	245,500
<b>Cost of Revenues</b>	<b>\$ 521,400</b>	<b>\$ 383,200</b>	<b>\$ 138,200</b>

Overall, the cost of revenues increased during the six months ended March 31, 2019, primarily due to fees paid to service providers as a result of increased sales for telepsychiatry services. Our cost of revenues for neurometric services represents approximately 2% and 31%, respectively, of neurometric services revenues for the six months ended March 31, 2019 and 2018, respectively. The cost for neurometric services fluctuates as the Company pays fees to third party providers for EEG services as a cost for its Peer reports. In most cases Peers are billed to patients' insurance carriers for which the Company does not recognize as revenues until they are ultimately collected. Historically the Company has experienced a low collection rate while most claims are collected in excess of ninety days from billing. Therefore, there will be timing differences between payment of services (cost of revenues) and receipt of payment (revenues) which will not reflect evenly in the Company's Statement of Operations.

## Research expenses

	Six months ended March 31,		Change
	2019	2018	
Services Research Expenses	\$ 141,600	\$ 154,900	\$ (13,300)

Research expenses consist of consulting fees, travel expenses, conference fees, and other miscellaneous costs listed as following:

	Six months ended March 31,		Change
	2019	2018	
(1) Consulting fees	137,000	148,800	(11,800)
(2) Other miscellaneous costs	4,600	6,100	(1,500)
Total Research Expenses	\$ 141,600	\$ 154,900	\$ (13,300)

- (1) Consulting costs decreased by \$11,800 for the six months ended March 31, 2019 and 2018, primarily due to decreased consulting services during the period;
- (2) Other miscellaneous costs for the six months ended March 31, 2019 and 2018 were relatively unchanged.

## Product Development

	Six months ended March 31,		Change
	2019	2018	
Product Development Expenses	\$ 474,300	\$ 611,400	\$ (137,100)

Product development expenses consist of payroll costs, (including stock-based compensation), consulting fees, system development costs, conference fee, travel expenses, and miscellaneous costs which were as follows:

	Six months ended March 31,		Change
	2019	2018	
(1) Salaries and benefit costs	\$ 295,100	\$ 265,100	\$ 30,000
(2) Consulting fees	97,300	211,700	(114,400)
(3) System development costs	63,500	82,800	(19,300)
(4) Conference & travel	4,100	14,600	(10,500)
(5) Other miscellaneous costs	14,300	37,200	(22,900)
Total Product Development Expenses	\$ 474,300	\$ 611,400	\$ (137,100)

- (1) Salaries and benefits increased by \$30,000 for the six months ended March 31, 2019, primarily due to increased stock-based compensation \$33,000 recognized during the six months of 2019;
- (2) Consulting fees decreased by \$114,400 for the six months ended March 31, 2019, primarily due to services in relation to the upgrade of the Company's cloud based sales platform and for a data science project to improve the Company's algorithms for the production of an enhanced PEER report during the six months ended March 31, 2018.
- (3) System development and maintenance costs decreased by \$19,300 for the six months ended March 31, 2019, primarily due to no system development cost incurred during the current period;
- (4) Conference and travel costs decreased by \$10,500 during the six months March 31, 2019 and 2018, primarily due to decreased conference attendance and travel expenses;

- (5) Other miscellaneous costs decreased by \$22,900 for the six months ended March 31, 2019, primarily due to decreased computer services and dues subscriptions during the period;

**Sales and marketing**

	Six months ended March 31,		Change
	2019	2018	
Sales and Marketing Expenses	\$ 351,300	\$ 1,305,200	\$ (953,900)

Sales and marketing expenses consist of payroll and benefit costs, (including stock-based compensation), advertising and marketing expenses, consulting fees, and miscellaneous expenses.

	Six months ended March 31,		Change
	2019	2018	
(1) Salaries and benefit costs	\$ 230,600	\$ 589,400	\$ (358,800)
(2) Consulting fees	58,100	270,000	(211,900)
(3) Advertising and marketing costs	4,800	248,600	(243,800)
(4) Conferences and travel costs	9,600	55,700	(46,100)
(5) Other miscellaneous costs	48,200	141,500	(93,300)
Total Sales and marketing expenses	\$ 351,300	\$ 1,305,200	\$ (953,900)

- (1) Salaries and benefits for the six months ended March 31, 2019 decreased by \$358,800 from the 2018 period; primarily due to decreased salaries and commission of marketing and sales staff;
- (2) Consulting fees for the six months ended March 31, 2019 decreased by \$211,900, primarily due to the decrease in the number of marketing consultants;
- (3) Advertising and marketing expenses for the six months ended March 31, 2019 decreased by \$243,800 primarily due to decreased social media advertising;
- (4) Conference and travel expenditures for the six months ended March 31, 2019 decreased by \$46,100, primarily due to decreased travel expense for the sales staff; and
- (5) Miscellaneous expenditures for the six months ended March 31, 2019 decreased by \$93,300, primarily due to decreased rent and office expenses.

**General and administrative**

	Six months ended March 31,		Change
	2019	2018	
General and administrative expenses	\$ 4,724,100	\$ 3,515,800	\$ 1,208,300

General and administrative expenses consist of payroll and benefit costs, (including stock based compensation), legal fees, patent costs, other professional and consulting fees, general administrative and occupancy costs, dues and subscriptions, conference fees, and travel expenses.

	Six months ended March 31,		
	2019	2018	Change
(1) Salaries and benefit costs	\$ 1,974,900	\$ 1,430,800	\$ 544,100
(2) Transaction fees	—	438,600	(438,600)
(2) Consulting fees	729,800	562,300	167,500
(3) Legal fees	926,000	78,900	847,100
(4) Other professional fees	206,700	367,300	(160,600)
(5) Patent costs	46,200	55,300	(9,100)
(6) Marketing and investor relations costs	229,700	119,000	110,700
(7) Conference and travel costs	63,600	82,800	(19,200)
(8) Dues & subscriptions fees	109,000	95,000	14,000
(9) Computer & web services	68,400	40,000	28,400
(10) General admin and occupancy costs	369,800	245,800	124,000
Total General and administrative expenses	\$ 4,724,100	\$ 3,515,800	\$ 1,208,300

- (1) Salaries and benefit expenses increased by \$544,100 for the six months ended March 31, 2019 period, primarily due to increased bonus accrual of \$163,000, and increased telepsychiatry management and staff cost due to acquisition of Arcadian on November 13, 2017;
- (2) Transaction cost was decreased by \$438,600 primarily due to telepsychiatry management and staff cost related from acquisition of Arcadian on November 13, 2017;
- (3) Consulting fees increased by \$167,500 for the six months ended March 31, 2019 period, primarily related to increased operational and consulting fees, as well as increased recruitment fees;
- (4) Legal fees increased by \$847,100 for the six months ended March 31, 2019 period, primarily due to additional legal fees related to the negotiation and execution of the merger agreement and other financing activities;
- (5) Other professional fees decreased by \$160,600 for the six months ended March 31, 2019 period, primarily due to higher audit fees in relation to the acquisition of Arcadian in fiscal 2018;
- (6) Patent costs decreased by \$9,100 primarily due to less volume of patent and trademark applications and maintenance costs;
- (7) Marketing and investor relations costs increased by \$110,700 for the six months ended March 31, 2019 as we engaged public relation firms in relation to capital raise and support of NASDAQ matters;
- (8) Conference and travel costs decreased by \$19,200 for the six months ended March 31, 2019, primarily due to less conferences attended and less travel made during the period;
- (9) Dues and subscription costs increased by \$14,000 for the six months ended March 31, 2019, primarily due to additional licenses for our Salesforce platform;
- (10) Computer and web services increased by \$28,400 for the six months ended March 31, 2019, primarily due to increased services related to our telepsychiatry business and cloud hosting fees; and
- (11) General administrative and occupancy costs increased by \$124,000 for the six months ended March 31, 2019 period. The increase was primarily due to increased bad debt write off at \$12,700, and increased expenses related to our telepsychiatry business, offset by decreased in Delaware franchise tax in the amount of \$43,000.

**Other income (expense)**

	Six months ended March 31,		
	2019	2018	Change
Interest expense	\$ (46,300)	\$ (38,500)	\$ (7,800)

Interest expense decreased by \$7,800 for the six months ended March 31, 2019, primarily due to interest expense in relation to the acquisition of Arcadian on November 13, 2017.

*Net Loss*

	Six months ended		Change
	March 31,		
	2019	2018	
Loss, net	\$ (5,414,100)	\$ (5,429,000)	\$ 14,900

Our net loss was \$14,900 less for the six months ended March 31, 2019, compared to the same period ended March 31, 2018, primarily due to increased revenue from the acquisition of our telepsychiatry business on November 13, 2018, offset by increased costs and expenses respectively.

## Liquidity and Capital Resources

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), which contemplate continuation of the Company as a going concern.

Since our inception, we have never been profitable and we have generated significant losses. The Company has a limited operating history and its operations are subject to certain problems, expenses, difficulties, delays, complications, risks and uncertainties frequently encountered in the operation of a business with a limited operating history. These risks include the ability to obtain adequate financing on a timely basis, if at all, the failure to develop or supply technology or services to meet the demands of the marketplace, the failure to attract and retain qualified personnel, competition within the industry, government regulation and the general strength of regional and national economies.

As of March 31, 2019, we had an accumulated deficit of approximately \$89.9 million compared to our accumulated deficit as of September 30, 2018, of approximately \$85.2 million. Our management expects that with our proposed clinical trials, sales and marketing and general and administrative costs, our expenditures will continue to grow and, as a result, we will need to generate significant product revenues to achieve profitability. The Company continues to explore additional sources of capital but there is substantial doubt as to whether any financing arrangement will be available in amounts and on terms acceptable to the Company to permit it to continue operations.

As of March 31, 2019, we had approximately \$1.2 million in cash and cash equivalents and a working capital deficit of approximately \$352,000. This is compared to our cash position of approximately \$3.3 million as of September 30, 2018 and working capital of approximately \$2.3 million.

The Company has been funded through multiple rounds of private placements, primarily from members of our Board or our affiliates, one public offering of common stock and recently, through our facility with Aspire Capital.

## Working Capital, Going Concern, Operating Capital and Capital Expenditure Requirements

As of March 31, 2019, we had approximately \$1.2 million in cash and cash equivalents, compared to approximately \$3.3 million of cash and cash equivalents as of September 30, 2018.

Our recurring net losses and negative cash flows from operations raise substantial doubt about our ability to continue as a going concern. Management's assessment of substantial doubt of going concern is based on current estimates and assumptions regarding our programs and business needs. Actual working capital requirements could differ materially from the above working capital projection. We may explore strategic opportunities including partnerships, licensing and acquisitions of other entities, assets or products. If we are unable to continue to identify sources of capital, we may be required to limit our activities, to terminate programs or terminate operations temporarily or permanently. Even if we close the Merger, we will be required to fund our continuing operations.

Our ability to successfully raise sufficient funds through the sale of equity securities, when needed, is subject to many risks and uncertainties and even if we are successful, future equity issuances would result in dilution to our existing stockholders. Our risk factors are described under the heading "Risk Factors" in Part I Item 1A and elsewhere in our Annual Report on Form 10-K and in other reports we file with the SEC.

The amount of capital we will need to conduct our operations and the time at which we will require such capital may vary significantly depending upon a number of factors, such as:

- the amount and timing of costs we incur in connection with our clinical trials and product development activities, including enhancements to our PEER Online database and costs we incur to further validate the efficacy of our technology;
- whether we can receive sufficient business revenues from Arcadian to adequately cover our costs;
- the amount and timing of costs we incur in connection with the expansion of our commercial operations, including our sales and marketing efforts;
- whether we incur additional consulting and legal fees in our efforts in conducting Non-Significant Risk trials within FDA requirements, which will enable us to obtain a 510(k) clearance from the FDA;
- if we expand our business by acquiring or investing in complimentary businesses; and
- our continuing access to funding from Aspire Capital.

## Sources of Liquidity

Since our inception, substantially all of our operations have been financed from equity and debt financings.

### *The Aspire Capital Equity Lines of Credit*

On December 6, 2016, the Company, entered into a common stock purchase agreement (the "First Purchase Agreement") with Aspire Capital which provided that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital was committed to purchase up to an aggregate of \$10.0 million of shares of the Company's common stock over the 30- month term of the First Purchase Agreement. For details of the First Purchase Agreement financing see "*Private Placement Transactions - The Aspire Capital Equity Credit Lines*" below.

From April 3, 2018 to May 7, 2018 the Company sold 1,180,000 shares of common stock to Aspire Capital under the First Purchase Agreement and received total proceeds of \$2.4 million.

On May 15, 2018, the Company, entered into the Second Purchase Agreement with Aspire Capital which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$10.0 million of shares of the Company's common stock over the 30-month term of the Second Purchase Agreement. For details of the Purchase Agreement financing see "*Private Placement Transactions?The Aspire Capital Equity Credit Lined*" below.

From May 15, 2018 to March 31, 2019, the Company sold 2,200,100 shares of common stock to Aspire Capital under the Second Purchase Agreement and received total proceeds of approximately \$3.7 million.

### *Public Offering*

In July 2017, the Company completed an underwritten public offering of its Common Stock and warrants, raising gross proceeds of approximately \$8.79 million. In the offering, the Company sold 1,675,000 shares of Common Stock and accompanying warrants to purchase up to 1,675,000 shares of Common Stock (the "Warrants"), at a combined public offering price of \$5.25 per share and accompanying Warrant, for a total offering size of \$8,793,750. The Warrants were immediately exercisable for one share of Common Stock at an exercise price of \$5.25 per share, and will expire five years after the issuance date. In connection with the offering, the Company granted the representative of the underwriters a 45-day option to purchase up to 251,250 additional shares of Common Stock and/or Warrants to cover over-allotments, if any. On August 24, 2017 the underwriters exercised their option and purchased 213,800 common stock warrants for \$0.01 per warrant. The warrants were immediately exercisable for one share of common stock at an exercise price of \$5.25 per share, subject to adjustments, and will expire five years after the issuance date.

### *Private Placement of Series A Preferred Stock with Warrant*

On March 29, 2018, the Company sold an aggregate of 1,050,000 units for \$2.00 per Unit, each consisting of one share of newly-designated Series A Preferred Stock, par value \$0.001 per share and one Warrant to purchase one share of Common Stock, par value \$0.001 per share for \$2.34 per share in a private placement to three affiliates of the Company, for gross proceeds of \$2.1 million. The private placement closed on March 29, 2018. The closing price per share of the Common Stock on the Nasdaq Stock Market on March 29, 2018 was \$1.19 per share.

On April 30, 2018, the Company entered into the First Amended Subscription Agreement for Shares of Series A Preferred Stock and Common Stock Purchase Warrants (the "Amended Agreement") with John Pappajohn and Mary Pappajohn (each an "Investor", and collectively the "Investors"), which provides for the issuance, as of the date of the Original Agreement, of an aggregate of 500,000 Shares of Series A-1 Convertible Preferred Stock, par value \$0.001 per share ("Series A-1 Convertible Preferred Stock"), in lieu of the same number of Shares of Series A Convertible Preferred Stock that the Company had originally agreed to issue to the Investors. The Series A-1 Convertible Preferred Stock will have substantially the same rights and preferences as the Shares of Series A Preferred Stock, except that the Shares of Series A-1 Convertible Preferred Stock are non-voting and cannot be converted into Common Stock by an Investor if, as a result of such conversion, such Investor would beneficially own greater than 19.9% of the outstanding shares of Common Stock. Additionally, the Warrants were amended to provide that they would not be exercisable by an Investor if, following any such exercise, such Investor would beneficially own greater than 19.9% of the outstanding shares of Common Stock.

Shares of the Company's Series A and Series A-1 Preferred Stock are entitled to receive cash dividends at the rate of five percent (5.00%) of the Original Series A and Series A-1 Issue Price per annum, payable out of funds legally available therefor. Dividends will only payable when and if declared or upon certain events.

The Warrants are exercisable for a period of five years for an exercise price of \$2.34. The exercise price is subject to adjustment for stock splits, stock dividends, combinations or similar events. The Warrants may not be exercised on a cashless basis.

## Cash Flows

Net cash used in operating activities was approximately \$3.8 million for the six months ended March 31, 2019, compared to approximately \$4.7 million for the same period in 2018. The approximate \$0.9 million net decrease in cash used for operations was primarily due to an increase in accounts payable of approximately \$0.4 million, and increased stock based compensation at \$0.2 million.

During the six months ended March 31, 2019, the Company used \$9,100 in investing activities related to the purchase of furniture and equipment. During the six months ended March 31, 2018, the Company used \$361,800 in investing activities, including \$55,200 for the purchase of office equipment and \$306,600 related to the acquisition of Arcadian.

Net Cash provided by financing activities for the six months ended March 31, 2019 was \$1.8 million, consisting \$1.8 million of gross proceeds received from Aspire purchase, offset by \$17,500 repayments on notes payable and \$600 repayments on a capital lease. Net Cash provided by financing activities for the six months ended March 31, 2018 was \$2.1 million, consisting \$2.1 million of gross proceeds received from private placements, offset by \$34,100 repayments on notes payable and \$600 repayments on a capital lease.

## Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements or financing activities with special purpose entities.

## Private Placement Transactions

### *The Aspire Capital Equity Credit Lines*

On December 6, 2016, the Company entered into the First Purchase Agreement with Aspire Capital which provided that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital was committed to purchase up to an aggregate of \$10.0 million of shares of the Company's common stock over the 30-month term of the First Purchase Agreement. In consideration for entering into the First Purchase Agreement, concurrently with the execution of the First Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of the Company's common stock. See *Note 7. Stockholders' Equity*, Consolidated Financial Statements for additional detail.

Under the First Purchase Agreement, after the SEC declared effective the registration statement referred to above, on any trading day selected by the Company on which the closing sale price of its Common Stock was equal or greater than \$0.50 per share, the Company had the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital (as principal) to purchase up to 50,000 shares of Common Stock per business day, up to \$10.0 million of the Company's common stock in the aggregate at a per share purchase price equal to the lesser of:

a) the lowest sale price of Common Stock on the purchase date; or

b) the arithmetic average of the three (3) lowest closing sale prices for Common Stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

The Company had the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of Common Stock traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice was generally 95% of the volume-weighted average price for Common Stock traded on its principal market on the VWAP Purchase Date.

The purchase price was to be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company could deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Purchase Agreement provides that the Company and Aspire Capital would not effect any sales under the First Purchase Agreement on any purchase day selected where the closing sale price of the Company's common stock was less than \$0.50. There are no trading volume requirements or restrictions under the First Purchase Agreement, and the Company could control the timing and amount of sales of Common Stock to Aspire Capital. Aspire Capital had no right to require any sales by the Company, but was obligated to make purchases from the Company as directed by the Company in accordance with the First Purchase Agreement. There were no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the First Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the First Purchase Agreement, the Company issued to Aspire Capital 80,000 shares of Common Stock (the "First Commitment Shares"). The First Purchase Agreement was terminated and replaced by the Second Purchase Agreement, defined below on May 15, 2018. Aspire Capital had agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of Common Stock during any time prior to the termination of the First Purchase Agreement. Any proceeds from the Company received under the First Purchase Agreement were expected to be used for working capital and general corporate purposes.

On May 15, 2018 the Company terminated the First Purchase Agreement and entered into the Second Purchase Agreement with Aspire Capital which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of \$10.0 million of shares of the Company's common stock over the 30-month term of the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 250,000 shares of the Company's common stock (the "Second Commitment Shares"). See *Note 6. Stockholders' Equity* of the Condensed Consolidated Financial Statements for additional detail.

Under the Second Purchase Agreement, after the SEC declared effective the registration statement referred to above, on any trading day selected by the Company on which the closing sale price of its Common Stock is equal or greater than \$0.50 per share, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital (as principal) to purchase up to 50,000 shares of Common Stock per business day, up to \$10.0 million of the Company's common stock in the aggregate at a per share purchase price equal to the lesser of:

a) the lowest sale price of Common Stock on the purchase date; or

b) the arithmetic average of the three (3) lowest closing sale prices for Common Stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

The Company has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of Common Stock traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 95% of the volume-weighted average price for Common Stock traded on its principal market on the VWAP Purchase Date.

The purchase price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Second Purchase Agreement provides that the Company and Aspire Capital will not effect any sales under the Second Purchase Agreement on any purchase day selected where the closing sale price of the Company's common stock is less than \$0.50. There are no trading volume requirements or restrictions under the Second Purchase Agreement, and the Company will control the timing and amount of sales of Common Stock to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Second Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Second Purchase Agreement. In consideration for entering into the Second Purchase Agreement, concurrently with the execution of the Second Purchase Agreement, the Company issued to Aspire Capital 250,000 shares of Common Stock (the "Second Commitment Shares"). The Second Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of Common Stock during any time prior to the termination of the Second Purchase Agreement. Any proceeds from the Company received under the Second Purchase Agreement are expected to be used for working capital and general corporate purposes.

As of March 31, 2019, the Company has issued purchase notices to Aspire Capital under the First Purchase Agreement to purchase 1,180,000 shares of common stock, at a per share price of \$2.00, resulting in gross cash proceeds of approximately \$2.4 million.

From May 15, 2018 to March 31, 2019, the Company sold 2,200,100 shares of common stock to Aspire Capital under the Second Purchase Agreement and received total proceeds of approximately \$3.7 million.

The Second Purchase Agreement previously restricted the amount of shares that may be sold to Aspire Capital thereunder to 1,134,671 shares of Common Stock (the "Exchange Cap"). On November 26, 2018, the Company received shareholder approval to remove the Exchange Cap in compliance with the applicable listing rules of the Nasdaq Stock Market. Pursuant to Nasdaq Listing Rule 5635(d), shareholder approval is required prior to the issuance of securities in connection with a transaction other than a public offering involving the sale, issuance or potential issuance by the Company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock outstanding before the issuance for less than the greater of book or market value of the stock. Following receipt of shareholder approval, the Company may issue an additional \$8.1 million, up to an aggregate of \$10 million, of common stock to Aspire Capital under the Second Purchase Agreement, with availability of \$6.3 million at March 31, 2019.

*Private Placement of Series A Preferred Stock with Warrant*

On March 29, 2018, the Company sold an aggregate of 1,050,000 units for \$2.00 per Unit, each consisting of one share of newly-designated Series A Preferred Stock, par value \$0.001 per share and one Warrant to purchase one share of Common Stock, par value \$0.001 per share for \$2.34 per share in a private placement to three affiliates of the Company, for gross proceeds of \$2.1 million ("the Financing"). The private placement closed on March 29, 2018. The closing price per share of the Common Stock on the Nasdaq Stock Market on March 29, 2018 was \$1.19 per share.

On April 30, 2018, the Company entered into the First Amended Subscription Agreement for Shares of Series A Preferred Stock and Common Stock Purchase Warrants (the "Amended Agreement") with John Pappajohn and Mary Pappajohn (each an "Investor", and collectively the "Investors"), which provides for the issuance, as of the date of the Original Agreement, of an aggregate of 500,000 Shares of Series A-1 Convertible Preferred Stock, par value \$0.001 per share ("Series A-1 Convertible Preferred Stock"), in lieu of the same number of Shares of Series A Convertible Preferred Stock that the Company had originally agreed to issue to the Investors. The Series A-1 Convertible Preferred Stock will have substantially the same rights and preferences as the Shares of Series A Preferred Stock, except that the Shares of Series A-1 Convertible Preferred Stock are non-voting and cannot be converted into Common Stock by an Investor if, as a result of such conversion, such Investor would beneficially own greater than 19.9% of the outstanding shares of Common Stock. Additionally, the Warrants were amended to provide that they would not be exercisable by an Investor if, following any such exercise, such Investor would beneficially own greater than 19.9% of the outstanding shares of Common Stock.

Shares of the Company's Series A and Series A-1 Preferred Stock are entitled to receive cash dividends at the rate of five percent (5.00%) of the Original Series A and Series A-1 Issue Price per annum, payable out of funds legally available therefor. Dividends will only payable when and if declared or upon certain events.

The Warrants are exercisable for a period of five years for an exercise price of \$2.34. The exercise price is subject to adjustment for stock splits, stock dividends, combinations or similar events. The Warrants may not be exercised on a cashless basis.

In connection with the Financing, the Company also entered into the Registration Rights Agreement with the investors, requiring the Company to register the resale of the shares of Common Stock underlying the preferred stock and the Warrants. Under the Registration Rights Agreement, the Majority Holders may by a written Demand Notice to the Company commencing six (6) months from the closing date, request the Company to effect the registration of all or part of the registrable securities owned by such Majority Holders and their respective affiliates on a Registration Statement on Form S-3. The Company has agreed to use its reasonable best efforts to cause such registration and/or qualification to be complete as soon as practicable, but in no event later than sixty (60) days, after receipt of the Demand Notice.

The shares of Series A and Series A-1 Preferred Stock were offered and sold in reliance upon the exemption from the registration requirements of the Securities Act, set forth under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act, relating to sales by an issuer not involving any public offering and in reliance on similar exemptions under applicable state laws. Each purchaser represented that it is an accredited investor and that it acquired the Series A and Series A-1 Preferred Stock and Warrants for investment purposes only and not with a view to any resale, distribution or other disposition of such securities in violation of the United States federal securities laws.

On September 21, 2018, the Company entered into definitive agreements with George C. Carpenter IV, President and Chief Executive Officer, Robin L. Smith, Chairman, as well as John Pappajohn, and Peter Unanue, each a director of the Company, and entities affiliated with Michal Votruba, a member of the Board of Directors of MYnd Analytics and Director of Life Sciences for the European-based RSJ-Gradus fund, relating to a private placement (the "September Private Placement") of an aggregate of 459,458 units for \$1.85 per unit, with each unit consisting of one share of common stock and one common stock purchase warrant to purchase one share of Common Stock for \$2.00 per share.

The Company has used the proceeds of the above financings for general corporate purposes.

These private placements were made pursuant to an exemption from registration afforded by Section 4(a)(2) of the Securities Act, and Regulation D thereunder.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

Not applicable.

**Item 4. Controls and Procedures.**

***Evaluation of Disclosure Controls and Procedures.***

Our management conducted an evaluation, with the participation of our Chief Executive Officer, who is our principal executive officer, and our Chief Financial Officer, who is our principal financial and accounting officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our President, Chief Executive Officer and Chief Financial Officer concluded that as a result of the material weakness in our internal control over financial reporting, our disclosure controls and procedures were not effective as of March 31, 2019.

***Changes in Internal Controls over Financial Reporting***

Effective October 1, 2018, we adopted the new revenue standard. While the new revenue standard is expected to have an immaterial impact on our ongoing revenue and net income, it will require management to make significant judgments and estimates. As a result, we implemented changes to our internal controls related to revenue recognition for the quarter ended March 31, 2019. These changes include updated accounting policies affected by the new revenue standard, redesigned internal controls over financial reporting related to the new revenue standard, expanded data gathering to comply with the additional disclosure requirements, training of individuals responsible for implementation of, and continuing compliance with, the new revenue standard, as well as ongoing contract review requirements.

Other than the material weakness in our internal control over financial reporting and adoption of the new revenue standard described above, there was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended March 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II  
OTHER INFORMATION**

**Item 1. Legal Proceedings**

The Company is not currently party to any legal proceedings, the adverse outcome of which, in the Company's management's opinion, individually or in the aggregate, would have a material adverse effect on the Company's results of operations or financial position.

**Item 1A. Risk Factors**

As a smaller reporting company, we are not required to provide the information required by this item. However, we direct you to the risk factors included in the Risk Factors section in our Annual Report on Form 10-K for the year ended September 30, 2018 filed with the Securities and Exchange Commission on December 11, 2018 and in our registration statement on Form S-4 filed with the Securities and Exchange Commission on February 13, 2019.

The risk factor captioned "If we cannot continue to satisfy NASDAQ's continuing listing criteria, NASDAQ may subsequently delist our Common Stock, particularly given recent notice that our stockholder equity is below the required level" is hereby amended as follows: NASDAQ requires us to meet certain financial, public float, bid price and liquidity standards on an ongoing basis in order to continue the listing of our Common Stock. Generally, we must maintain a minimum amount of stockholder's equity (generally \$2.5 million) and a minimum number of holders of our securities (generally 300 round lot holders). If we fail to meet any of the continuing listing requirements, our Common Stock may be subject to delisting. As March 31, 2019, we had stockholders' equity of approximately \$512,100, and we are no longer in compliance with such continue listing requirement. If our Common Stock is delisted and we are not able to list our Common Stock on another national securities exchange, we expect our securities would be quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our Common Stock and reduced liquidity for the trading of our securities. In addition, we could experience a decreased ability to issue additional securities and obtain additional financing in the future. There can be no assurance that an active trading market for our Common Stock will develop or be sustained. We may choose to raise additional capital in order to increase our stockholders' equity in order to meet the NASDAQ continued listing standards. Any additional equity financings may be financially dilutive to and will be dilutive from an ownership perspective to our stockholders, and such dilution may be significant based upon the size of such financing. Additionally, we cannot assure that such funding will be available on a timely basis, in needed quantities, or on terms favorable to us, if at all. On February 21, 2019, the Company received a letter from The Nasdaq Stock Market ("Nasdaq") indicating that the Company was not compliant with the minimum stockholders' equity requirement under Nasdaq Listing Rule 5550(b)(1) for continued listing on The Nasdaq Capital Market because the Company's stockholders' equity, as reported in the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2018, was below the required minimum of \$2.5 million. Further, as of February 21, 2019, the Company did not meet the alternative compliance standards relating to the market value of listed securities or net income from continuing operations. This notice of noncompliance has had no immediate impact on the continued listing or trading of the Company's common stock on The Nasdaq Capital Market. On April 17, 2019, the Company received a letter from Nasdaq granting the Company an extension through August 20, 2019 to regain compliance with Listing Rule 5550(b). The terms of the extension are as follows:

- On or before June 30, 2019, the Company must provide an update on the closing of the merger transaction. If the merger transaction is delayed or terminated for any reason, the Company must provide an updated plan of compliance. Upon review of the updated plan, Staff will determine if a further extension is warranted; and,
- On or before August 20, 2019, the Company must complete its business combination with Emmaus and the post-merger company must file an application and receive approval to list its securities on the Nasdaq Stock Market.

No assurance can be given that the Company will be able to regain compliance prior to such date.

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

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

*Massachusetts Lease Agreement*

On March 13, 2019, the Company entered into a lease for 1,800 square feet of office space in Shirley, Massachusetts. The lease is month to month terminating on September 30, 2018. The rent is pro-rated through March 31, 2019 for \$1,505 and is then increased to \$2,100, per month. The security deposit is \$2,100.

*Amendment to Merger Agreement*

On May 10, 2019, the parties executed amendment no. 1 to the Merger Agreement. By executing amendment no. 1, MYnd, Emmaus and Merger Sub agreed that: (i) the definition "Parent California Subsidiary" should be amended to refer to Telemetrynd, Inc., the newly formed wholly-owned corporation, (ii) MYnd would not adopt a new equity incentive plan at closing, which had been contemplated previously and determined to be unnecessary at this time, (iii) MYnd would be entitled to receive credit in its Net Liabilities calculation for certain agreed upon prepaid costs, (iv) Telemetrynd would be entitled to receive shares of Emmaus after closing if the exchange ratio applicable to any Company Warrants, Company Convertible Notes or Company Debentures is reduced during the six (6) month period after the closing of the Merger for any reason, and (v) the outside termination date was extended from May 31, 2019 to July 31, 2019.

**Item 6. Exhibits**

The following exhibits are filed as part of this report or incorporated by reference herein:

**Exhibit Number Exhibit Title**

<a href="#">2.1</a>	<a href="#">Agreement and Plan of Merger and Reorganization dated as of January 4, 2019 by and among MYnd Analytics, Inc., Athena Merger Subsidiary, Inc. and Emmaus Life Sciences, Inc., incorporated by reference to the registrant’s Current Report on Form 8-K dated January 4, 2019 and filed on January 7, 2019. (File No. 001-35527).</a>
<a href="#">2.2+</a>	<a href="#">Amendment No. 1 dated May 10, 2019 to the Agreement and Plan of Merger and Reorganization dated as of January 4, 2019 by and among MYnd Analytics, Inc., Athena Merger Subsidiary, Inc. and Emmaus Life Sciences, Inc.</a>
<a href="#">10.1+</a>	<a href="#">Amended and Restated Separation and Distribution Agreement dated as of March 27, 2019, by and among MYnd Analytics, Inc., a Delaware corporation and its wholly-owned subsidiary, Telemynd, Inc., a Delaware corporation and MYnd Analytics, Inc., a California corporation.</a>
<a href="#">10.2</a>	<a href="#">Form of Emmaus Voting Agreement dated as of January 4, 2019, incorporated by reference to the registrant’s Current Report on Form 8-K dated January 4, 2019 and filed on January 7, 2019. (File No. 001-35527).</a>
<a href="#">10.3</a>	<a href="#">Form of MYnd Voting Agreement dated as of January 4, 2019, incorporated by reference to the registrant’s Current Report on Form 8-K dated January 4, 2019 and filed on January 7, 2019. (File No. 001-35527).</a>
<a href="#">10.4</a>	<a href="#">Form of Emmaus Lock-Up Agreement dated as of January 4, 2019, incorporated by reference to the registrant’s Current Report on Form 8-K dated January 4, 2019 and filed on January 7, 2019. (File No. 001-35527).</a>
<a href="#">10.5</a>	<a href="#">Form of MYnd Lock-Up Agreement dated as of January 4, 2019, incorporated by reference to the registrant’s Current Report on Form 8-K dated January 4, 2019 and filed on January 7, 2019. (File No. 001-35527).</a>
<a href="#">10.6</a>	<a href="#">Employment Agreement dated as of December 12, 2018 by and between MYnd Analytics, Inc. and Patrick Herguth, incorporated by reference to the registrant’s Current Report on Form 8-K dated December 12, 2018 and filed on December 12, 2018. (File No. 001-35527).</a>
<a href="#">10.7</a>	<a href="#">Amendment to Carpenter Employment Agreement dated as of December 12, 2018 by and between MYnd Analytics, Inc. and George C. Carpenter, IV, incorporated by reference to the registrant’s Current Report on Form 8-K dated December 12, 2018 and filed on December 12, 2018. (File No. 001-35527).</a>
<a href="#">10.8+</a>	<a href="#">Commercial Lease Agreement dated March 13, 2019.</a>
<a href="#">31.1</a>	<a href="#">Certification of Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d- 14(a) as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">31.2</a>	<a href="#">Certification of Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d- 14(a) as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1</a>	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document
101.INS	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

+ filed herewith.

**SIGNATURES**

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

MYnd Analytics, Inc.

Date: May 10, 2019

By: /s/ Patrick Herguth  
Its: **Patrick Herguth**  
**Chief Executive Officer (Principal Executive Officer)**

By: /s/ Donald D'Ambrosio  
Its: **Donald D'Ambrosio**  
**Chief Financial Officer (Principal Financial Officer)**

AMENDMENT NO. 1

TO

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

This AMENDMENT NO. 1 (this "**Amendment**"), dated as of May 10, 2019, to the Agreement and Plan of Merger and Reorganization (the "**Merger Agreement**"), dated as of January 4, 2019, is made and entered into by and among MYND ANALYTICS, INC., a Delaware corporation ("Parent"), ATHENA MERGER SUBSIDIARY INC., a Delaware corporation and a direct wholly owned subsidiary of Parent ("**Merger Sub**"), and EMMAUS LIFE SCIENCES, INC., a Delaware corporation (the "**Company**"). Parent, Merger Sub and the Company are sometimes referred to collectively as the "**Parties**."

WHEREAS, the Parties desire to amend certain provisions of the Merger Agreement as described herein; and

WHEREAS, the respective Boards of Directors of the Company and Parent have approved this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in the Merger Agreement and this Amendment, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

1. Definitions. Terms used herein and not defined shall have the meanings ascribed thereto in the Merger Agreement.

2. Amendments.

(a) The definition of "Parent California Subsidiary" is hereby amended and restated in its entirety to read as:

"**Parent California Subsidiary**" means Telemetry Inc., a Delaware corporation wholly-owned by Parent."

(b) The definition of "Contemplated Transactions" is hereby amended and restated in its entirety to read as:

"**Contemplated Transactions**" means the transactions proposed under this Agreement and the Spinoff Agreement, including the Merger, the Reverse Stock Split, the Spinoff, any Permitted Asset Sale, Permitted Company Issuance, Permitted Company Reorganization or Permitted Parent Reorganization."

(c) The definition of "New Equity Incentive Plan" is hereby deleted in its entirety.

(d) The first sentence of Section 5.2(b) of the Merger Agreement is hereby amended and restated in its entirety to read as follows:

“Parent Stockholder Meeting. Parent shall take all action necessary in accordance with applicable Laws and the Parent Charter and Parent Bylaws to call, give notice of, convene and hold a meeting of the Parent Stockholders (the “**Parent Stockholder Meeting**”) to consider and vote on proposals to approve (i) the issuance of the shares of Parent Common Stock in connection with the Merger, (ii) the Spinoff and (iii) amendments to the Parent Charter to effect the Reverse Stock Split (if applicable) immediately prior to the Effective Time and to change the name of Parent to “Emmaus Life Sciences, Inc.” at the Effective Time (collectively, the “**Parent Stockholder Proposals**”).”

(e) Section 5.4(b) of the Merger Agreement is hereby amended and restated in its entirety to read as follows:

“Parent shall prepare and deliver to the Company three (3) Business Days prior to the Closing, a schedule (the “**Parent Net Liabilities and Stockholders’ Equity Schedule**”) setting forth, in reasonable detail, Parent’s good faith estimate of the Net Liabilities and stockholders’ equity of Parent, as of the Closing, together with the work papers and back-up materials used in preparing such Parent Net Liabilities and Stockholders’ Equity Schedule. For purposes of this Agreement, the term “**Net Liabilities**” means all Liabilities of Parent less the sum of (i) all cash and equivalents and deposits of Parent and (ii) all prepaid expenses of Parent as of the Effective Time which the Parties agree in good faith will be for the benefit of the Company after the Effective Time. Stockholders’ equity (deficit) and prepaid expenses shall be determined in accordance with generally accepted accounting principles applied on a basis consistent with the Parent Financial Statements.”

(f) Section 5.15 of the Merger Agreement is hereby amended to add the following sentence:

“In addition, if any exchange ratio applicable to any Company Warrants, Company Convertible Notes or Company Debentures is reduced during the six (6) month period after the closing of the Merger for any reason, Parent will issue to Telemynd a number of shares of Parent common stock equal to 5.9% of the total number of shares that may be issued upon conversion of any Company Warrants, Company Convertible Notes or Company Debentures which are in excess of the number of shares already included in the calculation of the Exchange Ratio.”

(g) Section 7.1(b) of the Merger Agreement is hereby amended and restated in its entirety to read as follows:

“by either Parent or the Company if the Merger shall not have been consummated by July 31, 2019 (the “*Outside Date*”); provided, however, that the right to terminate this Agreement under this Section 7.1(b) shall not be available to any Party whose action or failure to act has been a principal cause of the failure of the Merger to occur on or before such date and such action or failure to act constitutes a breach of this Agreement.”

3 . Effect of Amendment. This Amendment shall not constitute an amendment or waiver of any provision of the Merger Agreement not expressly amended or waived herein and shall not be construed as an amendment, waiver or consent to any action that would require an amendment, waiver or consent except as expressly stated herein. The Merger Agreement, as amended by this Amendment, is and shall continue to be in full force and effect and is in all respects ratified and confirmed hereby.

4 . Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The exchange of a fully executed Amendment (in counterparts or otherwise) by all Parties by electronic transmission via “.pdf” shall be sufficient to bind the Parties to the terms and conditions of this Amendment.

5 . Governing Law. This Amendment shall be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws.

6 . Other Miscellaneous Terms. The provisions of Article 8 (*Miscellaneous Provisions*) of the Merger Agreement shall apply *mutatis mutandis* to this Amendment, and to the Merger Agreement as modified by this Amendment, taken together as a single agreement, reflecting the terms as modified hereby.

(Signature Page Follows)

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be duly executed as of the date first written above.

**MYND ANALYTICS, INC.**

By: /s/ Patrick Herguth  
Name: Patrick Herguth  
Title: Chief Executive Officer

**ATHENA MERGER SUBSIDIARY INC.**

By: /s/ Patrick Herguth  
Name: Patrick Herguth  
Title: President

**EMMAUS LIFE SCIENCES, INC.**

By: /s/ Yutaka Niihara  
Name: Yutaka Niihara  
Title: Chairman and Chief Executive Officer

**AMENDED AND RESTATED**  
**SEPARATION AND DISTRIBUTION AGREEMENT**

This AMENDED AND RESTATED SEPARATION AND DISTRIBUTION AGREEMENT (this “*Agreement*”) is made and entered into as of March 27, 2019, by and between MYND ANALYTICS, INC., a Delaware corporation (“*Parent*”), TELEMYND, INC., a Delaware corporation and a direct wholly owned subsidiary of Parent (“*Telemetrynd*”), and MYND ANALYTICS, INC., a California corporation and a direct wholly owned subsidiary of Parent (“*MYnd California*”). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

**RECITALS**

WHEREAS, on January 4, 2019 Parent, ATHENA MERGER SUBSIDIARY INC., a Delaware corporation and a direct wholly owned subsidiary of Parent (“*Merger Sub*”), and EMMAUS LIFE SCIENCES, INC., a Delaware corporation (the “*Emmaus*”), entered into an Agreement and Plan of Merger and Reorganization (the “*Merger Agreement*”) pursuant to which Merger Sub will merge with and into Emmaus with Emmaus surviving as a wholly owned subsidiary of Parent (the “*Merger*”);

WHEREAS, on January 4, 2019 Parent and MYnd California entered into a Separation and Distribution Agreement (the “*Prior Agreement*”);

WHEREAS, Parent, MYnd California and Telemetrynd desire to enter into this Agreement to amend and restate the Prior Agreement in its entirety and to cause Telemetrynd to assume all of the rights and obligations of MYnd California;

WHEREAS, the execution, delivery of this Agreement, and the consummation of the transactions contemplated by this Agreement are contemplated by the Merger Agreement, and Parent has represented to Emmaus in the Merger Agreement that certain of the transactions contemplated by this Agreement will be consummated prior to or contemporaneously with the closing of the Merger;

WHEREAS, the board of directors of Parent (the “*Parent Board*”) has determined that it is in the best interests of Parent and its stockholders to separate the Telemetrynd Business from Parent (the “*Separation*”) and, following the Separation, make a distribution on a pro rata basis, to holders on the Record Date of Parent Shares and Other Parent Securities, of all of the outstanding Telemetrynd Shares owned by Parent (the “*Distribution*”);

WHEREAS, Telemetrynd and Parent have prepared, and Telemetrynd will file with the SEC, the Form 10, which will set forth disclosure concerning Telemetrynd, the Separation and the Distribution; and

WHEREAS, each of Parent and Telemetrynd has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of Parent and Telemetrynd following the Distribution.

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NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

**ARTICLE I.  
DEFINITIONS**

For the purpose of this Agreement, the following terms shall have the following meanings:

“**Action**” shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“**Affiliate**” means with respect to any Person, any other Person controlling, controlled by, or under common control with such Person. As used in this definition, “control” (including, with its correlative meanings, “controlled by” and “under common control with”) means the possession, directly or indirectly, of power to direct or cause the direction of the management and policies of a Person whether through the ownership of voting securities, by contract or otherwise. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement and the Ancillary Agreements, (a) no member of the Telemetry Group shall be deemed to be an Affiliate of any member of the Parent Group and (b) no member of the Parent Group shall be deemed to be an Affiliate of any member of the Telemetry Group.

“**Agent**” shall mean the entity duly appointed by Parent to act as distribution agent, transfer agent and registrar for the Telemetry Shares in connection with the Distribution.

“**Agreement**” shall have the meaning set forth in the Preamble.

“**Ancillary Agreements**” shall mean all agreements (other than this Agreement) entered into by the Parties or the members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation, the Distribution, or the other transactions contemplated by this Agreement.

“**Approvals or Notifications**” shall mean any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any third Person, including any Governmental Authority.

“**Arbitration Request**” shall have the meaning set forth in Section 9.03(a).

“**Assets**” shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third Persons or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

“**Benefit Plan**” shall mean any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Telemynd Employee, or to any family member, dependent, or beneficiary of any such Telemynd Employee, including cash or deferred arrangement plans, profit sharing plans, post-employment programs, pension plans, thrift plans, supplemental pension plans, welfare plans, stock option, stock purchase, stock appreciation rights, restricted stock, restricted stock units, performance stock units, other equity-based compensation and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, adoption assistance, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, that the term “Benefit Plan” does not include any government-sponsored benefits, such as workers’ compensation, unemployment or any similar plans, programs or policies or Individual Agreements.

“**CEO Negotiation Request**” shall have the meaning set forth in Section 9.02.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Common Parent**” means the “common parent corporation” of an “affiliated group” (in each case, within the meaning of Section 1504 of the Code) filing a U.S. federal consolidated Income Tax Return.

“**Delayed Telemynd Asset**” shall have the meaning set forth in Section 2.05(b).

“**Delayed Telemynd Liability**” shall have the meaning set forth in Section 2.05(b).

“**Disclosure Document**” shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any member of its Group, and also includes any proxy statement, prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case that describes the Merger, the Separation or the Distribution or the Telemynd Group or primarily relates to the transactions contemplated hereby.

“**Dispute**” shall have the meaning set forth in Section 9.01.

“**Distribution**” shall have the meaning set forth in the Recitals.

“**Distribution Date**” shall mean the date of the consummation of the Distribution, which shall be determined by the Parent Board in its sole and absolute discretion.

“**Due Date**” means (a) with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Law and (b) with respect to a payment of Taxes, the date on which such payment is required to be made to the applicable Taxing Authority to avoid the incurrence of interest, penalties and/or additions to Tax.

“**Effective Time**” shall mean 12:01 a.m., Eastern standard time, on the Distribution Date.

“**Environmental Law**” shall mean any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

“**Exchange Act**” shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“**Form 10**” shall mean a registration statement on Form 10 to be filed by Telemynd with the SEC to effect the registration of Telemynd Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Distribution.

“**Governmental Approvals**” shall mean any Approvals or Notifications to be made to, or obtained from, any Governmental Authority.

“**Governmental Authority**” shall mean any U.S. or non-U.S., federal, state, or local governmental commission, board, body, bureau, or other regulatory authority, agency, including courts and other judicial bodies, or any self-regulatory body or authority, including any instrumentality or entity designed to act for or on behalf of the foregoing.

“**Group**” shall mean either the Telemynd Group or the Parent Group, as the context requires.

“**Hazardous Materials**” shall mean any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in Liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

“**Income Tax Return**” means any Tax Return on which Income Taxes are reflected or reported.

“**Income Taxes**” means any net income, net receipts, net profits, excess net profits or similar Taxes based upon, measured by, or calculated with respect to net income.

“**Indemnifying Party**” shall have the meaning set forth in Section 4.04(a).

“**Indemnitee**” shall have the meaning set forth in Section 4.04(a).

“**Indemnity Payment**” shall have the meaning set forth in Section 4.04(a).

“**Individual Agreement**” shall mean any individual (a) employment contract, or (b) retention, severance or change in control agreement, in each case as in effect immediately prior to the Effective Time.

“**Insurance Proceeds**” shall mean those monies: (i) received by an insured from an insurance carrier or (ii) paid by an insurance carrier on behalf of the insured, in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof; provided, however, that with respect to a captive insurance arrangement, Insurance Proceeds shall only include amounts received by the captive insurer in respect of any reinsurance arrangement.

“**Intellectual Property**” shall mean all of the following whether arising under the Laws of the United States (or any state or other jurisdiction thereof) or of any other foreign or multinational jurisdiction: (a) patents, (b) trademarks, (c) copyrights, (d) any other intellectual property rights arising from or in respect of any Technology or Software, and (e) any claims for damages by reason of past infringement, misappropriation, or other unauthorized use of any of the foregoing, with the right to sue for and collect the same.

“**IRS**” means the U.S. Internal Revenue Service.

“**Law**” shall mean any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any Tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

“**Liabilities**” shall mean all debts, guarantees, assurances, commitments, liabilities, responsibilities, Taxes, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

“**Losses**” shall mean actual losses, costs, damages, penalties and expenses (including reasonable legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

“**Mixed Business Tax Return**” means any Tax Return (other than a Parent Consolidated Return), including any consolidated, combined or unitary Tax Return, that reflects or reports Taxes that relate to at least one asset or activity that is part of the Parent Business, on the one hand, and at least one asset or activity that is part of the Telemynd Business, on the other hand.

“*Nasdaq*” shall mean the Nasdaq Capital Market.

“*Offer Negotiation Request*” shall have the meaning set forth in Section 9.01.

“*Other Parent Securities*” shall mean the other outstanding securities of the Parent described on Schedule 1.2 which are entitled to participate in the distribution of the Telemynd Shares on a pro rata basis together with the holders of Parent Shares as of the Record Date.

“*Parent*” shall have the meaning set forth in the Preamble.

“*Parent Accounts*” shall have the meaning set forth in Section 2.08(a).

“*Parent Board*” shall have the meaning set forth in the Recitals.

“*Parent Business*” shall mean the business of Emmaus to be carried on by Parent after the Effective Time.

“*Parent Consolidated Return*” means the U.S. federal Income Tax Return filed or required to be filed by Parent as the Common Parent.

“*Parent Consolidated Taxes*” means any U.S. federal Income Taxes attributable to any Parent Consolidated Return.

“*Parent Group*” shall mean Parent and each Person that is a Subsidiary of Parent (other than Telemynd and any other member of the Telemynd Group).

“*Parent Indemnities*” shall have the meaning set forth in Section 4.02.

“*Parent Liabilities*” shall have the meaning set forth in Section 2.03(b).

“*Parent Shares*” shall mean shares of Parent common stock, par value \$0.001 per share.

“*Parent Taxes*” means, without duplication, other than Telemynd Taxes: (a) any Parent Consolidated Taxes, (b) any Taxes imposed on Telemynd or any member of the Telemynd Group under Treasury Regulations Section 1.1502-6 (or any similar provision of other Law) as a result of Telemynd or any such member being or having been included as part of a Parent Consolidated Return (or similar consolidated or combined Tax Return under any other provision of Law) on or prior to the Distribution Date, (c) any Taxes of the Parent Group and any former Subsidiary of Parent (excluding any member of the Telemynd Group) for any Pre-Closing Period (including any Straddle Period Taxes allocated to the Pre-Closing Period pursuant to Section 8.06), and (d) for the avoidance of any doubt, any Taxes of Parent or any Affiliate thereof for a Post-Closing Period (including any Straddle Period Taxes allocated to the Post-Closing Period pursuant to Section 8.06).

“**Parent Transaction Taxes**” means any Taxes (a) imposed on or by reason of the Separation or the Distribution and (b) payable by reason of the distribution of cash or other property from Parent to Telemynd (in each case including Transfer Taxes imposed on such transactions described in (a) and (b)). For the avoidance of doubt, Parent Transaction Taxes include, without limitation, Taxes payable by reason of deferred intercompany transactions or excess loss accounts triggered by the Distribution and Taxes attributable to any election under Code Section 336 made in connection with the transactions contemplated by this Agreement.

“**Parties**” or the singular “**Party**” shall mean the parties or a party to this Agreement.

“**Past Practice**” means past practices, accounting methods, elections and conventions.

“**Permits**” shall mean permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

“**Person**” shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

“**Policies**” shall mean insurance policies and insurance contracts of any kind, including but not limited to property, excess and umbrella, commercial general liability, director and officer liability, fiduciary liability, cyber technology professional liability, libel liability, employment practices liability, automobile, aircraft, marine, workers’ compensation and employers’ liability, employee dishonesty/crime/fidelity, foreign, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits, privileges and obligations thereunder.

“**Post-Closing Period**” means any taxable period (or portion thereof) beginning after the Distribution Date, including for the avoidance of doubt, the portion of any Straddle Period beginning on the day after the Distribution Date.

“**Pre-Closing Period**” means any taxable period (or portion thereof) ending on or before the Distribution Date, including for the avoidance of doubt, the portion of any Straddle Period ending at the end of the day on the Distribution Date.

“**Privilege**” means any privilege that may be asserted under applicable Law, including any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“**Privileged Information**” shall mean any information, in written, oral, electronic or other tangible or intangible forms, including without limitation any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials protected by the work product doctrine, as to which a Party or any member of its Group would be entitled to assert or have asserted a privilege or other protection, including the attorney-client and work product privileges.

“**Record Date**” shall mean the close of business on the date to be determined by the Parent Board as the record date for determining holders of Parent Shares and Other Parent Securities entitled to receive Telemynd Shares pursuant to the Distribution.

“**Record Holders**” shall mean the holders of record of Parent Shares and holders of Other Parent Securities as of the Record Date.

“**Refund**” means any refund (or credit in lieu thereof) of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied to other Taxes payable), including any interest paid on or with respect to such refund of Taxes by the applicable Taxing Authority; provided, however, that for purposes of this Agreement, the amount of any Refund required to be paid to another Party shall be reduced by (i) the amount of any Taxes imposed on, related to, or attributable to, the receipt or accrual of such Refund, (ii) any reasonable out-of-pocket expenses incurred in obtaining such Refund and (iii) any Tax required to be withheld on such payment to the extent required under Section 2.11 (and subject to, for avoidance of doubt, any limitations on such withholding set forth in Section 2.11).

“**Release**” shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including, ambient air, surface water, groundwater and surface or subsurface strata).

“**Representatives**” shall mean, with respect to any Person, any of such Person’s directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

“**Reserve**” shall have the meaning set forth in Section 3.04(c).

“**Reserve Shares**” shall have the meaning set forth in Section 3.04(c).

“**SEC**” shall mean the U.S. Securities and Exchange Commission.

“**Security Interest**” shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

“**Separation**” shall have the meaning set forth in the Recitals.

“**Single Business Return**” means any Tax Return, including any consolidated, combined or unitary Tax Return, that reflects or reports Tax Items relating only to the Parent Business, on the one hand, or the Telemynd Business, on the other (but not both).

“**Software**” shall mean any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

“**Straddle Period**” means any taxable period that begins on or before and ends after the Distribution Date.

“**Subsidiary**” shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than 50% of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

“**Tangible Information**” shall mean information that is contained in written, electronic or other tangible forms.

“**Tax**” means any net or gross income, net or gross receipts, net or gross proceeds, capital gains, capital stock, sales, use, user, leasing, lease, transfer, natural resources, premium, ad valorem, value added, franchise, profits, gaming, license, capital, withholding, payroll or other employment, estimated, goods and services, severance, excise, stamp, fuel, interest equalization, registration, recording, occupation, premium, turnover, personal property (tangible and intangible), real property, escheat, unclaimed or abandoned property, alternative or add-on, windfall or excess profits, environmental (including Section 59A of the Code as in effect for Tax years beginning prior to January 1, 2018), social security, disability, unemployment or other tax or customs duties or amount imposed by (or otherwise payable to) any Taxing Authority, or any interest, any penalties, additions to tax or additional amounts assessed, imposed, or otherwise due or payable under applicable Laws with respect to taxes, in each case, whether disputed or not.

“**Tax Group**” means the members of a consolidated, combined, unitary or other tax group (determined under applicable U.S., State or foreign Income Tax law) which includes Parent or Telemynd, as the context requires, but for the avoidance of doubt, (i) Parent’s Tax Group does not include any members of the Telemynd Group and (ii) Telemynd’s Tax Group does not include any members of the Parent Group.

“**Tax Indemnified Party**” means the Party which is entitled to seek indemnification from the other Party pursuant to the provisions of Article VIII.

“**Tax Item**” means any item of income, gain, loss, deduction, credit, recapture of credit or any other item which increases or decreases Taxes paid or payable.

“**Tax Proceeding**” means any audit, assessment of Taxes, other examination by any Taxing Authority, proceeding, appeal of a proceeding or litigation relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations.

“**Tax Return**” means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, or declaration of estimated Tax) supplied to, or filed with, or required to be supplied to, or filed with, a Taxing Authority in connection with the payment, determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax and any amended Tax return or claim for refund.

“**Taxing Authority**” means any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

“**Technology**” shall mean all technology, know-how and information, including sales methodologies and processes, training protocols and similar methods and processes, algorithms, apparatus, circuit designs and assemblies, gate arrays, net lists, test vectors, diagrams, models, formulae, inventions, discoveries, innovations, products, services, ideas, concepts, designs, drawings, methods, network configurations and architectures, processes, confidential or proprietary information, trade secrets, protocols, schematics, specifications, subroutines, techniques, URLs, web sites, works of authorship and other forms of technology, in each case whether or not patentable, copyrightable or otherwise registerable, whether or not embodied in any tangible form and including all tangible embodiments of any of the foregoing, including documents, reports, records, instruction manuals, laboratory notebooks, prototypes, samples, surveys, studies and summaries; provided, however, that Technology shall not include any Software.

“**Telemetrynd**” shall have the meaning set forth in the Preamble.

“**Telemetrynd Accounts**” shall have the meaning set forth in [Section 2.08\(a\)](#).

“**Telemetrynd Assets**” shall have the meaning set forth in [Section 2.02](#).

“**Telemetrynd Balance Sheet**” shall mean the pro forma combined balance sheet of the Telemetrynd Business, including any notes and subledgers thereto, as of December 31, 2018.

“**Telemetrynd Business**” shall mean the business, operations and activities of Telemetrynd related to its telebehavioral health and predictive healthcare operations.

“**Telemetrynd Contracts**” shall mean the following contracts and agreements to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound, whether or not in writing; provided that Telemetrynd Contracts shall not include any contract or agreement that is contemplated to be retained by Parent or any member of the Parent Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement:

- (a) any customer, reseller, distributor or development contract or agreement entered into prior to the Effective Time related to the Telemetrynd Business;
- (b) any supply or vendor contract or agreement entered into prior to the Effective Time related to the Telemetrynd Business;
- (c) any joint venture or partnership contract or agreement that relates to the Telemetrynd Business as of the Effective Time;

(d) any proprietary information and inventions agreement or similar Intellectual Property assignment or license agreement with any current or former Telemetrynd Group employee, Parent Group employee, consultant of the Telemetrynd Group or consultant of the Parent Group, in each case entered into prior to the Effective Time that is related to the Telemetrynd Business;

(e) any contract or agreement that is expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to, or be a contract or agreement in the name of, Telemetrynd or any member of the Telemetrynd Group;

(f) any other contract or agreement related to the Telemetrynd Business or Telemetrynd Assets;

(k) Telemetrynd Leases; and

(l) any contracts, agreements or settlements set forth on Schedule 1.3, including the right to recover any amounts under such contracts, agreements, leases or settlements.

**“Telemetrynd Group”** shall mean (a) prior to the Effective Time, Telemetrynd and each Person that will be a Subsidiary of Telemetrynd as of immediately after the Effective Time, including the Transferred Entities, even if, prior to the Effective Time, such Person is not a Subsidiary of Telemetrynd; and (b) on and after the Effective Time, Telemetrynd and each Person that is a Subsidiary of Telemetrynd.

**“Telemetrynd Indemnitees”** shall have the meaning set forth in Section 4.03.

**“Telemetrynd Leases”** shall mean the leases to real property and, to the extent covered by such leases, any and all buildings, structures, improvements and fixtures located thereon, to which Telemetrynd or a member of the Telemetrynd Group is party as of the Effective Time set forth on Schedule 1.04.

**“Telemetrynd Liabilities”** shall have the meaning set forth in Section 2.03(a).

**“Telemetrynd Name and Telemetrynd Marks”** shall mean the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of either Party or any member of its Group that (a) use or contain “Telemetrynd” (including any stylized versions or design elements thereof) or (b) otherwise identify Telemetrynd as a whole, either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing, either alone or in combination with other words or elements, together with (y) any common law rights in and to any of the foregoing, any registrations or applications for registration of any of the foregoing, any rights in and to any of the foregoing provided by international treaties or conventions, and any reissues, extensions or renewals of any of the foregoing and (z) the goodwill associated with any of the foregoing.

**“Telemetrynd Permits”** shall mean all Permits owned or licensed by either Party or any member of its Group primarily used or primarily held for use in the Telemetrynd Business as of the Effective Time.

“**Telemetry Shares**” shall mean shares of Telemetry common stock, par value \$0.001 per share.

“**Telemetry Taxes**” means, without duplication, any and all Liabilities (a) of Parent or any Subsidiary or former Subsidiary of Parent or any of their Affiliates for Taxes resulting from (i) the assets or activities of the Telemetry Business, the Telemetry Assets or the transactions contemplated by this Agreement or (ii) any Permitted Asset Sale or Permitted Parent Reorganization (each as defined in the Merger Agreement) undertaken pursuant to the Merger Agreement, (b) for Taxes of any member of the Telemetry Group for any Pre-Closing Period (including, for the avoidance of doubt, (i) any Straddle Period Taxes allocated to the Pre-Closing Period pursuant to Section 8.06 and (ii) any Taxes resulting from the transactions contemplated by this Agreement), (c) for Taxes of any member of the Telemetry Group resulting from any Permitted Asset Sale or Permitted Parent Reorganization (each as defined in the Merger Agreement) undertaken pursuant to the Merger Agreement, (d) for any Transfer Taxes, (e) for Parent Transaction Taxes and (f) for the avoidance of any doubt, any Taxes of Telemetry or any Affiliate thereof for a Post-Closing Period (including any Straddle Period Taxes allocated to the Post-Closing Period pursuant to Section 8.06); provided, however, that Telemetry Taxes shall not include any Taxes that arise as a result of any actions taken by Parent or any Affiliate of Parent on or after the Closing Date of the Merger, that are outside of the ordinary course, other than, for the avoidance of any doubt, any Taxes of Parent or any Subsidiary or former Subsidiary of Parent or any of their Affiliates or any member of the Telemetry Group or any of their Affiliates arising as a result of the transactions contemplated by this Agreement, including the Section 336(e) Election.

“**Third Party**” shall mean any Person other than the Parties or any members of their respective Groups.

“**Third-Party Claim**” shall have the meaning set forth in Section 4.05(a).

“**Transfer Documents**” shall have the meaning set forth in Section 2.01(b).

“**Transfer Taxes**” means all sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar Taxes imposed on the Separation or the Distribution.

“**Transferred Entities**” shall mean the entities set forth on Schedule 1.1.

“**Unreleased Telemetry Liability**” shall have the meaning set forth in Section 2.06(b).

## ARTICLE II. THE SEPARATION

Section 2.01      Transfer of Assets and Assumption of Liabilities.

(a)              On or prior to the Effective Time, but in any case prior to the Distribution:

(i) Transfer and Assignment of Telemetry Assets. Parent shall contribute, assign, transfer, convey and deliver to Telemetry, and Telemetry shall accept from Parent, all of Parent's direct or indirect right, title and interest in and to all of the Telemetry Assets (it being understood that if any Telemetry Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such Telemetry Asset may be assigned, transferred, conveyed and delivered to Telemetry as a result of the transfer of all of the equity interests in such Transferred Entity from Parent to Telemetry);

(ii) Acceptance and Assumption of Telemetry Liabilities. Telemetry shall accept, assume and agree faithfully to perform, discharge and fulfill all the Telemetry Liabilities, including Telemetry Liabilities held by Parent, and Telemetry and the applicable members of the Telemetry Group shall be responsible for all Telemetry Liabilities in accordance with their respective terms (it being understood that if any Telemetry Liability is a liability of a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such Telemetry Liability may be assumed by Telemetry as a result of the transfer of all of the equity interests in such Transferred Entity from Parent to Telemetry). Telemetry shall be responsible for all Telemetry Liabilities, regardless of when or where such Telemetry Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Telemetry Liabilities are asserted or determined (including any Telemetry Liabilities arising out of claims made by Parent's or Telemetry's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the Telemetry Group) or whether asserted or determined prior to the date hereof;

(b) Transfer Documents. In furtherance of the contribution, assignment, transfer, conveyance and delivery of the Assets and the assumption of the Liabilities in accordance with Section 2.01(a), (i) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other Party, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of such Party's and the applicable members of its Group's right, title and interest in and to such Assets to the other Party and the applicable members of its Group in accordance with Section 2.01(a), and (ii) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other Party, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Liabilities by such Party and the applicable members of its Group in accordance with Section 2.01(a). All of the foregoing documents contemplated by this Section 2.01(b) shall be referred to collectively herein as the "**Transfer Documents**." The Transfer Documents shall effect certain of the transactions contemplated by this Agreement and, notwithstanding anything in this Agreement to the contrary, shall not expand or limit any of the obligations, covenants or agreements in this Agreement. It is expressly agreed that in the event of any conflict between the terms of the Transfer Documents and the terms of this Agreement, the terms of this Agreement shall control.

(c) Misallocations. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party (or any member of such Party's Group) shall receive or otherwise possess any Asset that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset to the Party so entitled thereto (or to any member of such Party's Group), and such Party (or member of such Party's Group) shall accept such Asset. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for such other Person. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party hereto (or any member of such Party's Group) shall be liable for or otherwise assume any Liability that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such other Party shall promptly assume, or cause to be assumed, such Liability and agree to faithfully perform such Liability.

(d) Intellectual Property Rights. If and to the extent that, as a matter of Law in any jurisdiction, Parent or the applicable members of its Group cannot assign, transfer or convey any of Parent's or such Parent Group members' respective direct or indirect right, title and interest in and to any Technology, Software or Intellectual Property included in the Telemetry Assets, then, to the extent possible, Parent shall, and shall cause the applicable members of its Group to, irrevocably grant to Telemetry an exclusive, irrevocable, assignable, transferable, sublicenseable, worldwide, perpetual, royalty-free license to use, exploit and commercialize in any manner now known or in the future discovered and for whatever purpose, any such right, title or interest.

Section 2.02 Telemetry Assets. Subject to Section 2.05, "*Telemetry Assets*" shall include:

(a) all issued and outstanding capital stock or other equity interests of the Transferred Entities that are owned by either Party or any members of its Group as of the Effective Time;

(b) all Assets of either Party or any members of its Group included or reflected as assets of the Telemetry Group on the Telemetry Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Telemetry Balance Sheet; provided that the amounts set forth on the Telemetry Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Telemetry Assets pursuant to this clause (b);

(c) all Assets of either Party or any of the members of its Group as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets of Telemetry or members of the Telemetry Group on a pro forma combined balance sheet of the Telemetry Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the Telemetry Balance Sheet), it being understood that (y) the Telemetry Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of Telemetry Assets pursuant to this clause (c); and (z) the amounts set forth on the Telemetry Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Telemetry Assets pursuant to this clause (iii);

- (d) all Assets of either Party or any of the members of its Group as of the Effective Time that are expressly provided by any provision of this Agreement or any Ancillary Agreement as Assets to be transferred to or owned by Telemetrynd or any other member of the Telemetrynd Group;
- (e) all Telemetrynd Contracts as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;
- (f) all Telemetrynd Permits as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;
- (g) to the extent not already identified in clauses (a) through (f) of this Section 2.02, all Assets of either Party or any of the members of its Group as of the Effective Time that are used or held for use in the Telemetrynd Business; and
- (h) all rights to the Telemetrynd Name and Telemetrynd Marks.

Section 2.03 Telemetrynd Liabilities; Parent Liabilities.

(a) Telemetrynd Liabilities. Subject to Section 2.05, for the purposes of this Agreement, “*Telemetrynd Liabilities*” shall mean the following Liabilities of either Party or any of the members of its Group:

(i) all Liabilities included or reflected as liabilities or obligations of Telemetrynd or the members of the Telemetrynd Group on the Telemetrynd Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Telemetrynd Balance Sheet; provided that the amounts set forth on the Telemetrynd Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Telemetrynd Liabilities pursuant to this clause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of Telemetrynd or the members of the Telemetrynd Group on a pro forma combined balance sheet of the Telemetrynd Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the Telemetrynd Balance Sheet ), it being understood that (x) the Telemetrynd Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of Telemetrynd Liabilities pursuant to this clause (ii); and (y) the amounts set forth on the Telemetrynd Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Telemetrynd Liabilities pursuant to this clause (ii);

(iii) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to, at or after the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the Telemetrynd Business or a Telemetrynd Asset;

(iv) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Telemynd or any other member of the Telemynd Group, and all agreements, obligations and Liabilities of any member of the Telemynd Group under this Agreement or any of the Ancillary Agreements;

(v) any and all Liabilities relating to, arising out of or resulting from the Telemynd Contracts, or the Telemynd Permits;

(vi) any and all MYnd California Taxes; and

(vii) all Liabilities arising out of claims made by any Third Party (including Parent's or Telemynd's respective directors, officers, stockholders, employees and agents) against any member of the Parent Group or the Telemynd Group to the extent relating to, arising out of or resulting from the Telemynd Business or the Telemynd Assets or the other business, operations, activities or Liabilities referred to in clauses (i) through (vi) above;

(b) Parent Liabilities. For the purposes of this Agreement, "**Parent Liabilities**" shall mean the following Liabilities of either Party or any of the members of its Group:

(i) all Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to, at or after the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) of any member of the Parent Group and, prior to the Effective Time, any member of the Telemynd Group, in each case, to the extent that such Liabilities are not Telemynd Liabilities;

(ii) all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Parent or any other member of the Parent Group, and all agreements, obligations and Liabilities of any member of the Parent Group under this Agreement or any of the Ancillary Agreements;

(iii) all Liabilities arising out of claims made by any Third Party (including Parent's or Telemynd's respective directors, officers, stockholders, employees and agents) against any member of the Parent Group or the Telemynd Group to the extent relating to, arising out of or resulting from the Parent Business or the Parent Group's assets or the other business, operations, activities or Liabilities referred to in clauses (i) through (ii) above, in each case, to the extent that such Liabilities are not Telemynd Liabilities; and

(iv) any and all Parent Taxes.

Section 2.04 Approvals and Notifications for Telemynd Assets. To the extent that the transfer or assignment of any Telemynd Asset, the assumption of any Telemynd Liability, the Separation, or the Distribution requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and Telemynd, neither Parent nor Telemynd shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(a) Delayed Telemetry Transfers. If and to the extent that the valid, complete and perfected transfer or assignment to the Telemetry Group of any Telemetry Asset or assumption by the Telemetry Group of any Telemetry Liability in connection with the Separation or the Distribution would (i) be a violation of applicable Law or regulation, (b) require any Approvals or Notifications that have not been obtained or made by the Effective Time or (c) be, as determined by Telemetry in its sole consent prior to the Effective Time to be detrimental to the Separation or the Distribution or to the Telemetry Group, then, unless the Parties mutually shall otherwise determine, the transfer or assignment to the Telemetry Group of such Telemetry Assets or the assumption by the Telemetry Group of such Telemetry Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such Telemetry Assets or Telemetry Liabilities shall continue to constitute Telemetry Assets and Telemetry Liabilities for all other purposes of this Agreement.

(b) Treatment of Delayed Telemetry Assets and Delayed Telemetry Liabilities. If any transfer or assignment of any Telemetry Asset (or a portion thereof) or any assumption of any Telemetry Liability (or a portion thereof) intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Effective Time, whether as a result of the provisions of Section 2.04 or for any other reason (any such Telemetry Asset (or a portion thereof), a “***Delayed Telemetry Asset***” and any such Telemetry Liability (or a portion thereof), a “***Delayed Telemetry Liability***”), then, insofar as reasonably possible and subject to applicable Law, the member of the Parent Group retaining such Delayed Telemetry Asset or such Delayed Telemetry Liability, as the case may be, shall thereafter hold such Delayed Telemetry Asset or Delayed Telemetry Liability for the use and benefit (or the performance and obligation, in the case of a Liability) of the member of the Telemetry Group entitled thereto (at the expense of the member of the Telemetry Group entitled thereto). In addition, the member of the Parent Group retaining such Delayed Telemetry Asset or such Delayed Telemetry Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed Telemetry Asset or Delayed Telemetry Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the Telemetry Group to whom such Delayed Telemetry Asset is to be transferred or assigned, or which will assume such Delayed Telemetry Liability, as the case may be, in order to place such member of the Telemetry Group in a substantially similar position as if such Delayed Telemetry Asset or Delayed Telemetry Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Delayed Telemetry Asset or Delayed Telemetry Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed Telemetry Asset or Delayed Telemetry Liability, as the case may be, and all costs, Taxes and expenses related thereto, shall inure from and after the Effective Time to the Telemetry Group.

(c) Transfer of Delayed Telemynd Assets and Delayed Telemynd Liabilities. If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Delayed Telemynd Asset or the deferral of assumption of any Delayed Telemynd Liability pursuant to Section 2.05(a), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Delayed Telemynd Asset or the assumption of any Delayed Telemynd Liability have been removed, the transfer or assignment of the applicable Delayed Telemynd Asset or the assumption of the applicable Delayed Telemynd Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(d) Costs for Delayed Telemynd Assets and Delayed Telemynd Liabilities. Except as otherwise agreed in writing between the Parties, any member of the Parent Group retaining a Delayed Telemynd Asset or Delayed Telemynd Liability due to the deferral of the transfer or assignment of such Delayed Telemynd Asset or the deferral of the assumption of such Delayed Telemynd Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any more than \$250,000 in the aggregate, unless the necessary funds in excess of \$250,000 are advanced (or otherwise made available) by Telemynd, other than reasonable out-of-pocket expenses, reasonable attorneys' fees and recording or similar fees, all of which and any Taxes imposed on any member of the Parent Group solely as a result of retaining a Delayed Telemynd Asset or Delayed Telemynd Liability shall be promptly reimbursed by Telemynd or the member of the Telemynd Group entitled to such Delayed Telemynd Asset or Delayed Telemynd Liability.

(e) Decisions Regarding Delayed Telemynd Assets and Delayed Telemynd Liabilities

(i) For so long as Parent continues to own any Delayed Telemynd Asset or Delayed Telemynd Liability, Parent shall take all action required to nominate to its board of directors one Person nominated by Telemynd (the "**Telemynd Director**").

(ii) Until the first anniversary of the Distribution Date, any and all decisions with respect to any transfer, sale or other disposition of any Delayed Telemynd Asset or Delayed Telemynd Liability shall be made only with the consent of the Telemynd Director. During such year, Parent shall use its commercially reasonable efforts to maintain the value of the Delayed Telemynd Assets.

(iii) If any Delayed Telemynd Asset or Delayed Telemynd Liability is sold or transferred to a Third Party on or before the first anniversary of the Distribution Date, subject to Section 2.05(d), any and all net proceeds (in cash or otherwise) from such sale or transfer shall be promptly, and in any case within three (3) business days, be paid or transferred to Telemynd, net of without duplication (i) the amount of any Taxes imposed on, related to, or attributable to, the receipt or accrual of such proceeds, (ii) any reasonable out-of-pocket expenses incurred in obtaining such proceeds and (iii) any Tax required to be withheld on such payment or transfer to the extent required under Section 2.11 (and subject to, for the avoidance of doubt, any limitations on such withholding set forth in Section 2.11).

Section 2.06 Assignment and Novation of Telemetry Liabilities.

(a) Each of Parent and Telemetry, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all Telemetry Liabilities and obtain in writing the unconditional release of each member of the Parent Group that is a party to any such arrangements, so that, in any such case, the members of the Telemetry Group shall be solely responsible for such Telemetry Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Parent nor Telemetry shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(b) If Parent or Telemetry is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Parent Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an “*Unreleased Telemetry Liability*”), Telemetry shall, to the extent not prohibited by Law, indemnify or guarantee fully all the obligations or other Liabilities of such member of the Parent Group that constitute Unreleased Telemetry Liabilities from and after the Effective Time. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Telemetry Liabilities shall otherwise become assignable or able to be novated, Parent shall promptly assign, or cause to be assigned, and Telemetry or the applicable Telemetry Group member shall assume, such Unreleased Telemetry Liabilities without exchange of further consideration.

(c) Release of Guarantees. On or prior to the Effective Time or as soon as practicable thereafter, each of Parent and Telemetry shall, with the reasonable cooperation of such other Party and the applicable members of such other Party’s Group, use commercially reasonable efforts to have any members of the Parent Group removed as guarantor or obligor for any Telemetry Liability, other than any Telemetry Liability set forth on Schedule 2.06(c). If Parent or Telemetry is unable to obtain, or to cause to be obtained, any such required removal or release, (i) the Party or the relevant member of its Group that is responsible pursuant to this Agreement for the Liability associated with such guarantee shall indemnify, defend and hold harmless the guarantor or obligor, as applicable, against or from any Liability arising from or relating thereto in accordance with the provisions of Article IV and shall, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder; and (ii) each of Parent and Telemetry, on behalf of itself and the other members of their respective Group, agree not to renew or extend the term of, increase any obligations under, or transfer to a Third Party, any loan, guarantee, lease, contract or other obligation for which the other Party or a member of its Group is or may be liable unless all obligations of such other Party and the members of such other Party’s Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to such other Party.

Section 2.07 Termination of Agreements.

(a) Except for this Agreement, Telemetry and each member of the Telemetry Group, on the one hand, and Parent and each member of the Parent Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among Telemetry and/or any member of the Telemetry Group, on the one hand, and Parent and/or any member of the Parent Group, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) All of the intercompany accounts receivable and accounts payable between any member of the Parent Group, on the one hand, and any member of the Telemetry Group, on the other hand, outstanding as of the Effective Time, shall be repaid or settled following the Effective Time in the ordinary course of business or, if otherwise mutually agreed prior to the Effective Time by duly authorized representatives of Parent and Telemetry, cancelled.

Section 2.08 Bank Accounts; Cash Balances; Cash Transfers

(a) Each Party agrees to take, or cause the members of its Group to take, at the Effective Time (or such earlier time as the Parties may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by Telemetry or any other member of the Telemetry Group (collectively, the “**Telemetry Accounts**”) and all contracts or agreements governing each bank or brokerage account owned by Parent or any other member of the Parent Group (collectively, the “**Parent Accounts**”) so that each such Telemetry Account and Parent Account, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to) to any Parent Account or Telemetry Account, respectively, is de-linked from such Parent Account or Telemetry Account, respectively.

(b) It is intended that, following consummation of the actions contemplated by Section 2.09(a), there will be in place a cash management process pursuant to which the Telemetry Accounts will be managed and funds collected will be transferred into one or more accounts maintained by Telemetry or a member of the Telemetry Group.

(c) It is intended that, following consummation of the actions contemplated by Section 2.09(a), there will continue to be in place a cash management process pursuant to which the Parent Accounts will be managed and funds collected will be transferred into one or more accounts maintained by Parent or a member of the Parent Group.

(d) With respect to any outstanding checks issued or payments initiated by Parent, Telemetry, or any of the members of their respective Groups prior to the Effective Time, such outstanding checks and payments shall be honored following the Effective Time by the Person or Group owning the account on which the check is drawn or from which the payment was initiated, respectively.

(e) As between Parent and Telemynd (and the members of their respective Groups), all payments made and reimbursements received after the Effective Time by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such Party of any such payment or reimbursement, such Party shall pay over, or shall cause the applicable member of its Group to pay over to the other Party the amount of such payment or reimbursement net of (i) the amount of any Taxes imposed on, related to, or attributable to, the receipt or accrual of such payment or reimbursement, (ii) any reasonable out-of-pocket expenses incurred in obtaining such payment or reimbursement and (iii) any Tax required to be withheld on such payment to the extent required under Section 2.11 (and subject to, for avoidance of doubt, any limitations on such withholding set forth in Section 2.11).

(f) Cash Transfer at the Effective Time At the Effective Time, Parent shall contribute from Parent's cash to Telemynd a cash payment in an amount to be determined by Parent and Telemynd prior to the Effective Time. Such amount shall not exceed Parent's cash balance prior to the Effective Time.

(g) Post-Closing Cash Transfers. After the Effective Time, Parent shall make additional cash payments to Telemynd, not to exceed \$2,500,000 in the aggregate, from all cash received by Parent as a result of the exercise of any warrants or stock options of Parent that were in effect prior to the Effective Time, to the extent that the proceeds from such warrant and option exercises exceeds \$500,000, and less all such proceeds, if any, theretofore transferred or paid by Parent to Telemynd pursuant to this Agreement after the Effective Time.

(h) Certain Required Issuances of Parent Shares to Telemynd After Closing. If Parent (or any member of the Parent Group) converts any Company Indebtedness (as defined in the Merger Agreement) into equity during the six (6) month period after the closing of the Merger, Parent will issue to Telemynd a number of shares of the same class of stock issued in connection with such conversion equal to 5.9% of the total number of shares issued in such debt conversion which are in excess of the number of shares already included in the calculation of the Exchange Ratio (as defined in the Merger Agreement). In addition, if any exchange ratio applicable to any Company Warrants, Company Convertible Notes or Company Debentures (each as defined in the Merger Agreement) is reduced during the six (6) month period after the closing of the Merger for any reason, Parent will issue to Telemynd a number of shares of Parent common stock equal to 5.9% of the total number of shares that may be issued upon conversion of any Company Warrants, Company Convertible Notes or Company Debentures (each as defined in the Merger Agreement) which are in excess of the number of shares already included in the calculation of the Exchange Ratio (as defined in the Merger Agreement).

Section 2.09 Ancillary Agreements. Effective on or prior to the Effective Time, each of Parent and Telemynd will, or will cause the applicable members of their Groups to, execute and deliver all Ancillary Agreements to which it is a party.

Section 2.10 Disclaimer of Representations and Warranties. EACH OF PARENT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE PARENT GROUP) AND TELEMIND (ON BEHALF OF ITSELF AND EACH MEMBER OF THE TELEMIND GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION THEREWITH (INCLUDING WITHOUT LIMITATION GOVERNMENTAL APPROVALS OR PERMITS OF ANY KIND), AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

Section 2.11 Withholding. Each member of the Parent Group shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement such amounts as are required to be deducted and withheld with respect to the making of such payment under the Code or any provision of state, local or non-U.S. Tax Law and shall be entitled to request any reasonably appropriate Tax forms, including an IRS Form W-9 (or the appropriate IRS Form W-8, as applicable), from any recipient of payments hereunder; provided that the Parties shall cooperate and undertake commercially reasonable efforts to minimize or avoid withholding, and the applicable withholding agent shall use best efforts to provide written notice (to the applicable Party) of any intention to withhold (other than any such withholding that is imposed on consideration that is properly treated as compensation for applicable income, employment and/or payroll Tax purposes) at least five (5) business days before the making of such payment. To the extent that amounts are so withheld, such withheld amounts (i) subject to (ii), shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made, and (ii) shall be remitted by the applicable withholding agent to the applicable Governmental Authority.

**ARTICLE III.  
THE DISTRIBUTION**

Section 3.01 Sole and Absolute Discretion; Cooperation.

(a) Parent shall, in its sole and absolute discretion, determine the terms of the Distribution, including the form, structure and terms of any transactions and/or offerings to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, Parent may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Nothing shall in any way limit Parent's right to terminate this Agreement or the Distribution as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX.

(b) Telemetry shall cooperate with Parent to accomplish the Distribution and shall, at Parent's direction, promptly take any and all actions necessary or desirable to effect the Distribution, including in respect of the registration under the Exchange Act of Telemetry Shares on the Form 10. Parent shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Parent. Telemetry and Parent, as the case may be, will provide to the Agent any information required in order to complete the Distribution.

Section 3.02 Actions Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) Notice to Nasdaq. Parent shall, to the extent possible, give Nasdaq not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) Telemetry Directors and Officers. On or prior to the Distribution Date, Parent and Telemetry shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of Telemetry shall be those set forth in the Form 10, unless otherwise agreed by the Parties; and (ii) Telemetry shall have such other officers as Telemetry shall appoint.

(c) Quotation or Listing of the Telemetry Shares. Telemetry shall prepare and file, and shall use its reasonable best efforts to have approved, an application for (i) listing of the Telemetry Shares to be distributed in the Distribution on NASDAQ, subject to official notice of distribution; or (ii) the quotation of the Telemetry Shares to be distributed in the Distribution on the OTCQB Venture Market of the OTC Markets Group, Inc., subject to official notice of distribution.

(d) Securities Law Matters. Telemetry shall file any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the SEC or federal, state or other applicable securities Laws.

(e) Parent Cooperation. Parent and Telemynd shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Parent and Telemynd will prepare, and Telemynd will, to the extent required under applicable Law, file with the SEC, any such documentation and any requisite no-action letters which Parent determines are necessary or desirable to effectuate the Distribution, and Parent and Telemynd shall each use its reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. Parent and Telemynd shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(f) The Distribution Agent. Parent shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(g) Stock-Based Employee Benefit Plans. Parent and Telemynd shall take all actions as may be necessary to approve the grants of adjusted equity awards by Parent (in respect of Parent Shares) and Telemynd (in respect of Telemynd Shares) in connection with the Distribution in order to satisfy the requirements of Rule 16b-3 under the Exchange Act.

Section 3.03 Conditions to the Distribution.

(a) The consummation of the Distribution will be subject to the satisfaction, or waiver by Parent in its sole and absolute discretion, of the following conditions:

(i) The SEC shall have declared effective the Form 10; no order suspending the effectiveness of the Form 10 shall be in effect; and no proceedings for such purposes shall have been instituted or threatened by the SEC.

(ii) An independent appraisal firm acceptable to Parent shall have delivered one or more opinions to the Parent Board confirming the solvency and financial viability of Parent prior to the Distribution and of Parent and Telemynd after consummation of the Distribution, and such opinions shall be acceptable to Parent in form and substance in Parent's sole discretion and such opinions shall not have been withdrawn or rescinded;

(iii) The transfer of the Telemynd Assets (other than any Delayed Telemynd Asset) and Telemynd Liabilities (other than any Delayed Telemynd Liability) contemplated to be transferred from Parent to Telemynd on or prior to the Distribution shall have occurred as contemplated by Section 2.01.

(iv) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted by the applicable Governmental Authority.

(v) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto shall be in effect.

(vi) No other events or developments shall exist or shall have occurred that, in the judgment of the Parent Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions contemplated by this Agreement or any Ancillary Agreement.

(vii) Parent shall have received from each Record Holder a true, correct and complete IRS Form W-9 or applicable IRS Form W-8, duly executed by such Record Holder on the Distribution Date.

(b) The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or the Parent Board to waive or not waive any such condition or in any way limit Parent's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by the Parent Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.03(a) shall be conclusive and binding on the Parties. If Parent waives any material condition, it shall promptly issue a press release disclosing such fact and file a Current Report on Form 8-K with the SEC describing such waiver.

Section 3.04 The Distribution.

(a) Subject to Section 3.03, on or prior to the Effective Time, Telemynd will deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding Telemynd Shares as is necessary to effect the Distribution, and shall cause the transfer agent for the Parent Shares to instruct the Agent to distribute at the Effective Time the appropriate number of Telemynd Shares to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. Telemynd will not issue paper stock certificates in respect of the Telemynd Shares. The Distribution shall be effective at the Effective Time.

(b) Subject to Sections 3.03, 3.04(c) and 3.04(d), each Record Holder will be entitled to receive in the Distribution one Telemynd Share for a number of Parent Share to be determined by Parent and held by such Record Holder on the Record Date or issuable to such Record Holder upon complete conversion or exercise of the Other Parent Securities, as applicable.

(c) Telemynd shall establish a reserve of Telemynd Shares (the "**Reserve**" and the Telemynd Shares held in the Reserve the "**Reserve Shares**") that shall be retained in treasury by Telemynd for distribution to those holders of Other Parent Securities (i) who are prevented by contractual restrictions, including beneficial ownership limitations, from taking possession of Telemynd Shares in the Distribution or (ii) who hold a warrant issued by the Parent giving the holder a contractual right to receive Telemynd Shares issued in the Distribution if and when such warrant is exercised. As and when the contractual restrictions are no longer applicable or the warrants are exercised, Telemynd shall instruct the Agent to distribute from the Reserve the Reserve Shares to any such holder of Other Parent Securities entitled to then receive the Reserve Shares.

(d) No fractional shares will be distributed or credited to book-entry accounts in connection with the Distribution, and any such fractional share interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a stockholder of Telemetry. In lieu of any such fractional shares, Parent will round up fractional shares that recipients of Telemetry Shares will otherwise be entitled to receive.

(e) Until the Telemetry Shares are duly transferred in accordance with this Section 3.04 and applicable Law, from and after the Effective Time, Telemetry will regard the Persons entitled to receive such Telemetry Shares as record holders of Telemetry Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. Telemetry agrees that, subject to any transfers of such shares, from and after the Effective Time (i) each such holder will be entitled to receive all dividends, if any, payable on, and exercise voting rights and all other rights and privileges with respect to, the Telemetry Shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the Telemetry Shares then held by such holder.

**ARTICLE IV.  
RELEASE; INDEMNIFICATION**

Section 4.01 Parent Release of Telemetry. Effective as of the Effective Time, Parent does hereby, for itself and each other member of the Parent Group and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Telemetry and the members of the Telemetry Group and their respective successors and assigns, and (ii) all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of the Telemetry Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from (A) all Parent Liabilities, (B) all Liabilities (other than Telemetry Taxes) arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution (for the avoidance of doubt this clause (B) shall not limit or affect indemnification obligations of the Parties set forth in this Agreement or any Ancillary Agreement) and (C) all Liabilities (other than Telemetry Taxes) arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Parent Business, the Parent Group's assets or the Parent Liabilities but excluding any Liabilities resulting from actions by any member of the Telemetry Group that are the result of intentional misconduct, wrongdoing, fraud or misrepresentation by such member of the Telemetry Group.

Section 4.02 Indemnification by Telemetrynd. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Telemetrynd shall, and shall cause the other members of the Telemetrynd Group to, indemnify, defend and hold harmless Parent, each member of the Parent Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “**Parent Indemnitees**”), from and against any and all Liabilities of the Parent Indemnitees (including for their own contributory negligence) relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication); provided, however, that Telemetrynd shall have no obligation to indemnify any of the Parent Indemnitees with respect to any matter to the extent that such party has engaged in any intentional misconduct, wrongdoing, fraud or misrepresentation:

(a) any Telemetrynd Liability and Delayed Telemetrynd Liability;

(b) any failure of Telemetrynd, any other member of the Telemetrynd Group or any other Person to pay, perform or otherwise promptly discharge any Telemetrynd Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Telemetrynd or any other member of the Telemetrynd Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Parent Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Telemetrynd Group by any member of the Parent Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10 (as amended or supplemented if Telemetrynd shall have furnished any amendments or supplements thereto) or any other Disclosure Document.

Section 4.03 Indemnification by Parent. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Parent shall, and shall cause the other members of the Parent Group to, indemnify, defend and hold harmless Telemetrynd, each member of the Telemetrynd Group and each of their respective past, present and future directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “**Telemetrynd Indemnitees**”), from and against any and all Liabilities of the Telemetrynd Indemnitees (including for their own contributory negligence) relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication); provided, however, that Parent shall have no obligation to indemnify any of the Telemetrynd Indemnitees with respect to any matter to the extent that such party has engaged in any intentional misconduct, wrongdoing, fraud or misrepresentation:

- (a) any Parent Liability;
- (b) any failure of Parent, any other member of the Parent Group or any other Person to pay, perform or otherwise promptly discharge any Parent Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;
- (c) any breach by Parent or any other member of the Parent Group of this Agreement or any of the Ancillary Agreements; and
- (d) except to the extent it relates to a Telemynd Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Parent Group by any member of the Telemynd Group that survives following the Distribution.

Section 4.04 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IV or Article V will be net of Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount which either Party (an “**Indemnifying Party**”) is required to pay to any Person entitled to indemnification or contribution hereunder (an “**Indemnitee**”) will be reduced by any Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an “**Indemnity Payment**”) required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of such Liability, then within ten (10) calendar days of receipt of such Insurance Proceeds, the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a “windfall” (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification and contribution provisions hereof. Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including reasonable attorneys’ fees and expenses) to collect or recover any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Article IV. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

Section 4.05      Procedures for Indemnification of Third-Party Claims

(a)      Notice of Claims. If, at or following the Effective Time, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Parent Group or the Telemynd Group of any claim or of the commencement by any such Person of any Action (collectively, a “**Third-Party Claim**”) with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.02 or Section 4.03, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as practicable, but in any event within fourteen (14) days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 4.05(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party is actually prejudiced by the Indemnitee’s failure to provide notice in accordance with this Section 4.05(a).

(b)      Control of Defense. An Indemnifying Party may elect to defend (and seek to settle or compromise), at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee being true, the Indemnifying Party shall indemnify the Indemnitee for any such damages to the extent resulting from, or arising out of, such Third-Party-Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true in all material respects and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnitee in accordance with Section 4.05(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim and specifying any reservations or exceptions to its defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of the notice from an Indemnitee as provided in Section 4.05(a), then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) Allocation of Defense Costs. If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, whether with or without any reservations or exceptions with respect to such defense, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee as provided in Section 4.5(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) Right to Monitor and Participate. An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 4.05(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.07 and 6.08, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee shall in good faith determine that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and in such case the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) No Settlement. Neither Party may settle or compromise any Third-Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by the other Party and provides for a full, unconditional and irrevocable release of the other Party from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within thirty (30) days (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

Section 4.06 Additional Matters.

(a) Timing of Payments. Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this Article IV shall be paid reasonably promptly (but in any event within forty-five (45) days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this Article IV) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) Notice of Direct Claims. Any claim for indemnification or contribution under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party; provided, that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is prejudiced thereby. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this Section 4.06(b) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall, subject to the provisions of Article VII, be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) Pursuit of Claims Against Third Parties. If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement; (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against the Third Party.

(d) Subrogation. In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

Section 4.07 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any Telemynd Liabilities by Telemynd or a member of the Telemynd Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Parent Liabilities by Parent or a member of the Parent Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; or (c) the provisions of this Article IV are void or unenforceable for any reason.

Section 4.08 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 4.09 Survival of Indemnities. The rights and obligations of each of Parent and Telemynd and their respective Indemnitees under this Article IV shall survive (a) the sale or other transfer by either Party or any member of its Group of any assets or businesses or the assignment by it of any liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of the members of its Group.

## **ARTICLE V. CERTAIN OTHER MATTERS**

Section 5.01 Insurance Matters.

(a) Parent and Telemynd agree to cooperate in good faith to provide for an orderly transition of insurance coverage from the date hereof through the Effective Time. In no event shall Parent, any other member of the Parent Group or any Parent Indemnitee have Liability or obligation whatsoever to any member of the Telemynd Group in the event that any insurance policy or insurance policy related contract shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the Telemynd Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date.

(b) From and after the Effective Time, with respect to any losses, damages and Liability incurred by any member of the Telemynd Group prior to the Effective Time, Parent will pursue claims, at Telemynd's sole cost and expense on behalf of Telemynd (with Telemynd entitled to all Insurance Proceeds resulting from or arising out of any such claims) under Parent's Policies in place immediately prior to the Effective Time (and any extended reporting periods for claims made Policies) and Parent's historical Policies, but solely to the extent that such Policies provided coverage for members of the Telemynd Group or the Telemynd Business prior to the Effective Time; provided that such right to require Parent to make claims on behalf of Telemynd under such Policies shall be subject to the terms, conditions and exclusions of such Policies, including but not limited to any limits on coverage or scope, any deductibles, self-insured retentions and other fees and expenses, and shall be subject to the following additional conditions:

(i) Telemynd shall provide written notification to Parent of any request for Parent to pursue a claim on behalf Telemynd pursuant to this Section 5.01(b), and Parent shall use commercially reasonable efforts to pursue such claim, at Telemynd's sole cost and expense, as promptly as is reasonably practicable;

(ii) Telemynd and the members of the Telemynd Group shall indemnify, hold harmless and reimburse Parent and the members of the Parent Group for any deductibles, self-insured retention, fees, indemnity payments, settlements, judgments, legal fees, allocated claims expenses and claim handling fees, and other expenses incurred by Parent or any members of the Parent Group to the extent resulting from any pursuit of claims on behalf of Telemynd or any other members of the Telemynd Group under any insurance provided pursuant to this Section 5.01(b), whether such claims are pursued on behalf of Telemynd, its employees or third Persons; and

(iii) Telemynd shall exclusively bear (and neither Parent nor any members of the Parent Group shall have any obligation to repay or reimburse Telemynd or any member of the Telemynd Group for) and shall be liable for all excluded, uninsured, uncovered, unavailable or uncollectible amounts of all such claims pursued on behalf of Telemynd or any member of the Telemynd Group under the Policies as provided for in this Section 5.01(b).

In the event that any member of the Parent Group incurs any losses, damages or Liability prior to or in respect of the period prior to the Effective Time for which such member of the Parent Group is entitled to coverage under Telemynd's third-party Policies, the same process pursuant to this Section 5.01(b) shall apply, substituting "Parent" for "Telemynd" and "Telemynd" for "Parent", including for purposes of the first sentence of Section 5.01(c).

(c) Except as provided in Section 5.01(b), from and after the Effective Time, neither Telemynd nor any member of the Telemynd Group shall have any rights to or under any of the Policies of Parent or any other member of the Parent Group. At the Effective Time, Telemynd shall have in effect all insurance programs required to comply with Telemynd's contractual obligations and such other Policies required by Law or as reasonably necessary or appropriate for companies operating a business similar to Telemynd's.

(d) In connection with Parent's pursuit of a claim on behalf of Telemynd or a member of the Telemynd Group under any insurance policy of Parent or any member of the Parent Group pursuant to this Section 5.01, Parent shall not be required to take any action that would be reasonably likely to (i) have a material and adverse impact on the then-current relationship between Parent or any member of the Parent Group, on the one hand, and the applicable insurance company, on the other hand; (ii) result in the applicable insurance company terminating or materially reducing coverage, or materially increasing the amount of any premium owed by Parent or any member of the Parent Group under the applicable insurance policy; or (iii) otherwise compromise, jeopardize or interfere in any material respect with the rights of Parent or any member of the Parent Group under the applicable insurance policy.

(e) All payments and reimbursements by Telemynd pursuant to this Section 5.01 will be made within forty-five (45) days after Telemynd's receipt of an invoice therefor from Parent. Parent shall retain the exclusive right to control its Policies and programs, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of its Policies and programs and to amend, modify or waive any rights under any such Policies and programs, notwithstanding whether any such Policies or programs apply to any Telemynd Liabilities and/or claims Telemynd has made or could make in the future, and no member of the Telemynd Group shall erode, exhaust, settle, release, commute, buyback or otherwise resolve disputes with Parent's insurers with respect to any of Parent's Policies and programs, or amend, modify or waive any rights under any such Policies and programs. Telemynd shall cooperate with Parent and share such information as is reasonably necessary in order to permit Parent to manage and conduct its insurance matters as Parent deems appropriate. Neither Parent nor any member of the Parent Group shall have any obligation to secure extended reporting for any claims under any Policies of Parent or any member of the Parent Group for any acts or omissions by any member of the Telemynd Group incurred prior to the Effective Time. For the avoidance of doubt, each Party and any member of its applicable Group has the sole right to settle or otherwise resolve third party claims made against it or any member of its applicable Group covered under an applicable insurance Policy.

(f) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Parent Group in respect of any insurance policy or any other contract or policy of insurance.

(g) Telemynd does hereby, for itself and each other member of the Telemynd Group, agree that no member of the Parent Group shall have any Liability whatsoever as a result of the Policies and practices of Parent and the members of the Parent Group as in effect at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, or the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

Section 5.02 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within forty-five (45) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to 7.5%, provided that notice of any such late payment has been provided and the other Party has been provided fifteen (15) days to cure any such late payment.

Section 5.03 Inducement. Telemynd acknowledges and agrees that Parent's willingness to cause, effect and consummate the Separation and the Distribution has been conditioned upon and induced by Telemynd's covenants and agreements in this Agreement and the Ancillary Agreements, including Telemynd's assumption of the Telemynd Liabilities pursuant to the Separation and the provisions of this Agreement and Telemynd's covenants and agreements contained in Article IV.

Section 5.04 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

## **ARTICLE VI. EXCHANGE OF INFORMATION; CONFIDENTIALITY**

### Section 6.01 Agreement for Exchange of Information

(a) Subject to Section 6.09 and any other applicable confidentiality obligations, each of Parent and Telemynd, on behalf of itself and each member of its Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party and the members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after written request therefor is received by such Party, any information (or a copy thereof) in the possession or under the control of such Party or its Group which the requesting Party requests to the extent that (i) such information relates to the Telemynd Business, or any Telemynd Asset or Telemynd Liability, if Telemynd is the requesting Party, or to the Parent Business, or any Parent Group asset or Parent Liability, if Parent is the requesting Party; (ii) such information is required by the requesting Party to comply with its obligations under this Agreement or any Ancillary Agreement; or (iii) such information is required by the requesting Party to comply with any obligation imposed by any Governmental Authority; provided, however, that, in the event that the Party to whom the request has been made determines that any such provision of information could be detrimental to the Party providing the information, violate any Law or agreement, or waive any privilege available under applicable Law, including any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing information pursuant to this Section 6.01 shall only be obligated to provide such information in the form, condition and format in which it then exists, and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such information, and nothing in this Section 6.01 shall expand the obligations of a Party under Section 6.04.

(b) Without limiting the generality of the foregoing, until September 30, 2019 (and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for such fiscal year), each Party shall use its commercially reasonable efforts to cooperate with the other Party's information requests to enable (i) the other Party to meet its timetable for dissemination of its earnings releases, financial statements and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act; and (ii) the other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws.

Section 6.02 Ownership of Information. The provision of any information pursuant to Section 6.01 or Section 6.07 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements), or constitute a grant of rights in or to any such information.

Section 6.03 Compensation for Providing Information. The Party requesting information agrees to reimburse the other Party for the reasonable costs, if any, of creating, gathering, copying, transporting and otherwise complying with the request with respect to such information (including any reasonable costs and expenses incurred in any review of information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested information). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

Section 6.04 Record Retention. To facilitate the possible exchange of information pursuant to this Article VI and other provisions of this Agreement after the Effective Time, the Parties agree to use their commercially reasonable efforts, which shall be no less rigorous than those used for retention of such Party's own information, to retain all information in their respective possession or control at the Effective Time in accordance with their respective policies regarding retention of records; provided, however, that in the case of any information relating to Taxes, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof).

Section 6.05 Limitations of Liability. Neither Party shall have any Liability to the other Party in the event that any information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence, bad faith or willful misconduct by the Party providing such information. Neither Party shall have any Liability to any other Party if any information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 6.04.

Section 6.06 Other Agreements Providing for Exchange of Information

(a) The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention, destruction or confidential treatment of information set forth in any Ancillary Agreement.

(b) Any party that receives, pursuant to a request for information in accordance with this Article VI, Tangible Information that is not relevant to its request shall, at the request of the providing Party, (i) return it to the providing Party or, at the providing Party's request, destroy such Tangible Information; and (ii) deliver to the providing Party written confirmation that such Tangible Information was returned or destroyed, as the case may be, which confirmation shall be signed by an authorized representative of the requesting Party.

Section 6.07 Production of Witnesses; Records; Cooperation

(a) After the Effective Time, except in the case of a Dispute between Parent and Telemind, or any members of their respective Groups, each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party (or member of its Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other Party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 6.07, each of the Parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any Intellectual Property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.07 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses directors, officers, employees, other personnel and agents without regard to whether such person could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.07(a)).

Section 6.08 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Parent Group and the Telemynd Group, and that each of the members of the Parent Group and the Telemynd Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges which may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services will be provided following the Effective Time, which services will be rendered solely for the benefit of the Parent Group or the Telemynd Group, as the case may be. In furtherance of the foregoing, each Party shall authorize the delivery to and/or retention by the other Party of materials existing as of the Effective Time that are necessary for such other Party to perform such services.

(b) The Parties agree as follows:

(i) Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Parent Business and not to the Telemynd Business, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the Telemynd Group. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Parent Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the Telemynd Group;

(ii) Telemynd shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Telemynd Business and not to the Parent Business, whether or not the Privileged Information is in the possession or under the control of any member of the Telemynd Group or any member of the Parent Group. Telemynd shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Telemynd Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Telemynd Group or any member of the Parent Group; and

(iii) if the Parties do not agree as to whether certain information is Privileged Information, then such information shall be treated as Privileged Information, and the Party that believes that such information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information unless the Parties otherwise agree. The Parties shall use the procedures set forth in Article VII to resolve any disputes as to whether any information relates solely to the Parent Business, solely to the Telemynd Business, or to both the Parent Business and the Telemynd Business.

(c) Subject to the remaining provisions of this Section 6.08, the Parties agree that they shall have a shared privilege or immunity with respect to all privileges and immunities not allocated pursuant to Section 6.08(b) and all privileges and immunities relating to any Actions or other matters that involve both Parties (or one or more members of their respective Groups) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) If any Dispute arises between the Parties or any members of their respective Groups regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or any member of their respective Groups, each Party agrees that it shall (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the other Party; and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except in good faith to protect its own legitimate interests.

(e) In the event of any Dispute between Parent and Telemynd, or any members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 6.08(c); provided that the Parties intend such waiver of a shared privilege to be effective only as to the use of information with respect to the Action between the Parties and/or the applicable members of their respective Groups, and is not intended to operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by either Party, or by any member of its respective Group, of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which another Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party shall promptly notify the other Party of the existence of the request (which notice shall be delivered to such other Party no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 6.08 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any information pursuant to this Agreement is made in reliance on the agreement of Parent and Telemynd set forth in this Section 6.08 and in Section 6.09 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups as needed pursuant to this Agreement, is not intended to be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

(h) In connection with any matter contemplated by Section 6.07 or this Section 6.08, the Parties agree to, and to cause the applicable members of their Group to, use commercially reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

Section 6.09 Confidentiality.

(a) Confidentiality. Subject to Section 6.10, from and after the Effective Time each of Parent and Telemynd, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Parent's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party or any member of the other Party's Group or their respective businesses (giving effect to the Separation and Distribution) that is either in its possession (including confidential and proprietary information in its possession prior to the date hereof) or furnished by any such other Party or any member of such Party's Group or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such confidential and proprietary information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any member of such Party's Group or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information, or (iii) independently developed or generated without reference to or use of any proprietary or confidential information of the other Party or any member of such Party's Group. If any confidential and proprietary information of one Party or any member of its Group is disclosed to the other Party or any member of such other Party's Group in connection with providing services to such first Party or any member of such first Party's Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) No Release; Return or Destruction. Each Party agrees not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.09(a) to any other Person, except its Representatives who need to know such information in their capacities as such (who shall be advised of their obligations hereunder with respect to such information), and except in compliance with Section 6.10. Without limiting the foregoing, when any such information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, and is no longer subject to any legal hold or other document preservation obligation, each Party will promptly after request of the other Party either return to the other Party all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that the Parties may retain electronic back-up versions of such information maintained on routine computer system backup tapes, disks or other backup storage devices; provided further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(c) Third-Party Information; Privacy or Data Protection Laws. Each Party acknowledges that it and members of its Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or legally-protected personal information relating to, Third Parties (i) that was received under privacy policies and/or confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or members of such other Party's Group, on the other hand, prior to the Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party or members of such other Party's Group and that may be subject to and protected by privacy policies, as well as privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or legally-protected personal information relating to, Third Parties in accordance with privacy policies and privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or members of the other Party's Group, on the one hand, and such Third Parties, on the other hand. With respect to legally-protected personal information received from consumers before the Effective Time, each Party agrees that it will not use data in a manner that is materially inconsistent with promises made at the time the data was collected unless it first obtains affirmative express consent from the relevant consumer.

(d) Protective Arrangements. In the event that a Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any member of the other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

**ARTICLE VII.  
EMPLOYEE PROVISIONS**

Section 7.01 Assignment and Transfer of Employees. Effective as of no later than the Effective Time and except as otherwise agreed by the Parties, the Parties shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Telemynd Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the Parent human resources department or otherwise taken in accordance with applicable Law) (collectively, the “*Telemynd Employees*”) is employed by a member of the Telemynd Group as of immediately after the Effective Time. Each of the Parties agrees to execute, and to seek to have the applicable Telemynd Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

Section 7.02 At-Will Status. Nothing in this Agreement shall create any obligation on the part of any member of the Telemynd Group to (a) continue the employment of any Telemynd Employee or permit the return from a leave of absence for any period after the date of this Agreement (except as required by applicable Law) or (b) change the employment status of any Telemynd Employee from “at-will,” to the extent that such Telemynd Employee is an “at-will” employee under applicable Law.

Section 7.03 Severance. The Parties acknowledge and agree that, except as required by applicable Law, the Separation, Distribution and the assignment, transfer or continuation of the employment of Telemynd Employees as contemplated by this Article VII shall not be deemed an involuntary termination of employment entitling any Telemynd Employee to severance payments or benefits.

Section 7.04 Director Compensation. Subject to the terms of the Merger Agreement, Parent shall be responsible for the payment of any fees for service on the Parent Board that are earned at, before, or after the Effective Time, and Telemynd shall not have any responsibility for any such payments.

Section 7.05 Adoption and Transfer and Assumption of Benefit Plans

(a) Adoption by Parent of Benefit Plans. As of no later than the Effective Time or as soon thereafter as is practicable, Telemynd shall adopt Benefit Plans (and related trusts, if applicable) as contemplated by, and in accordance with, the terms of this Agreement.

(b) Information and Operation. Parent shall use its commercially reasonable efforts to provide Telemynd with information describing each Benefit Plan election made by a Telemynd Employee that may have application to such Party’s Benefit Plans from and after the Effective Time, and each Party shall use its commercially reasonable efforts to administer its Benefit Plans using those elections. Each Party shall, upon reasonable request, use its commercially reasonable efforts to provide the other Party and the other Party’s respective Affiliates, agents, and vendors all information reasonably necessary to the other Party’s operation or administration of its Benefit Plans.

Section 7.06 Individual Agreements. To the extent necessary, Parent shall assign, or cause an applicable member of the Parent Group to assign, to Telemynd or another member of the Telemynd Group, as designated by Telemynd, all Individual Agreements with Telemynd Employees, with such assignment to be effective as of no later than the Effective Time; provided, however, that to the extent that assignment of any such Individual Agreement is not permitted by the terms of such agreement or by applicable Law, effective as of the Effective Time, each member of the Telemynd Group shall be considered to be a successor to each member of the Parent Group for purposes of, and a third-party beneficiary with respect to, such Individual Agreement, such that each member of the Telemynd Group shall enjoy all of the rights and benefits under such agreement (including rights and benefits as a third-party beneficiary), with respect to the business operations of the Telemynd Group.

Section 7.07 Information Sharing and Access.

(a) Sharing of Information. Subject to any limitations imposed by applicable Law, each of Parent and Telemynd (acting directly or through members of the Parent Group or the Telemynd Group, respectively) shall provide to the other Party and its authorized agents and vendors all information necessary (including information for purposes of determining benefit eligibility, participation, vesting, calculation of benefits) on a timely basis under the circumstances for the Party to perform its duties under this Agreement. Such information shall include information relating to equity awards under stock plans. To the extent that such information is maintained by a third-party vendor, each Party shall use its commercially reasonable efforts to require the third-party vendor to provide the necessary information and assist in resolving discrepancies or obtaining missing data.

(b) Transfer of Personnel Records and Authorization. Subject to any limitation imposed by applicable Law and to the extent that it has not done so before the Effective Time, Parent shall transfer to Telemynd any and all employment records (including any Form I-9, Form W-2 or other IRS forms) with respect to Telemynd Employees and other records reasonably required by Telemynd to enable Telemynd properly to carry out its obligations under this Agreement. Such transfer of records generally shall occur as soon as administratively practicable at or after the Effective Time. Each Party shall permit the other Party reasonable access to its Telemynd Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

**ARTICLE VIII.**  
**TAXES**

Section 8.01 Parent Consolidated Returns. Parent shall prepare and file or cause to be prepared and filed all Parent Consolidated Returns for a Pre-Closing Period or a Straddle Period, and shall pay all Taxes shown to be due and payable on such Tax Returns. Telemynd shall elect and join, and will cause its respective Subsidiaries and Affiliates to join, in filing any Parent Consolidated Returns that Telemynd is joining consistent with Past Practice or that Parent and Telemynd determine in good faith are required to be filed or for which Telemynd and Parent mutually elect to do so. Telemynd shall pay to Parent any Telemynd Taxes shown as due and payable on any Parent Consolidated Return prepared and filed pursuant to this Section 8.01. For the avoidance of doubt any Taxes for a Straddle Period shall be allocated to the Pre-Closing Period and the Post-Closing Period as set forth in Section 8.06.

Section 8.02 Mixed Business Tax Returns

(a) Subject to Section 8.02(b), Parent shall prepare (or cause a member of the Parent Group to prepare) and Parent, a member of the Parent Group or Telemynd or another member of the Telemynd Group shall timely file (or cause to be timely filed) any Mixed Business Tax Returns for a Pre-Closing Period (including a Straddle Period) and Parent shall pay, or cause such member of the Parent Group to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Telemynd shall reimburse Parent for any Telemynd Taxes (including any Taxes for a Straddle Period as determined under Section 8.06).

(b) Telemynd shall prepare and file (or cause a member of the Telemynd Group to prepare and file) any Mixed Business Tax Returns for a Pre-Closing Period (including a Straddle Period) required to be filed by Telemynd or a member of the Telemynd Group after the Distribution Date, and Telemynd shall pay, or cause such member of the Telemynd Group to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Parent shall reimburse Telemynd for any Parent Taxes (including any Taxes for a Straddle Period as determined under Section 8.06).

Section 8.03 Single Business Returns

(a) Parent shall prepare and file (or cause a member of the Parent Group to prepare and file) any Single Business Returns for a Pre-Closing Period (including a Straddle Period) required to be filed by Parent or a member of the Parent Group and shall pay, or cause such member of the Parent Group to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Telemynd shall reimburse Parent for any Telemynd Taxes (including any Taxes for a Straddle Period as determined under Section 8.06).

(b) Telemynd shall prepare and file (or cause a member of the Telemynd Group to prepare and file) any Single Business Returns for a Pre-Closing Period (including a Straddle Period) required to be filed by Telemynd or a member of the Telemynd Group and shall pay, or cause such member of the Telemynd Group to pay, all Taxes shown to be due and payable on such Tax Returns; provided that Parent shall reimburse Telemynd for any Parent Taxes (including any Taxes for a Straddle Period as determined under Section 8.06).

Section 8.04 Procedures relating to Tax Returns other than Single Business Returns

(a) Parent Consolidated Returns. With respect to all Parent Consolidated Returns for the taxable year which includes the Distribution Date, Parent shall use the closing of the books method under Treasury Regulation Section 1.1502-76 (including adopting the “end of the day rule” described therein). To the extent that the positions taken on any Parent Consolidated Return would reasonably be expected to materially adversely affect the Tax position of Telemynd or a member of the Telemynd Group for any period after the Distribution Date, Parent shall prepare the portions of such Tax Return in a manner that is consistent with Past Practice unless otherwise required by applicable Law or agreed to in writing by the Parties, and shall provide a draft of such portion of such Tax Return to Telemynd for its review and comment at least thirty (30) days prior to the Due Date for such Tax Return, provided, however, that nothing herein shall prevent Parent from timely filing any such Tax Return. In the event that Past Practice is not applicable to a particular item or matter, Parent shall determine the reporting of such item or matter in good faith. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 8.16. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any such Tax Return, such Tax Return shall be timely filed by Parent and Parent agrees to amend such Tax Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

(b) Mixed Business Tax Returns. To the extent that the positions taken on any Mixed Business Tax Return would reasonably be expected to materially adversely affect the Tax position of the party other than the party that is required to prepare and file any such Tax Return pursuant to Section 8.02 (the “**Reviewing Party**”) in any Post-Closing Period, the party required to prepare and file such Tax Return (the “**Preparing Party**”) shall prepare the portions of such Tax Return that relates to the business of the Reviewing Party in a manner that is consistent with Past Practice unless otherwise required by applicable Law or agreed to in writing by the Parties, and shall provide a draft of such portion of such Tax Return to the Reviewing Party for its review and comment at least thirty (30) days prior to the Due Date for such Tax Return, provided, however, that nothing herein shall prevent the Preparing Party from timely filing any such Tax Return. In the event that Past Practice is not applicable to a particular item or matter, the Preparing Party shall determine the reporting of such item or matter in good faith. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 8.16. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any such Tax Return, such Tax Return shall be timely filed by the Preparing Party and the Parties agree to amend such Tax Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

Section 8.05 Amended Returns. Except as provided in Section 8.04 to reflect the resolution of any dispute by the Accounting Firm pursuant to Section 8.16, (a) except with the prior written consent of Parent (such consent not to be unreasonably withheld, delayed or conditioned), Telemynd shall not, and shall not permit any member of the Telemynd Group to, amend any Tax Return of Telemynd or any member of the Telemynd Group for any Pre-Closing Period (including any Straddle Period) to the extent such amendment could reasonably be expected to result in an indemnification obligation on the part of Parent pursuant to Section 8.10 or otherwise increase the Taxes of any member of the Parent Group and (b) except with the prior written consent of Telemynd (such consent not to be unreasonably withheld, delayed or conditioned), Parent shall not, and shall not permit any member of the Parent Group to, amend any Tax Return for any Pre-Closing Period (including any Straddle Period) to the extent such amendment could reasonably be expected to result in an indemnification obligation on the part of Telemynd pursuant to Section 8.10 or otherwise increase the Taxes of any member of the Telemynd Group.

Section 8.06 Straddle Period Tax Allocation. Parent and Telemynd shall take all actions necessary or appropriate to close the taxable year of Telemynd and each member of the Telemynd Group for all Tax purposes as of the close of the Distribution Date to the extent permissible or required under applicable Law. If applicable Law does not require or permit Telemynd or a member of the Telemynd Group, as the case may be, to close its taxable year on the Distribution Date, then the allocation of income or deductions required to determine any Taxes or other amounts attributable to the portion of the Straddle Period ending on, or beginning after, the Distribution Date shall be made by means of a closing of the books and records of Telemynd or such member of the Telemynd Group as of the close of the Distribution Date; provided that exemptions, allowances or deductions that are calculated on an annual or periodic basis shall be allocated between such portions in proportion to the number of days in each such portion; provided, further, that real property and other property and similar periodic Taxes shall be apportioned on a per diem basis.

Section 8.07 Timing of Payments. All Taxes required to be paid or caused to be paid pursuant to this Article VIII by either Parent or a member of the Parent Group or Telemynd or a member of the Telemynd Group, as the case may be, to an applicable Taxing Authority or reimbursed by Parent or Telemynd to the other Party pursuant to this Agreement, shall, in the case of a payment to a Taxing Authority, be paid on or before the Due Date for the payment of such Taxes and, in the case of a reimbursement to the other Party, be paid at least five (5) business days before the Due Date for the payment of such Taxes by the other Party; provided that the Party seeking reimbursement shall furnish such other Party reasonably satisfactory documentation setting forth the basis for, and calculation of, the amount of such reimbursement obligation at least twenty (20) days before such Due Date.

Section 8.08 Expenses. Except as expressly provided in Section 8.09(b) and Section 8.16, each Party shall bear its own expenses incurred in connection with this Article VIII.

Section 8.09 Distribution Tax Reporting.

(a) The Parties shall cause the Distribution to be reported to holders of Parent Shares in accordance with applicable Law. The Parties shall not take any position on any U.S. federal or state income tax return or take any other U.S. tax reporting position that is inconsistent with the treatment of the Distribution as a distribution to which Section 301 of the Code applies, except as otherwise required by applicable Law or a “determination” as defined in Code Section 1313.

(b) Section 336(e) Election. Pursuant to Treasury Regulation Section 1.336-2(h)(1), if requested by Telemynd in its sole discretion, Parent shall make a timely election under Section 336(e) of the Code and the Treasury Regulations issued thereunder for Telemynd respect to the Distribution (a “**Section 336(e) Election**”). If so elected by Telemynd, Parent shall cooperate with Telemynd in making the Section 336(e) Election, including filing any statements, amending any Tax Returns or taking such other action reasonably necessary to carry out the Section 336(e) Election; provided that Parent shall not be required to take any action requested by Telemynd in furtherance of this Section 8.09(b) that Parent reasonably and in good faith determines to be materially adverse to Parent or any other member of the Parent Group. For the avoidance of doubt, this Agreement is intended to constitute a written, binding agreement by Parent and Telemynd to make such Section 336(e) Election within the meaning of Treasury Regulation Section 1.336-2(h)(1)(i) if Telemynd determines that such election shall be made. In such event, within sixty (60) days after the Distribution Date, Telemynd shall provide Parent with a proposed determination of the “aggregate deemed asset disposition price” and the “adjusted grossed-up basis” (each as defined under applicable Treasury Regulations) and the allocation of such “aggregate deemed asset disposition price” and “adjusted grossed-up basis” among the Telemynd Assets, each in accordance with the applicable provisions of Section 336(e) of the Code and applicable Treasury Regulations (the “**Section 336(e) Allocation Statement**”). Within thirty (30) days after Parent’s receipt of the Section 336(e) Allocation Statement, Parent shall provide comments (if any) to Telemynd to the Section 336(e) Allocation Statement and Telemynd shall consider such comments in good faith; provided, however, that Telemynd may not reject any such Parent comment if such rejection would materially adversely affect Parent without Parent’s consent, which consent may not be unreasonably withheld, delayed or conditioned (taking into account the rights and obligations under this Agreement); provided, however, that if Telemynd may not reject any such comment pursuant to this sentence then the Parties shall work together in good faith and any remaining disagreement with respect to such comment shall be resolved pursuant to Section 8.04. If Telemynd determines that the Section 336(e) Election shall be made, no member of the Parent Group or the Telemynd Group shall take any position inconsistent with the Section 336(e) Election including the Section 336(e) Allocation Statement (as finally resolved pursuant to this Section 8.09(b)) except as may be required by a “determination” as defined in Section 1313 of the Code. For the avoidance of doubt, Telemynd shall bear all costs, expenses and Liabilities of Parent arising solely as a result of this Section 8.09(b), including out of pocket costs and expenses arising in connection with amending any Parent Tax Returns.

Section 8.10 Tax Indemnification.

(a) Indemnification by Parent. Parent shall pay, and shall indemnify and hold the Telemynd Group harmless from and against, without duplication, (a) all Parent Taxes, (b) all Taxes incurred by Telemynd or any member of the Telemynd Group that would not have been imposed but for the breach by Parent of any of its covenants hereunder, and (c) any out-of-pocket costs and expenses related to the foregoing (including reasonable attorneys’ fees and expenses).

(b) Indemnification by Telemynd. Telemynd shall pay, and shall indemnify and hold the Parent Group harmless from and against, without duplication, (a) all Telemynd Taxes, (b) all Taxes incurred by Parent or any member of the Parent Group that would not have been imposed but for the breach by Telemynd of any of its covenants hereunder, and (c) any out-of-pocket costs and expenses related to the foregoing (including reasonable attorneys' fees and expenses).

(c) Characterization of and Adjustments to Payments. For all Tax purposes, unless otherwise required under applicable Law or pursuant to a "determination" as defined in Code Section 1313, Parent and Telemynd shall treat any payment by Parent to a member of the Telemynd Group or by Telemynd to a member of the Parent Group required by this Agreement (other than payments with respect to interest accruing after the Distribution Date) as either a contribution by Parent to Telemynd or a distribution by Telemynd to Parent, as the case may be, occurring immediately prior to the Distribution.

(d) Timing of Indemnification Payments. Indemnification payments in respect of any liabilities for which a Tax Indemnified Party is entitled to indemnification pursuant to this Article VIII shall be paid by the Indemnifying Party to the Tax Indemnified Party within ten (10) days after written notification thereof by the Tax Indemnified Party (or such shorter period specified in this Article VIII), including reasonably satisfactory documentation setting forth the basis for, and calculation of, the amount of such indemnification payment, or within ten (10) days after resolution of any Tax Proceeding pursuant to Section 8.13.

(e) To the extent that the provisions of this Section 8.10 conflict with the provisions of Section 4.02 or Section 4.03, the provision set forth in this Section 8.10 shall control.

Section 8.11 Refunds.

(a) Refunds and Credits.

(i) Parent shall be entitled to all Refunds received by any member of the Telemynd Group or any of their Affiliates of Taxes paid by any member of the Parent Group to a Taxing Authority or to Telemynd pursuant to this Agreement or otherwise borne by Parent pursuant to a claim for indemnity under this Agreement, and Telemynd shall be entitled to all Refunds received by any member of the Parent Group or any of their Affiliates of Taxes paid by any member of the Telemynd Group to a Taxing Authority or to Parent pursuant to this Agreement or otherwise borne by Telemynd pursuant to a claim for indemnity under this Agreement; provided, however, that all Refunds of Taxes shall be offset and reduced by any amounts owed by the Party otherwise entitled to the Refund under this Section 8.11(a)(i) to the other Party under this Agreement. For the avoidance of doubt, to the extent that a particular Refund of Taxes is allocable to a Straddle Period with respect to which the Parties have shared responsibility pursuant to Section 8.06, the portion of such Refund to which each Party will be entitled shall be determined by comparing the amount of payments made by a Party (or any member of such Party's Group) to a Taxing Authority or to the other Party (and reduced by the amount of payments received from the other Party) pursuant to this Article VIII with the Tax liability of such Party as determined under Section 8.06, taking into account the facts as utilized for purposes of claiming such Refund. If a Party (or any member of its Tax Group) receives a Refund to which the other Party is entitled pursuant to this Agreement, such Party shall pay the net amount to which such other Party is entitled (including, for avoidance of doubt, net of any Taxes imposed with respect to such refund and any other reasonable out-of-pocket costs incurred by such Party) within ten (10) days after the receipt of the Refund. Notwithstanding the foregoing, neither Party shall be entitled to any payment or other benefit from the other Party pursuant to this Section 8.11(a)(i) related to any Refund that is attributable to the carrying back to a Pre-Closing Period of a net operating loss or tax credit that arose in a Post-Closing Period.

(ii) For the avoidance of doubt, to the extent that a Party (or any member of its Tax Group) applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable (or a Taxing Authority requires such application in lieu of a Refund) and such overpayment of Taxes, if received as a cash refund, would have been payable by such Party to the other Party pursuant to this Section 8.11, such Party shall pay such amount to the other Party no later than ten (10) days following the Due Date of the Tax Return on which the overpayment is reflected.

(iii) If there is a subsequent reduction by a Taxing Authority (or by virtue of a change in applicable Tax Law) of any amounts with respect to which a payment has been made pursuant to Section 8.11(a)(i), then the applicable Party that received the benefit of the Refund from the other Party shall pay to such other Party an amount equal to such reduction plus any interest or penalties imposed by a Taxing Authority with respect to such reduction.

Section 8.12 Net Operating Losses. The Parties agree to allocate the net operating losses of Telemynd existing on the Distribution Date to first reduce any Parent Transaction Taxes. Any net operating losses of Telemynd remaining after such use shall follow the Telemynd Group after the Distribution Date to the fullest extent permitted under applicable Law, and, except in accordance with the foregoing provisions of this Section 8.12, Parent shall not utilize the net operating losses of Telemynd after the Distribution Date unless otherwise required under applicable Law. Parent and Telemynd hereby agree to compute all Taxes for Post-Closing Periods consistently with the allocation of Telemynd net operating losses pursuant to this Section 8.12. Parent and Telemynd hereby agree not to make any election with respect to the net operating losses allocated pursuant to this Section 8.12 to Telemynd without the prior written approval of Telemynd, which approval shall be provided by Telemynd in its sole and absolute discretion. Notwithstanding anything to the contrary herein, to the extent that the net operating losses of Telemynd are not sufficient to eliminate entirely the Parent Transaction Taxes, to maximum extent allowed by Law, any net operating losses of Parent (or any Affiliate of Parent) shall be used to reduce the Parent Transaction taxes to zero.

Section 8.13 Tax Proceedings. To the extent the provisions of this Section 8.13 conflict with the provisions of Section 4.05, the provisions of this Section 8.13 shall control.

(a) Notification of Tax Proceedings. Within ten (10) days after a Tax Indemnified Party becomes aware of the commencement of a Tax Proceeding with respect to a Pre-Closing Period (including a Straddle Period), such Tax Indemnified Party shall notify the Indemnifying Party of such Tax Proceeding, and thereafter shall promptly forward or make available to the Indemnifying Party copies of material notices and material communications relating to such Tax Proceeding. The failure of the Tax Indemnified Party to notify the Indemnifying Party of the commencement of any such Tax Proceeding within such 10 day period or promptly forward any further material notices or material communications shall not relieve the Indemnifying Party of any obligation which it may have to the Tax Indemnified Party under this Agreement except to the extent to which the Indemnifying Party is actually prejudiced by the Tax Indemnified Party's failure to provide notice in accordance with this Section 8.13(a).

(b) Tax Proceeding Procedures Generally.

(i) Tax Proceedings relating to Parent Consolidated Returns. Parent shall be entitled to contest, compromise, control and settle any adjustment or deficiency proposed, asserted or assessed pursuant to any Tax Proceeding with respect to any Parent Consolidated Return; provided that to the extent such Tax Proceeding could reasonably be expected to adversely affect the amount of Taxes for which Telemynd is responsible pursuant to Section 8.10, Parent shall (A) defend such Tax Proceeding diligently and in good faith and (B) shall keep Telemynd informed in a timely manner of all actions proposed to be taken by Parent with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which Telemynd is responsible pursuant to Section 8.10), (C) shall permit Telemynd to participate (at Telemynd's sole expense) in all proceedings with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which Telemynd is responsible pursuant to Section 8.10), and (D) shall not settle any such Tax Proceeding without the prior written consent of Telemynd, which shall not be unreasonably withheld, conditioned or delayed.

(ii) Tax Proceedings relating to Other Returns. The Preparing Party (in the case of a Mixed Business Tax Return) or the Single Business Return Preparing Party (in the case of a Single Business Return) shall be entitled to contest, compromise, control and settle any adjustment or deficiency proposed, asserted or assessed pursuant to any Tax Proceeding with respect to any Mixed Business Tax Return or Single Business Return; provided that to the extent such Tax Proceeding could reasonably be expected to adversely affect the amount of Taxes for which non-controlling Party is responsible pursuant to Section 8.10, the controlling Party shall (A) defend such Tax Proceeding diligently and in good faith, (B) shall keep the non-controlling party informed in a timely manner of all actions proposed to be taken by the controlling party with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which the non-controlling party is responsible pursuant to Section 8.10), (C) shall permit the non-controlling Party to participate (at the non-controlling Party's sole expense) in all material proceedings with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which the non-controlling Party is responsible pursuant to Section 8.10), and (D) shall not settle any such Tax Proceeding without the prior written consent of the non-controlling Party, which shall not be unreasonably withheld, conditioned or delayed.

Section 8.14 Tax Cooperation.

(a) General Cooperation. The Parties shall each cooperate fully (and each shall cause its respective Subsidiaries to cooperate fully) with all reasonable requests in writing from another Party hereto, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of Tax Returns, claims for Refunds, Tax Proceedings, and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of either of the Parties or their respective Subsidiaries covered by this Agreement and in connection with any financial reporting matter relating to Taxes (a "**Tax Matter**"). Such cooperation shall include the provision of any information reasonably necessary in connection with a Tax Matter ("**Information**") and shall include, without limitation:

(i) the provision of any Tax Returns, other than any Parent Consolidated Return, of the Parties and their respective Subsidiaries and other documentation and information which is reasonably relevant to any such Tax Return, claim for Refund, Tax Proceeding or calculation;

(ii) the execution of any document (including any power of attorney) reasonably necessary in connection with any Tax Proceedings of either of the Parties or their respective Subsidiaries for Pre-Closing Periods (including Straddle Periods); and

(iii) the making of each Party's employees, advisors, and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters.

(b) Notwithstanding anything in this Agreement to the contrary, neither Party shall be required to provide the other Party or any of such other Party's Subsidiaries access to or copies of information, documents or personnel if such action could reasonably be expected to result in the waiver of any Privilege. In the event that either Party determines that the provision of any information or documents to the other Party or any of such other Party's Subsidiaries could be commercially detrimental, violate any law or agreement or waive any Privilege, the Parties shall use commercially reasonable efforts to permit compliance with its obligations hereunder in a manner that avoids any such harm or consequence.

(c) The Parties shall perform all actions required or permitted under this Agreement in good faith. If one Party requests the cooperation of the other Party pursuant to this Section 8.14, the requesting Party shall reimburse such other Party for all reasonable out-of-pocket costs and expenses incurred by such other Party in complying with the requesting Party's request.

Section 8.15 Retention of Records. Parent and Telemynd shall retain or cause to be retained all Tax Returns, material schedules and material work papers, and all material records or other material documents relating thereto in their possession, in each case that relate to a Pre-Closing Period, until the expiration of all applicable statutes of limitations (the "**Retention Period**"). Upon the expiration of the Retention Period, the foregoing information may be destroyed or disposed of by the Party retaining such documentation or other information unless the other Party otherwise requests in writing before the expiration of the Retention Period. In such case, the Party retaining such documentation or other information shall deliver such materials to the other Party at the expense of such other Party.

Section 8.16 Tax Dispute Resolution. In the event of any dispute between the Parties as to any matter covered by this Article VIII, the Parties shall appoint a nationally recognized public accounting firm reasonably acceptable to both of the Parties (the “*Accounting Firm*”) to resolve such dispute. In this regard, the Accounting Firm shall make determinations with respect to the disputed items based solely on representations made by Parent and Telemynd and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination within the ranges submitted by the Parties. The Parties shall require the Accounting Firm to resolve all disputes no later than thirty (30) days after the submission of such dispute to the Accounting Firm, and agree that all decisions by the Accounting Firm with respect thereto shall be final and conclusive and binding on the Parties. The Accounting Firm shall resolve all disputes in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with the Past Practices of Parent and its Subsidiaries, except as otherwise required by applicable Law. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The total costs and expenses of the Accounting Firm will be allocated and borne between Parent and Telemynd based upon that percentage of such fees and expenses equal to the percentage of the dollar value of the proposed determinations submitted to the Accounting Firm determined in favor of the other Party; provided, that if in light of the nature of the dispute the foregoing is not feasible, such costs and expenses shall be borne equally by the Parties. Any initial retainer required by the Accounting Firm shall be funded equally by the Parties (and, following the Accounting Firm’s determination, the Parties shall make appropriate payments between themselves as are necessary to give effect to the preceding sentence). To the extent the provisions of this Section 8.16 conflict with the provisions of Article IX, the provisions of this Section 8.16 shall control. Notwithstanding anything to the contrary contained herein, in the case of Parent Consolidated Returns, the Accounting Firm shall resolve any dispute in favor of Telemynd if Telemynd’s position is supported by a “more likely than not” standard under the Code or if no position is supported by a “more likely than not” standard, if Telemynd’s position has “substantial authority” within the meaning of Treasury Regulation Section 1.6662-4(d)(2).

Section 8.17 Transfer Taxes. All Transfer Taxes, if any, shall be borne by Telemynd and shall be paid by Telemynd when due. Telemynd will prepare and timely file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes (the expense of which shall be borne by Telemynd) and, if required by applicable Law, Parent will join in the execution of any such Tax Returns and other documentation.

#### ARTICLE IX. DISPUTE RESOLUTION

Section 9.01 Good Faith Offer Negotiation. Subject to Section 9.04, either Party seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement or any Ancillary Agreement (including regarding whether any Assets are Telemynd Assets, any Liabilities are Telemynd Liabilities or the validity, interpretation, breach or termination of this Agreement or any Ancillary Agreement) (a “*Dispute*”), shall provide written notice thereof to the other Party (the “*Offer Negotiation Request*”). Within fifteen (15) days of the delivery of the Offer Negotiation Request, the Parties shall attempt to resolve the Dispute through good faith negotiation. All such negotiations shall be conducted by executives who hold, at a minimum, the title of Senior Vice President and who have authority to settle the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve a Dispute within thirty (30) days of receipt of the Offer Negotiation Request, and such thirty (30) day period is not extended by mutual written consent of the Parties, the Chief Executive Officers of the Parties shall enter into good faith negotiations in accordance with Section 9.02.

Section 9.02 Good-Faith Negotiation. If any Dispute is not resolved pursuant to Section 9.01, the Party that delivered the Offer Negotiation Request shall provide written notice of such Dispute to the Chief Executive Officer of each Party (a “**CEO Negotiation Request**”). As soon as reasonably practicable following receipt of a CEO Negotiation Request, the Chief Executive Officers of the Parties shall begin conducting good-faith negotiations with respect to such Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Chief Executive Officers of the Parties are unable for any reason to resolve a Dispute within thirty (30) days of receipt of a CEO Negotiation Request, and such 30 day period is not extended by mutual written consent of the Parties, the Dispute shall be submitted to arbitration in accordance with Section 9.03.

Section 9.03 Arbitration.

(a) In the event that a Dispute has not been resolved within thirty (30) days of the receipt of a CEO Negotiation Request in accordance with Section 9.02, or within such longer period as the Parties may agree to in writing, then such Dispute shall, upon the written request of a Party (the “**Arbitration Request**”) be submitted to be finally resolved by binding arbitration in accordance with the then current International Institute for Conflict Prevention and Resolution (“**CPR**”) arbitration procedure, except as modified herein. The arbitration shall be held in (i) Orange County, California, or (ii) such other place as the Parties may mutually agree in writing. Unless otherwise agreed by the Parties in writing, any Dispute to be decided pursuant to this Section 9.03 will be decided before a sole arbitrator. The sole independent arbitrator will be appointed by agreement of the Parties within fifteen (15) days of the date of receipt of the Arbitration Request. If the Parties cannot agree to a sole independent arbitrator during such fifteen (15) day period, then upon written application by either party, the sole independent arbitrator will be appointed pursuant to the CPR arbitration procedure.

(b) The arbitrator will have the right to award, on an interim basis, or include in the final award, any relief which it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and reasonable attorneys’ fees and costs; provided that the arbitrators will not award any relief not specifically requested by the Parties and, in any event, will not award any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim). The award of the arbitrator shall be final and binding on the Parties, and may be enforced in any court of competent jurisdiction. The initiation of arbitration pursuant to this Article IX will toll the applicable statute of limitations for the duration of any such proceedings.

**ARTICLE X.  
FURTHER ASSURANCES AND ADDITIONAL COVENANTS**

Section 10.01 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party hereto shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the Telemynd Assets and the Parent Group's assets and the assignment and assumption of the Telemynd Liabilities and the Parent Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of the other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, Parent and Telemynd, in their respective capacities as direct and indirect stockholders of the members of their Groups, shall each ratify any actions which are reasonably necessary or desirable to be taken by Parent, Telemynd or any of the members of their respective Groups, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Parent and Telemynd, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of Telemynd or any other member of the Telemynd Group, on the one hand, or of Parent or any other member of the Parent Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any third Person arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

**ARTICLE XI.  
TERMINATION**

Section 11.01 Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by Parent, in its sole and absolute discretion, without the approval or consent of any other Person, including Telemynd. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

Section 11.02 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to the other Party by reason of this Agreement.

**ARTICLE XII.  
MISCELLANEOUS**

Section 12.01 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. This Agreement and the Ancillary Agreements together govern the arrangements in connection with the Separation and Distribution and would not have been entered independently.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and Telemynd represents on behalf of itself and each other member of the Telemynd Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(iii) No broker, finder or other Person is entitled to any fee or commission in connection with the transactions contemplated in this Agreement based upon any arrangement made by or on behalf of Parent or Telemynd.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any Ancillary Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement or any Ancillary Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 12.02 Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 12.03 Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties and the parties thereto, respectively, and their respective successors and permitted assigns; provided, however, that neither Party nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Party hereto or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole ( *i.e.*, the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party.

Section 12.04 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement and each Ancillary Agreement of any Parent Indemnitee or Telemynd Indemnitee in their respective capacities as such, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third person with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

Section 12.05 Notices. Any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered by hand, by registered mail, by courier or express delivery service or by facsimile to the address or facsimile telephone number set forth beneath the name of such Party below (or to such other address or facsimile telephone number as such Party shall have specified in a written notice given to the other parties hereto):

if to Parent prior to the Effective Time to:

MYnd Analytics, Inc.  
26522 La Alameda, Suite 290  
Mission Viejo, CA 92691  
Attention: Patrick Herguth  
Email: [pherguth@myndanalytics.com](mailto:pherguth@myndanalytics.com)

with a copy to:

Dentons US LLP  
1221 Avenue of the Americas  
New York, NY 10020-1089  
Email: [jeffrey.baumel@dentons.com](mailto:jeffrey.baumel@dentons.com)  
[ilan.katz@dentons.com](mailto:ilan.katz@dentons.com)  
Attention: Jeffrey A. Baumel, Esq.  
Ilan Katz, Esq.

if to Parent after the Effective Time to:

Emmaus Life Sciences, Inc.  
21250 Hawthorne Boulevard  
Suite 800, Torrance, CA 90503  
Attention: Chief Executive Officer  
Email: [yniihara@emmauslifesciences.com](mailto:yniihara@emmauslifesciences.com)

with a copy to:

Emmaus Life Sciences, Inc.  
21250 Hawthorne Boulevard  
Suite 800, Torrance, CA 90503  
Attention: General Counsel  
Email: [dshort@emmauslifesciences.com](mailto:dshort@emmauslifesciences.com)

if to Telemetrynd:

MYnd Analytics, Inc.  
26522 La Alameda, Suite 290  
Mission Viejo, CA 92691  
Attention: Patrick Herguth  
Email: pherguth@myndanalytics.com

with a copy to:

Dentons US LLP  
1221 Avenue of the Americas  
New York, NY 10020-1089  
Email: jeffrey.baumel@dentons.com  
ilan.katz@dentons.com  
Attention: Jeffrey A. Baumel, Esq.  
Ilan Katz, Esq.

Section 12.06 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 12.07 No Set-Off. Except as expressly set forth in this Agreement or any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

Section 12.08 Expenses. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all fees, costs and expenses incurred on or prior to the Effective Time in connection with the preparation, execution, delivery and implementation of this Agreement, including the Separation and the Distribution, and any Ancillary Agreement, the Form 10 and the consummation of the transactions contemplated hereby and thereby will be borne by the Party or its applicable Subsidiary incurring such fees, costs or expenses.

Section 12.09 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

Section 12.10 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

Section 12.11 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 12.12 Specific Performance. Subject to the provisions of Article XI, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

Section 12.13 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 12.14 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes (including all Schedules, Exhibits and Appendixes) to such agreement; (e) the word “including” and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (j) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to the date set forth in the introductory paragraph of this Agreement.

Section 12.15 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither Telemynd or any member of the Telemynd Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby.

Section 12.16 Performance. Parent will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Parent Group. Telemynd will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Telemynd Group. Each Party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement and any applicable Ancillary Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

Section 12.17 Mutual Drafting. This Agreement and the Ancillary Agreements shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 12.18 Prior Agreement. The Prior Agreement is hereby amended and restated and will be of no further force of effect.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

PARENT:

**MYND ANALYTICS, INC.**

By: /s/ Patrick Herguth  
Name: Patrick Herguth  
Title: Chief Executive Officer

MYND CALIFORNIA:

**MYND ANALYTICS, INC.**

By: /s/ Patrick Herguth  
Name: Patrick Herguth  
Title: Chief Executive Officer

**TELEMYND, INC.**

By: /s/ Patrick Herguth  
Name: Patrick Herguth  
Title: Chief Executive Officer

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COMMERCIAL LEASE

LEASE made this 13<sup>th</sup> day of March, 2019, by and between Lexvest Parker LLC, a Massachusetts limited liability company with a principal place of business at Two Shaker Road Street, Shirley, Massachusetts 01464 (hereinafter referred to as the "LESSOR") and Mynd Analytics, Inc., a California corporation with a principal place of business at 26522 La Alameda Suite 290 Mission Viejo CA 92648 (hereinafter referred to as the "LESSEE").

1. Leased Premises - The LESSOR hereby leases to the LESSEE and the LESSEE hereby leases from the LESSOR approximately 1,800 rentable square feet being a portion of Suite 306 and as defined in the Lease Schedule listed below in section 2 of this agreement and identified on Exhibit A, located at 141 Parker Street, Maynard, MA (hereinafter referred to as 141 Parker).

The LESSEE shall have as appurtenant to (and to the extent necessary for the uses permitted hereunder) the right to use 24 hours per day, 7 days per week, for their intended purposes, in common with the LESSOR and all others, including other tenants of 141 Parker and their guests and invitees, and subject to such rules and regulations as LESSOR may adopt from time to time, i) walkways, , and ii) other common areas of 141 Parker (collectively hereinafter referred to as the Common Areas or the Facilities). In addition to the rights reserved to the LESSOR in this Lease, LESSOR also reserves the right from time to time, to: construct additions to the Building(s); make alterations to the Building(s); adjust the Total Rentable Area of the Building(s) and 141 Parker and LESSEE'S Proportionate Share thereof (as hereinafter defined); change the size, location or arrangement of Common Areas, install, use, maintain, relocate, repair and replace pipes, ducts, conduits, wires, fixtures, facilities, meters and equipment for service to or in the Leased Premises or to 141 Parker; also to relocate any other Facility, and grant easements or other rights in the Common Areas, if necessary. All changes shall be reasonable, to require that the changes can not unreasonably infringe upon LESSEE'S business operation or use of the leased premises, and shall require advance notice. The LESSEE shall not be entitled to any compensation or abatement of Base Rent (as hereinafter defined) or Additional Rent (as herein after defined) as a result of the granting of such easements so long as LESSOR does not diminish the LESSEE'S right to quiet enjoyment of the Leased Premises and its contemplated operation as an office suite, and for general office use incident thereto and for no other purposes.

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2. Term - The term of this Lease shall be Month to Month (hereinafter referred to as the Term) commencing and ending on the following dates unless sooner terminated, as provided herein. Lessee or Lessor shall have the right to terminate this lease (the "Termination Notice") with 30 days written notice to other during the Term of this Lease.

Lease Schedule

Floor	Rentable Square Feet	Commencement Date	End Date
3rd floor	+/- 1,800	March 18, 2019	September 30, 2019

3. Base Rent – Rent for the period of March 18, 2019 to March 31, 2019 shall be \$1,050.00. Beginning on April 1, 2019 and continuing during the Term, except as hereinafter provided, the LESSEE shall pay to the LESSOR monthly BASE RENT of \$2,100, prorated for a partial month, for the term of the lease, subject to Base Rent Escalation, on or before the first (1<sup>st</sup>) day of each month which shall include LESSEE's electric, heat and cooling. Upon execution of this Lease the LESSEE shall pay first month's rent and Security Deposit.

4. Intentionally Omitted

5. Security Deposit/Security Interest – \$2,100. The Lessor shall return the Security Deposit or any portion thereof due back to Lessee within 30 days after the termination of the lease and provide Lessee with written explanation for any portion withheld.

6. Utilities - Lessor shall not be required to furnish or arrange for the furnishing of utilities or services of any kind to the Leased Premises, or to provide utilities or equipment other than the utilities and equipment within the Leased Premises as of the Commencement Date of this Lease. In the event LESSEE requires additional utilities or equipment, the installation and maintenance thereof shall be the LESSEE'S sole obligation, provided that such installation shall be subject to the written consent of the LESSOR, which consent shall not be unreasonably withheld or delayed. In no event shall LESSOR be liable to LESSEE in damages or otherwise for any interruption, curtailment or suspension of any of the foregoing utility services in the event of a default by the LESSEE under this Lease, or due to repairs, action of public authority, strikes, acts of God or public enemy, or any other cause, whether similar or dissimilar to the aforesaid. Lessee shall not be not responsible for the cost of electric and gas usage.

7. Use - The LESSEE shall use the Leased Premises only for office uses relating thereto and for no other purposes.

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The LESSEE shall only use the Premises for the purpose set forth in this Lease. The LESSEE, at its own expense, shall:

- a) Comply with all federal, state, county, and municipal laws, ordinances, rules, and regulations related to the LESSEE's specific business and the LESSEE's specific use of the Premises;
  - b) Obtain Certificate of Occupancy from the local municipality
  - c) Use the Premises in a safe manner;
  - d) Keep nothing which is hazardous, dangerous or explosive or which might unreasonably increase the risk of fire or other casualty at the Premises.
  - e) Comply with all reasonable requirements of the Landlord's property casualty insurance carrier; provided same does not require any structural or exterior repairs to the Premises and/or the Building.
  - f) Allow landlord to provide fire extinguishers and "No Smoking" signs in accordance with reasonable instructions from the Landlord's property casualty insurance carrier;
  - g) Use the Premises without causing an increase of the Landlord's property casualty insurance rates or pay the amount of any increase caused by the LESSEE's use of the Premises as Additional Rent; (unless such increase is based on LESSEE's use of the Premises pursuant to the terms of this Lease).
  - h) Use the Premises without causing a termination of the Landlord's property casualty insurance policy
  - i) Use the Premises without causing any liens to affect the Premises;
  - j) Maintain the Premises in a neat, clean, habitable condition, free of trash, vermin, and insects;
  - k) Keep the walkways, driving aisles, parking areas, and landscaped areas, which surround and serve the Premises, free of trash and free of goods.
  - l) Keep all trash within tied bags within a covered dumpster or container;
  - m) Keep no animals at the Premises;
  - n) Use only equipment which does not damage the subfloors;
  - o) Use the Premises without unreasonably disturbing the possession or quiet enjoyment of any other tenant;
  - p) Keep all vehicles related to its business from parking on the street;
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- q) Use the Premises in accordance with reasonable, nondiscriminatory regulations established from time to time by the Landlord, which will not interfere with LESSEE's use of the Premises for the use provided in this lease.

8. Compliance with Laws - The LESSEE shall conduct no trade or business in or on the Leased Premises or make any use thereof which will constitute a legal nuisance, be unlawful, or be contrary to any law or municipal by-law. LESSEE agrees that if it or anyone claiming under it generates upon, stores upon, disposes of or transfers to and from the Leased Premises any hazardous materials as defined in any Federal or State law or regulation, LESSEE shall forthwith remove the same from the Leased Premises in the manner provided by applicable law, regardless of when such hazardous materials shall be discovered. Furthermore, LESSEE shall forthwith repair and restore any portion of the Leased Premises, which LESSEE shall disturb in so removing any hazardous materials to the condition, which existed prior to the disturbance thereof. This section shall survive the expiration or other termination of this Lease, and LESSEE agrees that, in addition to any other remedies which LESSOR may have at law, or in equity to enforce this section after the termination of this Lease, the LESSOR shall have the remedy hereinafter set forth. For the purpose of this section, "hazardous materials" shall be deemed to be any materials (including oil) defined as such in any law (Federal, State and/or Local) applicable to the Leased Premises. If LESSEE shall at anytime breach or default in the performance of any of the obligations, covenants or agreements of LESSEE under this section, LESSOR shall have the right to enter upon the Leased Premises and to perform such obligations of LESSEE, including payment of money and the performance of any other act. All sums so paid by LESSOR and all necessary incidental costs and expenses in connection therewith shall be deemed to be Additional Rent under this Lease which shall be payable to LESSOR immediately upon demand. The LESSEE hereby further agrees to indemnify the LESSOR against and hold the LESSOR harmless from any and all liability, damage, cost and expense (including, without implied limitation, costs of collection and attorneys' fees and costs) arising from any claim of liability for environmental damage attributable to the use or occupancy of the Leased Premises during the term of this Lease. As used herein, the term "environmental damage" shall mean any deleterious effect on air, water, or soil having a material adverse impact on persons or property, wherever located, arising from any use of the premises then constituting a violation of any law, rule, or regulation of any governmental authority. The agreements of LESSEE in this section shall survive the termination of this Lease, and the waiver of any such indemnification with respect to any particular instance shall not operate as a waiver with respect to any subsequent or other instance.

9. Insurance - At all times, subsequent to the Commencement Date of this Lease (and immediately, if occupancy in any form has commenced at the date of the execution of this Lease) the LESSEE shall, at its sole cost and expense, maintain with respect to the Leased Premises, the following insurance:

(a) Insurance against damage by such other hazards and in such amounts as any bank, trust company or other institutional lender holding a first mortgage on the Leased Premises may, from time to time, require; Comprehensive public liability insurance, with a combined single limit of not less than One Million (\$1,000,000.00) Dollars for bodily injury and for property damage, and, at the LESSOR'S request, in such higher amounts as may be customarily carried from time to time by commercial tenants utilizing space as warehousing, distribution and Office facilities.

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All policies of insurance required to be maintained by the LESSEE shall name the LESSOR and the LESSEE as the insured, as their respective interests may appear, and shall be written by responsible insurance companies qualified to do business in Massachusetts and approved by any lending institution holding a first mortgage on the Leased Premises. LESSEE agrees that all such policies shall not be materially changed, canceled or terminated without at least fifteen (15) days prior written notice to the LESSOR and any holder of a mortgage of record covering the Leased Premises. The LESSEE shall furnish to the LESSOR and any holder of a mortgage of record covering the Leased Premises, certificates for such insurance complying with this paragraph at the commencement of the Lease term, and certificates of any renewal or replacement policy not later than ten (10) days prior to the expiration date of the policy being renewed or replaced.

10. Maintenance and Repair - The LESSEE agrees to maintain the Leased Premises in good condition, reasonable wear and tear, and damage by fire or other casualty not caused by the negligence of the LESSEE only excepted, and whenever necessary, to repair damage caused by LESSEE, acknowledging that the Leased Premises are to be rented as is. The LESSEE shall not permit the Leased Premises to be overloaded, damaged, or defaced, nor suffer any waste. The LESSOR agrees to maintain the structure of the Building(s) constituting the Leased Premises in the same condition as they are at the Commencement Date or as they may be put in by LESSOR during the term of this Lease, reasonable wear and tear and damage by fire and other casualty only excepted, unless such maintenance is required because of actions of the LESSEE or those for whose conduct the LESSEE is legally responsible. The LESSEE shall be responsible for all interior maintenance of the premises, (other than structural repairs as herein noted), and LESSEE agrees to:

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- (a) Maintain all equipment, fixtures, and improvements in good repair and a sanitary, neat and clean appearance, free of any infestation.
- (b) Make all necessary repairs to the Premises, and all equipment, fixtures, and improvements therein, except structural or other repairs as heretofore made the responsibility of others.
- (c) Use all plumbing, electric, and other facilities safely and in the way for which they were intended.
- (d) Use no more electricity than the wiring or feeders were designed for, or can safely accommodate.
- (e) Properly dispose of its garbage, trash, debris, end product, by product or other waste, etc. in a proper manner, complying with all relevant rules and regulations.
- (f) Replace any and all broken windows in the Premises if damage is caused by Lessee.
- (g) Keep nothing dangerous, explosive, flammable, or combustible, in the Premises that will increase the risk of fire.
- (h) Promptly notify the Landlord of conditions that need repair, and promptly execute repairs that are the responsibility of the LESSEE.

- (h) Avoid littering on the building grounds, including but not limited to, the littering by the LESSEE's employees, agents, or visitors of the LESSEE. Maintain the Demised Premises, and area around the Demised Premises in such a manner to avoid the blowing or release of litter, rubbish, packaging materials, and the like from the Demised Premises or LESSEE's trash containers. Promptly clean up any spillage of trash from the LESSEE's trash removal contractor(s).
- (i) Do nothing to destroy the peace and quiet of the neighborhood, Landlord, other tenants, or people in the neighboring areas.
- (j) Promptly comply with all laws, orders, rules and requirements of all governmental authorities, insurance carriers, board of fire underwriters, or similar groups.

11. Alterations and Additions –The LESSEE acknowledges that it is leasing the Leased Premises in their current condition or in the condition as agreed to by LESSOR, and that it shall be its responsibility to make any improvements to the Leased Premises necessary to make them more suitable for the LESSEE'S intended use. The LESSEE shall not, however, make any structural or non-structural alterations including but not limited to window treatments or additions to the Leased Premises except with the prior written consent of the LESSOR, which consent shall not be unreasonably withheld or delayed. All such allowed alterations and additions shall be at the LESSEE'S expense and shall be in quality equal to present construction standards and code requirements. The LESSEE shall not permit any mechanics' liens or similar liens to remain upon the Leased Premises for labor and material furnished to the LESSEE or claimed to have been furnished to the LESSEE in connection with work of any character performed or claimed to have been performed at the direction of the LESSEE and shall cause any such lien to be released of record forthwith without cost to the LESSOR. Any alterations and additions made by the LESSEE shall become the property of the LESSOR at the time the LESSEE terminates occupancy of the Leased Premises. .

12. Assignment and Subletting - The LESSEE shall not assign this Lease nor sublet the whole or any part of the Leased Premises without the LESSOR'S prior written consent which consent shall not be unreasonably withheld. Notwithstanding any such consent, the LESSEE shall remain liable to the LESSOR for the payment of all Base Rent and Additional Rent and for the full performance of the covenants and conditions of this Lease. Any surplus rent received beyond the obligation of the lease by Lessee shall be paid to the Lessor on a monthly basis.

13. LESSOR'S Access - The LESSOR or agents of the LESSOR may, with 24 hour notice except upon emergency, enter the Leased Premises to inspect the condition of the same, to make such repairs and perform such maintenance as it shall be required or elect to make or perform, and to show the same to prospective buyers, lenders, and tenants and others and, access any common building utility rooms. At any time within twelve (12) months of the expiration of the term, the LESSOR may affix to any suitable part of the Leased Premises a sign or notice for the sale or lease of the Leased Premises.

14. Non-Liability and Indemnification - Except to the extent prohibited by law, all property kept on the Leased Premises by the LESSEE or others claiming under the LESSEE, shall be so kept at the risk of the LESSEE; the LESSOR shall have no liability for damage to or destruction of such property caused by fire, the bursting or leakage of pipes, or otherwise; the LESSOR shall have no liability for any injury to the LESSEE, the employees, agents, or invitees of the LESSEE, or others claiming under the LESSEE; and the LESSEE shall indemnify the LESSOR against and hold it harmless from any and all liability, damage, cost and expense (including, without implied limitation, cost of collection and attorneys' fees and costs) on account of any such damage or injury.

15. Waiver of Subrogation - The LESSEE and the LESSOR agree that, with respect to any insurance coverage carried by either the LESSEE or the LESSOR in connection with the Leased Premises, whether or not such insurance is required by the terms of this Lease, such insurance shall provide for the waiver by the insurance carrier of any subrogation rights against the LESSOR, its agents, servants, and employees under the LESSEE'S insurance policies or against the LESSEE, its agents, servants, and employees under the LESSOR'S insurance policies, where such waiver of subrogation rights either does not require the payment of an additional premium, or, if an additional premium is required to be paid, the party to be benefited by the waiver offers to pay such premium after being notified of such additional premium.

Notwithstanding any other provision of this Lease and without limiting the effect of any such provision, the LESSOR shall not be liable to the LESSEE, and the LESSEE hereby waives any right of recovery against the LESSOR, for any loss or damage, whether or not such loss or damage is caused by the negligence of the LESSOR, its agents, servants, or employees, but only to the extent that such loss or damage is actually recovered under insurance carried by the LESSEE. Likewise, notwithstanding any other provisions of this Lease and without limiting the effect of any such provision, the LESSEE shall not be liable to the LESSOR and the LESSOR hereby waives any right of recovery against the LESSEE for any loss or damage whether or not such loss or damage is caused by the negligence of the LESSEE or its agents, servants, or employees, but only to the extent that such loss or damage is actually recovered under insurance carried by the LESSOR.

16. Casualty and Eminent Domain - Should a substantial part of the Leased Premises be substantially damaged by fire or other casualty or should a substantial part of the Leased Premises be taken by eminent domain, the LESSOR may elect to terminate this Lease. When such fire, casualty, or taking renders the Leased Premises substantially unsuitable for this intended use, a just and proportionate abatement of rent shall be made, and the LESSEE may elect to terminate this Lease if:

(a) the LESSOR fails to give written notice within thirty (30) days of intention to restore the Leased Premises; or

(b) the LESSOR fails to restore the Leased Premises to a condition substantially suitable for their intended use within ninety (90) days of said fire, casualty or taking.

The LESSOR reserves, and the LESSEE grants to the LESSOR, all rights which the LESSEE may have for damages or injury to the Leased Premises for any taking by eminent domain, except for damage to the LESSEE'S fixtures, property or equipment.

17. Subordination - This Lease shall be subject and subordinate to any and all mortgages, deeds of trust and other instruments in the nature of a mortgage, now or at any time hereafter, constituting a lien or liens on the Leased Premises and the LESSEE shall, when requested, promptly execute and deliver such written instruments (commonly known as a Subordination No Disturbance and Attornment agreement) as shall be necessary to show the subordination of this Lease to said mortgages, deeds of trust, or other such instruments in the nature of a mortgage.

18. Status Certificate - The LESSEE agrees that, from time to time upon written request by the LESSOR, it shall execute and deliver to the LESSOR, a statement (commonly known as an Estoppel Certificate) in writing certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect and stating the modifications); that the LESSEE has no defenses, offsets, or counterclaims against its obligations hereunder or, if there are any defenses, offsets, or counterclaims, setting them forth in reasonable detail; and the date to which the Base Rent, Additional Rent, and other charges have been paid. Any such statement may be relied upon by any purchaser or mortgagee of the Leased Premises.

19. Default - In the event that:

- (a) the LESSEE shall default in the payment of any installment of rent or other sum payable under this Lease and such default shall continue for seven (7) business days after written notice thereof;
- (b) the LESSEE shall default in the observance or performance of any other of the LESSEE'S covenants, agreements, or obligations hereunder and such default shall not be corrected within thirty (30) days after written notice thereof;
- (c) the LESSEE shall make an assignment for the benefit of creditors; admit in writing its inability to pay its debts as they become due; file a petition in bankruptcy, be adjudicated a bankrupt or insolvent, or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, or file an answer admitting or not contesting the material allegations or a petition filed against it in any such proceeding; or seek, consent to, or acquiesce in the appointment of any trustee, receiver or liquidator of any material part of its assets;
- (d) within thirty (30) days after the commencement of any proceeding against the LESSEE seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, such proceeding shall not have been dismissed, or if, within thirty (30) days after the appointment without the consent or acquiescence of the LESSEE of any trustee, receiver or liquidator of any material part of its assets, such appointment shall not have been vacated; or
- (e) the interest of LESSEE in the Leased Premises shall be sold under execution or other legal process; then the LESSOR shall have the right shall have the right thereafter to immediately and without further notice to Lessee retain all moneys held as "Security Deposit" and while such default continues, to re-enter and take complete possession of the Leased Premises, to declare the term of this Lease ended, and remove the LESSEE'S effects, after written notice, without prejudice to any remedies which might be otherwise used for arrears of rent or other default. The LESSEE shall indemnify the LESSOR against all loss of rent and other payments, which the LESSOR may incur by reason of such termination during the residue of the term. If the LESSEE shall default, after written notice thereof, in the observance or performance of any conditions or covenants on LESSEE'S part to be observed or performed under or by virtue of any of the provisions of this Lease, the LESSOR, without being under any obligation to do so and without thereby waiving such default, may remedy such default on the account and at the expense of the LESSEE. If the LESSOR makes any expenditures or incurs any obligations for the payment of money in connection therewith, including but not limited to, reasonable attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred, with interest at the rate of eighteen percent (18%) per annum, shall be paid to the LESSOR by the LESSEE as additional rent. Upon the occurrence of default, LESSOR may exercise the rights and remedies accorded a secured party by the Uniform Commercial Code any other rights and remedies provided therein.

20. Reimbursement of LESSOR'S Expenses - In the case of termination of this Lease pursuant to Paragraph 19 above, LESSEE shall reimburse LESSOR for all expenses arising out of such termination, including, without limitation, all costs incurred in collecting amounts due from LESSEE under this Lease (including attorneys' fees, costs of litigation and the like); all expenses incurred by LESSOR in attempting to re-let the Leased Premises or parts thereof (including advertisements, brokerage commissions, LESSEE'S allowances, costs of preparing space and the like); and all of LESSOR'S other reasonable expenditures necessitated by the termination. The reimbursement from the LESSEE shall be due and payable immediately from time to time, upon notice from the LESSOR that an expense has been incurred, without regard to whether the expense was incurred before or after the termination.

21. Late and Bank Charges - If any payment of Base Rent or Additional Rent or other payment due from LESSEE to LESSOR is not paid when due, then LESSOR may, at its option, with written notice and in addition to all other remedies hereunder, impose a late charge on LESSEE equal to 1.5% of the amount in question for each month and part thereof while said delinquency continues. Such late charge shall constitute Additional Rent hereunder payable upon demand. A fee of \$100.00 will be charged by LESSOR and due from LESSEE for each and any check returned to LESSOR for insufficient funds or canceled payment.

22. Surrender - The LESSEE shall, on the expiration of the term or earlier termination of this Lease, remove all of its personal property and effects from the Leased Premises and surrender the same, together with all additions, alterations, and improvements made by the LESSEE, to the LESSOR in good tenable condition, ordinary wear and tear and damage by fire or other casualty not occurring as a result of the LESSEE'S negligence only excepted. If the LESSOR shall so elect, any personal property belonging to the LESSEE not removed from the Leased Premises shall be deemed abandoned and become the property of the LESSOR without the necessity of any payment to the LESSEE. If the LESSEE leaves any property at the Premises after the end of the Term or after the rightful termination of this Lease, then all such property is considered abandoned. The Landlord may store, use, sell, or dispose of the abandoned property. The LESSEE shall pay 125% of all reasonable expenses related to disposal of the abandoned property as Additional Rent. In the event the LESSEE remains in possession of the leased premises after expiration of the tenancy created hereunder, and without execution of a new lease, the LESSEE, at the option of the Lessor shall be deemed to be Holding Over, as a LESSEE from month to month, at twice the latest base Rent and Additional Rent, and subject to all other conditions, provisions and obligations of the lease insofar as the same are applicable to a month to month tenancy. Notwithstanding the foregoing, LESSEE will refrain from moving the Collateral from the Leased Premises without LESSOR'S prior written consent and will advise LESSOR as to the location of all other Collateral in its possession.

23. Notices - Any notice permitted or required to be given by the terms of this Lease shall be in writing and shall be duly given if mailed by overnight mail or certified mail, return receipt requested, addressed as follows: if intended for the LESSOR, addressed to Eric Shapiro, Manager, Lexvest Parker LLC, P. O. Box 608, Lexington, Massachusetts 02420, with a copy Attorney Phil Lombardo, 41 North Road - Suite 100A, Bedford, Massachusetts 01730, and if intended for the LESSEE, to the address shown in paragraph 1 hereof. Either party may designate a different mailing address for the receipt of notices by advance written notice to the other party, given in accordance with the provisions hereto. Notice is effective upon receipt.

24. Binding Effect - This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives. In the event of a sale of Leased Premises by Lessor to a single tenant buyer/user, Lessor shall have the right to terminate Lease subject to 120 days Notice given to Lessee during which time Base Rent shall be waived. This Lease shall constitute a valid Security Agreement as defined under the Uniform Commercial Code Revised § 9-102 (73) with all rights appurtenant to.

25. Relocation of Leased Premises -Lessor shall have the right with sixty (60) days written notice to Lessee to relocate Lessee and to substitute for the Leased Premises other space in 141 Parker of approximately the same size, provided that Lessor shall deliver such other space to Lessee in the same condition as the Leased Premises are then in and shall pay all reasonable moving costs.

26. Amendment and Waiver - This Lease may be modified or amended only by an instrument in writing signed by both parties. No provision of this Lease may be waived except by an instrument in writing signed by the party intended to be benefited by the provision.

27. Confidentiality- The parties to this Lease agree to strictly maintain the confidentiality of the terms of this Lease and neither of the parties, their agents, attorneys, nor any other individual or entity acting on behalf of the parties, shall disclose the terms (exactly or in substance) of this Lease to any third parties, including but not limited to, any actual or prospective tenants of the Landlord. Nothing herein, however, shall preclude the parties from disclosing the terms of the Lease to their attorneys or accountants to the extent required to comply with tax or other legal obligations.

28. Governing Law - This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

29. Other-

(a) Lessor Improvements:

Lessor shall install a full glass panel in the front entry door to the Premises within forty five (45) business days of LESSEE taking possession.

(b) Lessee agrees to comply with 141 Parker Policies as updated periodically

(c) Lessee agrees that the doors to the building may be locked 24 hours per day 7 days per week and building will only be accessible by control and key system. This policy may be changed at any time at Lessor's absolute and sole discretion.

(d) LESSEE is responsible to contain odors and noise within Lessees leased space at Lessees expense.

(e) Lessee shall have the right to install a small (3' or smaller) satellite dish on the roof provided it meets the Town of Maynard's bylaws.

(f) Should Lessee give Landlord written notice prior to the End of the Term or prior to a Termination Notice by Landlord of Lessee's election to commit to a three year term, this lease shall be amended so that the Term is extended to September 30, 2022, the termination rights shall be removed, and Premises shall be expanded to include all of Suite 306, Lessee shall install glass panels into the conference room wall, and the rent schedule shall be:

<b>From</b>	<b>To</b>	<b>Monthly Rent</b>
3/11/2019	9/30/2019	\$ 2,100.00
10/1/2019	3/31/2020	\$ 2,100.00
4/1/2020	9/30/2020	\$ 4,025.00
10/1/2020	9/30/2022	\$ 5,988.50

IN WITNESS WHEREOF, the parties have executed this Lease under seal on the day and year first above written.

LESSEE

Mynd Analytics, Inc.

By: /s/ Patrick Herguth  
Patrick Herguth  
Chief Executive Officer

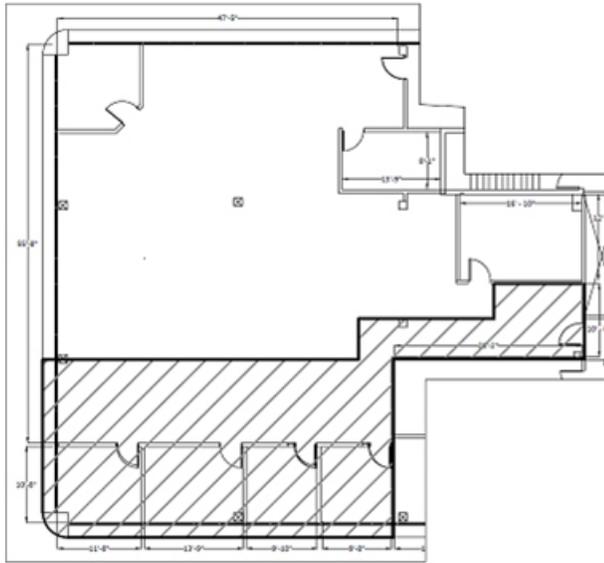
LESSOR

Lexvest Parker LLC

By: /s/ Eric Shapiro  
Eric Shapiro  
Manager

Exhibit A

"Premises"



Suite 306

1,800± rentable square feet

Certification of CEO Pursuant to  
Securities Exchange Act Rules 13a-14 and 15d-14  
as Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002

I, Patrick Herguth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYnd Analytics, 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 the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ Patrick Herguth

**Name: Patrick Herguth**

**Title: Chief Executive Officer (Principal Executive Officer)**

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Certification of CFO Pursuant to  
Securities Exchange Act Rules 13a-14 and 15d-14  
as Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald D'Ambrosio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYnd Analytics, 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 the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ Donald D'Ambrosio

**Name: Donald D'Ambrosio**

**Title: Chief Financial Officer (Principal Financial Officer)**

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

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 filing of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 (the "Report") by MYnd Analytics, Inc. (the "Registrant"), the undersigned hereby certifies that in his capacity as an officer of the Registrant 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 Registrant.

Date: May 10, 2019

/s/ Patrick Herguth  
Patrick Herguth  
**Chief Executive Officer (Principal Executive Officer)**

Date: May 10, 2019

/s/ Donald D'Ambrosio  
**Donald D'Ambrosio**  
**Chief Financial Officer (Principal Financial Officer)**

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