

VIADERMA, INC.
A Nevada Corporation

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SIC Code: 5122 – Drugs, Drug Proprietaries, and Druggist’ Sundries

Annual Report
For the Period Ending: December 31, 2018
(the “Reporting Period”)

As of December 31, 2018, the number of shares outstanding of our Common Stock was:

678,691,475 shares

As of December 31, 2017, the number of shares outstanding of our Common Stock was:

467,086,221 shares

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No: (Double-click and select “Default Value” to check)

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ “Change in Control” shall mean any events resulting in:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Current since May 6, 2014: ViaDerma, Inc.
Before May 6, 2014: Décor Products International, Inc.

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable) Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

ViaDerma, Inc. (the "Company") was incorporated under the laws of the State of Florida on January 11, 2007 as Murals by Maurice, Inc. On July 1, 2009, the Company changed its name to Décor Products International, Inc. and re-domiciled to the State of Nevada on April 6, 2010. The Company again changed its name to ViaDerma, Inc. on May 6, 2014 to reflect the Plan of Exchange.

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: No:

2) Security Information

Trading symbol: VDRM
Exact title and class of securities outstanding: Common Stock
CUSIP: 92555K101
Par or stated value: \$.0001
Total shares authorized: 1,000,000,000 as of date: December 31, 2018
Total shares outstanding: 678,691,475 as of date: December 31, 2018
Number of shares in the Public Float²: 580,235,289 as of date: December 31, 2018
Total number of shareholders of record: 76 as of date: December 31, 2018

Additional class of securities (if any):

Trading symbol: N/A
Exact title and class of securities outstanding: Convertible Preferred Stock
CUSIP: N/A
Par or stated value: \$.001
Total shares authorized: 50,000,000 as of date: December 31, 2018
Total shares outstanding: 31,000,000* as of date: December 31, 2018

* In or around October 2018, the Company issued 19,000,000 shares of Convertible Preferred Stock, which transaction has been unwound and the 19,000,000 shares of Convertible Preferred Stock were cancelled and returned to the Company.

Transfer Agent

Name: Clear Trust, LLC
Phone: (813) 235-4490
Email: inbox@cleartrusttransfer.com

Is the Transfer Agent registered under the Exchange Act?³ Yes: No:

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

None

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

Number of Shares outstanding as of January 1, 2017		Opening Balance:		*Right-click the rows below and select "Insert" to add rows as needed.					
		Common: 262,319,103							
		Preferred: 1,000,000							
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
1/12/2017	New	57,102,000	Common	\$0.0005	Yes	Greentree Financial Group Chris Cottone	Debt conversion	Unrestricted	Rule 144
1/23/2017	New	16,380,000	Common	\$0.0005	Yes	Educational Group Teresa Haynes	Debt conversion	Unrestricted	Rule 144
2/12/2017	New	4,913,500	Common	\$0.0040	Yes	Williams Holding Corp. Roy Williams	Debt conversion	Unrestricted	Rule 144
4/28/17	New	25,000,000	Common	\$0.0005	Yes	Greentree Financial Group Chris Cottone	Debt conversion	Unrestricted	Rule 144
5/17/2017	New	10,000,000	Common	\$0.0005	Yes	Educational Group Teresa Haynes	Debt conversion	Unrestricted	Rule 144
5/24/2017	New	30,000,000	Preferred	\$0.0210	No	Dr. Chris Ayo Otiko	Daily operation management	Restricted	Rule 144
5/26/2017	New	4,500,000	Common	\$0.0265	No	Mark Peikin	Marketing	Restricted	Rule 144
8/17/2017	New	7,000,000	Common	\$0.0005	Yes	L&H Inc. Linwen Huang	Debt conversion	Unrestricted	Rule 144
8/25/2017	New	34,000,000	Common	\$0.0005	Yes	Greentree Financial Group Chris Cottone	Debt conversion	Unrestricted	Rule 144
10/25/2017	New	36,000,000	Common	\$0.0005	Yes	Greentree Financial Group Chris Cottone	Debt conversion	Unrestricted	Rule 144

11/27/2017	New	9,871,618	Common	\$0.0050	Yes	L&H Inc. Linwen Huang	Debt conversion	Unrestricted	Rule 144
1/17/2018	New	20,000,000	Common	\$0.0120	No	Dr. Chris Ayo Otiko	Daily operation management	Restricted	Rule 144
2/2/2018	New	24,148,500	Common	\$0.0005	Yes	Greentree Financial Group Chris Cottone	Debt conversion	Unrestricted	Rule 144
2/6/2018	New	5,411,754	Common	\$0.0050	Yes	L&H Inc. Linwen Huang	Debt conversion	Unrestricted	Rule 144
3/2/2018	New	10,000,000	Common	\$0.0005	Yes	Green Option Partners, LLC Patrick C Doughty	Debt conversion	Unrestricted	Rule 144
3/7/2018	New	10,000,000	Common	\$0.0135	No	The Brewer Group Inc. Jack Brewer	Marketing	Restricted	Rule 144
3/7/2018	New	8,000,000	Common	\$0.0005	Yes	Mudai Nakagawa	Debt conversion	Unrestricted	Rule 144
3/27/2018	New	20,000,000	Common	\$0.0107	No	Suru Shashi Patel	Marketing	Restricted	Rule 144
4/3/2018	New	2,000,000	Common	\$0.0102	No	Richard Inza	Marketing	Restricted	Rule 144
4/11/2018	New	30,000,000	Common	\$0.0005	Yes	Greentree Financial Group Chris Cottone	Debt conversion	Unrestricted	Rule 144
4/18/2018	New	3,500,000	Common	\$0.0099	No	Five Nine Global Rowen Trollope	Marketing	Restricted	Rule 144
4/25/2018	New	3,175,000	Common	\$0.0040	Yes	Caro Partners LLC Brian John	Debt conversion	Unrestricted	Rule 144
6/13/2018	New	15,000,000	Common	\$0.0021	Yes	Thomas Group Alan Thomas	Debt conversion	Unrestricted	Rule 144
7/13/2018	New	42,000,000	Common	\$0.0005	Yes	Greentree Financial Group Chris Cottone	Debt conversion	Unrestricted	Rule 144
8/6/2018	New	11,850,000	Common	\$0.0014	Yes	Thomas Group Alan Thomas	Debt conversion	Unrestricted	Rule 144
10/11/2018	New	6,520,000	Common	\$0.0010	Yes	L&H Inc. Linwen Huang	Debt conversion	Unrestricted	Rule 144
Shares Outstanding on <u>December 31,</u> <u>2018:</u>	<u>Ending Balance:</u> Common: <u>678,691,475</u> Preferred: <u>31,000,000</u>								

Use the space below to provide any additional details, including footnotes to the table above:

* In or around October 2018, the Company issued 19,000,000 shares of Convertible Preferred Stock, which transaction has been unwound and the 19,000,000 shares of Convertible Preferred Stock were cancelled and returned to the Company.

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe any issuance of promissory notes, convertible notes or convertible debentures **in the past two completed fiscal years and any subsequent interim period.**

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
12/4/2009	\$140,000	\$140,000	\$176,149	12/4/2010	\$0.005 per share or 50% of the lowest trading price for the twenty (20) trading days immediately prior to but not including the Conversion Date.	Precursor Management Inc. Weiheng Cai	Convertible Note
12/4/2009	\$40,000	\$40,000	\$ 71,305	12/4/2010	\$1.00 per share	Linear Group Holdings, Inc. Brad Stewart	Convertible Note
3/21/2014	\$33,500	\$33,500	\$31,563	3/21/2015	\$0.10 per share or 50% discount on the conversion date.	Bespoke Growth Partners, Inc. Mark Peikin	Convertible Note
7/12/2016	\$154,316	Up to \$200,000	\$38,414	One year	\$0.0005 per share or 50% of the lowest closing bid price on the primary trading market on which the Company's Common Stock is quoted for the last five trading days immediately prior to but not including the Conversion Date.	Greentree Financial Group Chris Cottone	Convertible Line of Credit
8/4/2016	\$47,437	\$60,000	\$6,546	8/4/2017	\$0.0005 per share or 50% of the lowest closing bid price on the primary trading market on which the Company's Common Stock is quoted for the last five trading days immediately prior to but not including the Conversion Date.	Greentree Financial Group Chris Cottone	Services Note
4/20/2017	\$50,000	\$60,000	\$29,475	4/20/2018	\$0.005 per share or 50% of the lowest trading price for the twenty (20) trading days immediately prior to but not including the Conversion Date.	Greentree Financial Group Chris Cottone	Services Note
8/16/2017	\$28,000	\$28,000	\$7,523	8/16/2018	\$0.001 per share or 50% of the lowest trading price for the twenty (20) trading days immediately prior to but not including the Conversion Date.	L&H, Inc. Linwen Huang	Convertible Note
8/18/2017	\$527	\$28,000	\$0	8/18/2018	\$0.001 per share or 50% of the lowest trading price for the twenty (20) trading days immediately prior to but not including the Conversion Date.	Thomas Group Alan Thomas	Convertible Note
12/21/2017	\$28,000	\$28,000	\$10,913	12/21/2018	\$0.001 per share or 50% of the lowest trading price for the twenty (20) trading days immediately prior to but not including the Conversion Date.	L&H, Inc. Linwen Huang	Convertible Note
1/3/2018	\$48,000	\$48,000	\$4,826	1/3/2019	70% of the lowest trading price for the twenty (20) trading days immediately prior to but not including the Conversion Date.	The Brewer Group Inc. Jack Brewer	Services Note
3/7/2018	\$60,000	\$60,000	\$5,980	3/7/2019	\$0.005 per share.	Greentree Financial Group Chris Cottone	Services Note

Use the space below to provide any additional details, including footnotes to the table above:

None

4) Financial Statements

A. The following financial statements were prepared in accordance with:

U.S. GAAP

IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: **Tracy Luo**

Title: **Manager**

Relationship to Issuer: **Consultant**

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

VIADERMA INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)



19720 Jetton Road, 3rd Floor
Cornelius, NC 28031
Tel: 704-897-8336
Fax: 704-919-5089

To the Board of Directors and
ViaDerma Inc.

The accompanying consolidated financial statements of ViaDerma Inc. and its subsidiary as of and for the year ended December 31, 2018, were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

/s/ L&L CPAs, PA
L&L CPAs, PA
Plantation, FL
March 5, 2019

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VIADERMA, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND 2017
(UNAUDITED)

<u>ASSETS</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
CURRENT ASSETS:		
Cash	\$ 10,020	\$ 13,082
Accounts receivable - related party	-	387,344
Accounts receivable	25,343	-
Inventory	18,102	22,702
TOTAL CURRENT ASSETS	53,465	423,128
Furniture & equipment (net of accumulated depreciation of \$4,820 and \$4,338, respectively)	-	482
NET FURNITURE & EQUIPMENT	-	482
Patents	2,950	2,950
TOTAL ASSETS	\$ 56,415	\$ 426,560
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 3,800	\$ 3,800
Accrued interest payable	382,694	308,962
Accrued expenses	240,907	25,328
Convertible line of credit (net of discount of \$21,048 and \$40,792)	154,316	68,733
Convertible notes payable (net of discount of \$11,244 and \$80,449)	464,220	339,625
Derivative liabilities	579,292	693,101
Due to related party	69,293	15,305
Common stock to be issued	-	22,800
TOTAL CURRENT LIABILITIES	\$ 1,894,522	\$ 1,477,654
STOCKHOLDERS' (DEFICIT)		
Preferred stock (\$.001 par value, 50,000,000 shares authorized; 31,000,000 and 31,000,000 shares issued and outstanding as of December 31, 2018 and 2017, respectively)	31,000	31,000
Common stock (\$.0001 par value, 1,000,000,000 shares authorized; 678,691,475 and 467,086,221 shares issued and outstanding as of December 31, 2018 and 2017, respectively)	67,869	46,709
Additional paid in capital	9,193,505	8,095,850
Deferred compensation	(210,000)	(420,000)
Retained deficit	(10,920,481)	(8,804,653)
TOTAL STOCKHOLDERS' (DEFICIT)	(1,838,107)	(1,051,094)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	\$ 56,415	\$ 426,560

The accompanying notes are an integral part of these financial statements

VIADERMA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(UNAUDITED)

	For the Years Ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
REVENUES:		
Sales	\$ 45,973	\$ 44,691
Cost of sales	<u>(20,994)</u>	<u>(7,062)</u>
Gross profit	24,979	37,629
EXPENSES:		
Bad debt expenses	387,344	-
Depreciation	482	964
Stock based compensation	393,850	142,050
Professional fee	362,332	116,000
Advertising	745	11,650
Officer compensation	480,000	240,000
Meals and entertainment	1,957	1,069
Rent	9,028	2,736
Other selling, general and administrative expenses	75,641	116,559
Total operating expenses	<u>1,711,379</u>	<u>631,028</u>
Income from operations	\$ (1,686,400)	\$ (593,399)
OTHER (EXPENSE):		
Change in derivative liabilities expense	(8,401)	(533,246)
Amortization of discount to note payable	(277,788)	(301,572)
Interest expense	(143,239)	(90,167)
Total other (expense)	<u>(429,428)</u>	<u>(924,985)</u>
NET INCOME (LOSS)	<u>\$ (2,115,828)</u>	<u>\$ (1,518,384)</u>
Basic and fully diluted net (loss) per common share	**	**
Weighted average common shares outstanding	<u>609,641,068</u>	<u>376,239,378</u>
** Less than \$.01		

The accompanying notes are an integral part of these financial statements

VIADERMA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(UNAUDITED)

	Preferred Stock		Common Stock		Paid-in Capital	Deferred Compensation	Retained (Deficit)	Total
	Shares	Amount	Shares	Amount				
Balances, December 31, 2016	1,000,000	\$ 1,000	262,319,103	\$ 26,232	\$ 6,972,229	\$ -	\$ (7,286,269)	\$ (286,808)
Intrinsic value of beneficial conversion feature					170,600			170,600
Common stocks issued for partial settlements of convertible notes			200,267,118	20,027	141,726			161,753
Stock based compensation			4,500,000	450	118,800			119,250
Preferred stock issued for services	30,000,000	\$ 30,000		-	600,000	(420,000)		210,000
Reclassification of derivative liability associated with debt conversion					92,496			92,496
Net (loss) for the year ended December 31, 2017							(1,518,384)	(1,518,384)
Balances, December 31, 2017	31,000,000	\$ 31,000	467,086,221	\$ 46,709	\$ 8,095,850	\$ (420,000)	\$ (8,804,653)	\$ (1,051,094)
Intrinsic value of beneficial conversion feature					140,839			140,839
Common stocks issued for partial settlements of convertible notes			156,105,254	15,610	135,506			151,116
Stock based compensation			55,500,000	5,550	651,100	210,000		866,650
Reclassification of derivative liability associated with debt conversion					170,210			170,210
Net (loss) for the year ended December 31, 2018							(2,115,828)	(2,115,828)
Balances, December 31, 2018	31,000,000	\$ 31,000	678,691,475	\$ 67,869	\$ 9,193,505	\$ (210,000)	\$ (10,920,481)	\$ (1,838,107)

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

VIADERMA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(UNAUDITED)

	For the Years Ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (2,115,828)	\$ (1,518,384)
Adjustments to reconcile net (loss) to net cash (used in) operations:		
Depreciation	482	964
Common stock issued for services rendered	843,850	329,250
Convertible notes issued for services rendered	122,000	72,500
Derivative liabilities expense	8,401	533,246
Amortization of discount to note payable	277,788	301,572
Bad debt expenses	387,344	-
Changes in operating assets and liabilities:		
Inventory	4,600	(22,002)
Accounts receivable	(25,343)	(15,779)
Accrued interest payable	143,239	90,167
Accrued expenses	215,578	23,000
Common stock to be issued	-	22,800
Due to related party	53,988	15,305
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(83,901)</u>	<u>(167,361)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	75,000
Proceeds from line of credit	80,839	95,600
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>80,839</u>	<u>170,600</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,062)	3,239
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>13,082</u>	<u>9,843</u>
END OF THE PERIOD	<u>\$ 10,020</u>	<u>\$ 13,082</u>
Supplemental disclosures of non-cash investing and financing activities:		
Stock issued to settle partial accrued interest	<u>\$ 69,507</u>	<u>\$ 89,409</u>
Stock issued to settle partial convertible notes	<u>\$ 81,610</u>	<u>\$ 72,344</u>
Debt discount issued with convertible notes	<u>\$ 188,839</u>	<u>\$ 370,600</u>
Notes payable issued for accrued expenses	<u>\$ 122,000</u>	<u>\$ 72,500</u>

The accompanying notes are an integral part of these financial statements

VIADERMA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States (“GAAP”).

NOTE 2 – ORGANIZATION AND BUSINESS BACKGROUND

ViaDerma, Inc. (“VDRM” or the “Company”) was incorporated under the laws of the State of Florida on January 11, 2007 as Murals by Maurice, Inc. On July 1, 2009, the Company changed its name to Décor Products International, Inc. and re-domiciled to the State of Nevada on April 6, 2010. The Company again changed its name to ViaDerma, Inc. on May 6, 2014 to reflect the Plan of Exchange disclosed below. The Company’s common shares are quoted on the “Pink Sheets - Other” quotation market under the symbol “VDRM”.

On March 21, 2014, a Plan of Exchange (the “Exchange”) was executed between and among the Company, ViaDerma II Inc., a Nevada corporation, the majority stockholder of the Company and the majority stockholder of ViaDerma, II Inc. (“ViaDerma Stockholders”), pursuant to which the Company acquired 100% of the Capital Shares of ViaDerma in exchange for an issuance by the Company of 44,000,000 shares of Common Stock to ViaDerma Stockholders, and/or their assigns. The above issuance gave ViaDerma Stockholders and/or their assigns a 'controlling interest' in the Company representing approximately 98.52% of the then issued and outstanding shares of the Company’s Common Stock. The transaction resulted in a change in control of the Company. The Company and ViaDerma were hereby reorganized, such that the Company acquired 100% of the Capital Shares of ViaDerma, and ViaDerma, II Inc. became a wholly-owned subsidiary of the Company.

The reorganization between the Company and ViaDerma has been accounted for as a reverse acquisition and recapitalization of the Company whereby ViaDerma, II Inc. is deemed to be the accounting acquirer (legal acquiree) and the Company to be the accounting acquiree (legal acquirer). The accompanying consolidated financial statements are in substance those of ViaDerma, II Inc., with the assets, liabilities, revenues and expenses, of the Company being included effective from the date of stock exchange transaction. The Company is deemed to be a continuation of the business of ViaDerma. Accordingly, the accompanying consolidated financial statements include the following:

- (1) The balance sheet consists of the net assets of the accounting acquirer at historical cost and the net assets of the accounting acquiree at historical cost;
- (2) The financial position, results of operations, and cash flows of the accounting acquirer for all periods presented as if the recapitalization had occurred at the beginning of the earliest period presented and the operations of the accounting acquiree from the date of stock exchange transaction.

The Company and its subsidiary, ViaDerma, II Inc., are hereinafter referred to as (the "Company").

The Company, through its subsidiary, is mainly engaged in the manufacture and sales of pharmaceutical related products in the United States of America.

VIADERMA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

NOTE 3 – GOING CONCERN UNCERTAINTIES

The accompanying condensed consolidated financial statements have been prepared using the going concern basis of accounting, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As of December 31, 2018, the Company was in default on the repayment of certain convertible notes and promissory notes with an aggregate principal amount of \$461,989, which are immediately due and payable. The continuation of the Company as a going concern through December 31, 2019 is dependent upon the continuing financial support from its stockholders or negotiation of repayment term. Management believes the existing shareholders will provide the additional cash to meet the Company's obligations as they become due.

These factors raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and liabilities that may result in the Company not being able to continue as a going concern.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying condensed consolidated financial statements and notes.

- Use of estimates

In preparing these condensed consolidated financial statements, management makes estimates and assumptions that affect the reported amount of assets and liabilities in the balance sheets and revenues and expenses during the periods reported. Actual results may differ from these estimates.

- Basis of consolidation

The condensed consolidated financial statements include the accounts of VDRM and its subsidiary. All significant inter-company balances and transactions within the Company have been eliminated upon consolidation.

- Cash and cash equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date of such investments.

VIADERMA, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Accounts receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risks by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts is established and determined based on managements' assessment of known requirements, aging of receivables, payment history, the customer's current credit worthiness and the economic environment. As of December 31, 2018 and 2017, the Company had accounts receivable of \$25,343 and \$387,344, respectively. All outstanding balance in accounts receivable as of December 31, 2017 was from related party, which was uncollectible based on managements' assessment. Accordingly, the Company recorded bad debt expenses of \$387,344 during the year ended December 31, 2018. See Note 5 for detailed discussion. There was no accounts receivable from related party as of December 31, 2018.

- Patents

The Company developed several patents for its products. Costs incurred for submitting the applications to the United States Patent and Trademark Office for these patents have been capitalized. Patent costs are being amortized using the straight-line method over the related 15 year lives. The Company begins amortizing patent costs once a filing receipt is received stating the patent serial number and filing date from the Patent Office.

- Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values:

	Expected useful lives
Furniture	7 years
Office equipment	5 years

Expenditure for repairs and maintenance is expensed as incurred. When assets have retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the other income / (expenses) section of the Statement of Operations.

During the years ended December 31, 2018 and 2017, the Company had depreciation expenses of \$482 and \$964, respectively.

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NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Valuation of long-lived assets

In accordance with the provisions of Accounting Standards Codification (“ASC”) Topic 360-10-5, “*Impairment or Disposal of Long-Lived Assets*”, all long-lived assets such as plant and equipment and construction in progress held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of assets to estimated discounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. There has been no impairment charge for the period presented.

- Revenue Recognition

Adoption of ASC Topic 606, "Revenue from Contracts with Customers"

On January 1, 2018, the Company adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Topic 605.

There was no impact to the opening balance of accumulated deficit or revenues for the year ended December 31, 2018, as a result of applying Topic 606.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company’s revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue from our subsidiaries primarily on a cash basis for sale of an FDA registered topical antibiotic. As allowed by a practical expedient in Topic 606, the entity recognizes revenue in the amount to which the entity has a right to invoice. The term between invoicing and when payment is due is not significant.

- Stock based compensation

The Company recognizes compensation costs to employees under FASB Accounting Standards Codification 718 “*Compensation - Stock Compensation*” (“ASC 718”). Under ASC 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options and warrants. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

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NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Stock based compensation (continued)

In June 2018, the Company adopted ASU No. 2018-07 “Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.” These amendments expand the scope of Topic 718, Compensation - Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned.

- Income taxes

Income taxes are determined in accordance with ASC Topic 740, “Income Taxes” (“ASC 740”). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

For the year ended December 31, 2018, the Company did not have any interest and penalties associated with tax positions. As of December 31, 2018, the Company did not have any significant unrecognized uncertain tax positions.

- Uncertain tax positions

The Company did not take any uncertain tax positions and had no adjustments to unrecognized income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for the year ended December 31, 2018.

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NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Fair value of financial instruments

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB Accounting Standards Codification No. 820, *Fair Value Measurement* (“ASC 820”), which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities. Approaches include, (i) the market approach (comparable market prices), (ii) the income approach (present value of future income or cash flow), and (iii) the cost approach (cost to replace the service capacity of an asset or replacement cost). ASC 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

Our financial instruments include cash, accounts receivable, inventories, accounts payable, accrued liabilities, convertible note payable, and derivative liabilities.

The carrying values of the Company’s cash, accounts receivable, inventories, accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

The Company’s convertible note payable are measured at amortized cost.

The derivative liabilities are stated at their fair value as a level 3 measurement. The Company used the Lattice Bi-nominal Option Pricing Model to determine the fair values of these derivative liabilities. See Note 6 for the Company’s assumptions used in determining the fair value of these financial instruments.

- Convertible note payable

The Company accounts for convertible note payable in accordance with the FASB Accounting Standards Codification No. 815, *Derivatives and Hedging*, since the conversion feature is not indexed to the Company’s stock and can’t be classified in equity. The Company allocates the proceeds received from convertible note payable between the liability component and conversion feature component. The conversion feature that is considered embedded derivative liabilities has been recorded at their fair value as its fair value can be separated from the convertible note and its conversion is independent of the underlying note value. The Company has also recorded the resulting discount on debt related to the conversion feature and is amortizing the discount using the effective interest rate method over the life of the debt instruments.

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NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Derivative liabilities

The Company accounts for derivative liabilities in accordance with the FASB Accounting Standards Codification No. 815, Derivatives and Hedging (“ASC 815”). ASC 815 requires companies to recognize all derivative liabilities in the balance sheet at fair value, and marks it to market at each reporting date with the resulting gains or losses shown in the Statement of Operations.

- Related parties

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the related parties include a. affiliates of the Company; b. entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825–10–15, to be accounted for by the equity method by the investing entity; c. trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d. principal owners of the Company; e. management of the Company; f. other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g. other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The consolidated financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved; b. a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

All outstanding balance in accounts receivable as of December 31, 2017 was from related party, which was uncollectible based on managements’ assessment. Accordingly, the Company recorded bad debt expenses of \$387,344 during the year ended December 31, 2018. There was no accounts receivable from related party as of December 31, 2018. See Note 5 for detailed discussion. Material related party transactions have been identified in Note 7 to the financial statements.

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NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Net income (loss) per share

The Company calculates net income (loss) per share in accordance with ASC Topic 260, “Earnings *per Share*”. Basic income per share is computed by dividing the net income by the weighted-average number of common shares outstanding during the period. Diluted income per share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of shares that might be issued upon exercise of common stock options and conversion of convertible notes. In periods where losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion will be anti-dilutive.

- Subsequent events

The Company adopted FASB Accounting Standards Codification 855 “*Subsequent Events*” (“ASC 855”) to establish general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued or available to be issued.

- Recent accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This guidance revises the accounting related to leases by requiring lessees to recognize a lease liability and a right-of-use asset for all leases. The new lease guidance also simplifies the accounting for sale and leaseback transactions. This ASU is effective for annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

In 2016, the FASB issued new guidance on restricted cash on the statement of cash flows. The new guidance requires the classification and presentation of changes in restricted cash and cash equivalents in the statement of cash flows. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and ending balances shown on the statement of cash flows. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The Company early adopted ASU 2016-18 and its adoption did not have a material impact on the Company’s consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, “Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception”. The ASU was issued to address the complexity associated with applying generally accepted accounting principles (GAAP) for certain financial instruments with characteristics of liabilities and equity. The ASU, among other things, eliminates the need

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NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued accounting standards (continued)

to consider the effects of down round features when analyzing convertible debt, warrants and other financing instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. The amendments are effective for fiscal years beginning after December 15, 2018, and should be applied retrospectively. Early adoption is permitted, including adoption in an interim period. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07 “Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.” These amendments expand the scope of Topic 718, Compensation - Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, Equity - Equity-Based Payments to Non-Employees. The guidance is effective for public companies for fiscal years, and interim fiscal periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, but no earlier than a company’s adoption date of Topic 606, Revenue from Contracts with Customers. The Company is assessing ASU 2018-07 and does not expect it to have a material impact on its accounting and disclosures.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company’s financial position, results of operations or cash flows.

NOTE 5 – ACCOUNTS RECEIVABLE – RELATED PARTIES

All outstanding balance in accounts receivable as of December 31, 2017 was from related party. The related party sales were to either Coast to Coast Podiatry Inc. or Neurogenx NerveCenter of Newport Beach, the second office of Coast to Coast Podiatry Inc. opened in September 2016 under a different DBA. Coast to Coast Podiatry Inc. is related by virtue of the majority interest being owned by Dr. Chris Otiko, the President of the Company. In addition to the benefit of the Company getting the sales associated with these transactions, the Company uses this platform to evaluate results and any quality control issues that could arise with the products since Dr. Otiko is able to monitor the businesses.

Since the accounts receivable from related parties was outstanding over one year, the management determined it was uncollectible based on their assessment. Accordingly, the Company recorded bad debt expenses of \$387,344 during the year ended December 31, 2018.

There was no accounts receivable from related party as of December 31, 2018.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE

(A) Convertible Notes Payable - \$180,000

At December 31, 2018, the carrying value of the convertible notes payable was \$180,000 and the debt discount was fully amortized. No collateral exists on any of the note instruments. All of the note instruments were originally dated December 4, 2009 and carried stated interest rates of 8%. However, see below for discussion of these notes being past due and the revised interest rates thereto.

In accordance with the terms and conditions in Promissory Notes, if the Company defaults in the payment of principal or interest due on the Promissory Notes, the holders of Promissory Notes (the “Holders”) shall be entitled to receive and the Company agreed to pay all reasonable costs of collection incurred by Holders, including, without limitation, reasonable attorney’s fees for consultation and suit. If any payment due is not made and remains unpaid for ten (10) days, it is in default hereof. Any such payment in default shall bear interest at 18% per annum. Should any payment not be made when due, there shall also be a late charge equal to 5% of the amount of the installment of principal or interest which is paid after the due date. In the event of default hereunder, the entire unpaid balance hereof shall, at the option of the Holders, become due and payable upon demand. All costs and fees (including reasonable fees and disbursements of legal counsel) incurred by the Holders as the result of any default by anyone liable hereunder or as the result of any collection effort by the Holders shall also be due and owing to the Holders. Failure to exercise any right shall not be deemed a waiver of the right to exercise the same at any subsequent date, or event.

On November 15, 2017, the Company and the Note Holder of principal \$140,000 (“PMI Note”) entered into an addendum to change the conversion price to \$0.005 per share or 50% of the lowest trading price for the last 20 trading days immediately prior to but not including the Conversion Date, whichever is lower; and the Note Holder should be reimbursed for the conversion cost by adding \$1,500 to the Principal for each note conversion effected by Note Holder. The Addendum has been evaluated with respect to the terms and conditions of the conversion features contained in the Addendum to determine whether they represent embedded or freestanding derivative instruments under the provisions of ASC 815. The Company determined that the conversion features contained in PMI Note of \$140,000 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in PMI Note is reflected in the Company’s balance sheet as a liability.

Accordingly, the Company measured the fair value of PMI Note of \$140,000 using the Lattice Binominal Option Pricing Model at the Addendum date and remeasured on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion. During the first quarter of 2018, a portion of accrued interest in PMI Note in amount of \$25,559, plus \$1,500 conversion cost reimbursement were converted into 5,411,754 shares of common stock of the Company at the conversion price of \$0.005 per share. The derivatives liabilities of \$65,432 due to this conversion were reclassified into additional paid in capital.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(A) Convertible Notes Payable - \$180,000 (continued)

The table below sets forth the assumptions for Lattice Bi-nominal Option Pricing Model on December 31, 2017, February 6, 2018 and December 31, 2018, respectively. For the year ended December 31, 2018, the Company decreased the derivative liability by \$198,570, including \$65,432 was reclassified into additional paid in capital due to the conversion of the accrued interest of \$25,559, resulting in a derivative liability of \$268,333 at December 31, 2018.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	\$ 532,335	0.003	\$0.0050	\$0.0135	242%	0.0128
02/06/2018	\$ 65,432	0.003	\$0.0050	\$0.0178	168%	0.0148
12/31/2018	\$ 268,333	1.00	\$0.0012	\$0.0029	183%	0.0263

At December 31, 2018, the carrying value of PMI Note was \$140,000. The Company recorded interest expense of \$28,577 related to PMI Note during the year ended December 31, 2018. PMI Note is currently in default and the accrued interest payable related to PMI Note was \$176,149 as of December 31, 2018.

The conversion terms of the remaining principal \$40,000 were unchanged. The Company recorded the default interest of the note in amount of \$8,165 during the year ended December 31, 2018, and the accrued interest payable of \$71,305 as of December 31, 2018.

(B) Convertible Notes Payable - \$33,500

As of December 31, 2018, the principal balance in the 10% convertible promissory note entered into on March 21, 2014 was \$33,500 and accrued interest payable was \$31,563. The Note is currently in default.

Under Financial Accounting Standard Board (“FASB”), U.S. GAAP, Accounting Standards Codification, “Derivatives and Hedging”, ASC Topic 815 (“ASC 815”) requires that all derivative financial instruments be recorded on the balance sheet at fair value. Fair values for exchange traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

The Company’s convertible notes have been evaluated with respect to the terms and conditions of the conversion features contained in the notes to determine whether they represent embedded or freestanding derivative instruments under the provisions of ASC 815. The Company determined that the conversion features contained in the notes of \$33,500 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company’s balance sheet as a liability.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(B) Convertible Notes Payable - \$33,500 (continued)

The fair value of the derivative financial instrument of the convertible note was measured using the Lattice Bi-nominal Option Pricing Model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Lattice Bi-nominal Option Pricing Model on December 31, 2017 and December 31, 2018, respectively. For year ended December 31, 2018, the Company increased the derivative liability by \$17,327, resulting in a derivative liability of \$50,828 at December 31, 2018.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	\$ 33,501	0.003	\$0.0068	\$0.0135	242%	0.0128
12/31/2018	\$ 50,828	1.00	\$0.0015	\$0.0029	183%	0.0263

The Company recorded interest expense of \$6,965 related to this Note during the year ended December 31, 2018, and the accrued interest payable of \$31,563 as of December 31, 2018.

(C) Convertible Notes Payable – Profit Sharing Note

On January 26, 2015, the Company entered into a 10% promissory note (the “Profit Sharing Note”) with an unrelated third party (the “Note Holder”), which was amended on March 15, 2016, pursuant to which the Note Holder agreed to invest total amount up to \$50,000 into the Company for the purchase of inventories. In the case that the Note Holder was not paid back in full within six months from the date of investment, the Note Holder had an option to convert any and all unpaid principal and accrued interest into common shares of the Company at the lesser of \$0.0005 per share or 50% discount to market, and the note holder should be reimbursed for the conversion cost by adding \$1,000 to the Principal for each note conversion effected by note holder. Since the Company’s stock price has not been lower than \$0.001 for the past three years, the Company determined that the conversion features contained in the Addendum should carry beneficial conversion feature instead of derivative liabilities.

During the first quarter of 2018, the remaining balance of Profit Sharing Note in amount of \$10,074, plus \$2,000 conversion cost reimbursement were converted into 24,148,500 shares of common stock of the Company at the conversion price of \$0.0005 per share. The Note was paid in full as of December 31, 2018.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(D) Convertible Notes Payable – Line of Credit

On July 12, 2016, the Company issued an unrelated third party (the “Note Holder”) a 15% promissory note (the “LOC”) with 20% prepayment penalty and 20% default charge, pursuant to which the Note Holder agreed to invest total amount up to \$200,000 into the Company for working capital. The LOC is convertible at the Note Holder’s option into the shares of the common stock of the Company at a conversion price of the lesser of \$0.0005 per share or 50% discount to market, and the Note Holder should be reimbursed for the conversion cost by adding \$1,000 to the Principal of LOC for each note conversion effected by Note Holder. Since the Company’s stock price has not been lower than \$0.001 for the past three years, the Company determined that the conversion features contained in the LOC should carry beneficial conversion feature instead of derivative liabilities.

During the third quarter of 2018, a portion of principal of \$15,000 in Line of Credit, plus \$1,000 conversion cost reimbursement were converted into 11,850,000 shares of common stock of the Company at the conversion price of \$0.00135 per share.

During the year ended December 31, 2018, the principal of LOC was increased by \$80,839. Accordingly, the intrinsic value of \$80,839 was credited to additional paid in capital at the effective date and was amortized over the life of the LOC. As of December 31, 2018, the outstanding balance of the LOC was \$154,316, net of debt discount of \$21,048, and \$94,525 was past due. The Company recorded interest expense of \$27,519 related to the LOC during the year ended December 31, 2018, and the accrued interest payable was \$38,414 as of December 31, 2018. The Company recorded amortization of debt discount in amount of total \$100,583 related to the LOC during the year ended December 31, 2018.

(E) Convertible Notes Payable – 2016 Services

On August 4, 2016, the Company issued an unrelated third party (the “Note Holder”) a 12% promissory note in principal amount of \$60,000 with 20% prepayment penalty and 20% default charge (the “2016 Services Note”) for financial services rendered. The 2016 Services Note is convertible at the Note Holder’s option into the shares of the common stock of the Company at a conversion price of the lesser of \$0.0005 per share or 50% discount to market, and the Note Holder should be reimbursed for the conversion cost by adding \$1,000 to the Principal of the 2016 Services Note for each note conversion effected by Note Holder. Since the Company’s stock price has not been lower than \$0.001 for the past three years, the Company determined that the conversion features contained in the 2016 Services Note should carry beneficial conversion feature instead of derivative liabilities. Accordingly, the intrinsic value of \$60,000 was credited to additional paid in capital at the effective date and was amortized over the life of the 2016 Services Note.

During the first quarter of 2018, a portion of accrued interest in 2016 Services Note in amount of \$7,000, plus \$2,000 conversion cost reimbursement were converted into 18,000,000 shares of common stock of the Company at the conversion price of \$0.0005 per share.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(E) Convertible Notes Payable – 2016 Services (continued)

During the second quarter of 2018, a portion of accrued interest in 2016 Services Note in amount of \$14,000, plus \$1,000 conversion cost reimbursement were converted into 30,000,000 shares of common stock of the Company at the conversion price of \$0.0005 per share.

During the third quarter of 2018, a portion of principal of \$5,063 and accrued interest of \$13,937 in 2016 Services Note, plus \$2,000 conversion cost reimbursement were converted into 42,000,000 shares of common stock of the Company at the conversion price of \$0.0005 per share.

As of December 31, 2018, the outstanding balance of the 2016 Services Note was \$47,437, and the debt discount was amortized in full. The 2016 Services Note is currently in default due to non-payment when semi-annual interest was due. The Company recorded default interest expense of \$12,041 related to the 2016 Services Note during the year ended December 31, 2018, and the accrued interest payable was \$6,546 as of December 31, 2018.

(F) Convertible Notes Payable – 2017 Services

On April 20, 2017, the Company issued an unrelated third party (the “Note Holder”) a 12% promissory note in principal amount of \$60,000 with 20% prepayment penalty and 20% default charge (the “2017 Services Note”) for financial services rendered in 2017. The 2017 Services Note is convertible at the Note Holder’s option into the shares of the common stock of the Company at a conversion price of the lesser of \$0.005 per share or 50% of the market, and the Note Holder should be reimbursed for the conversion cost by adding \$1,500 to the Principal of the 2017 Services Note for each note conversion effected by Note Holder.

The Company determined that the conversion features contained in 2017 Services Note carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in 2017 Services Note is reflected in the Company’s balance sheet as a liability. The fair value of the derivative financial instrument of 2017 Services Note was measured using the Lattice Bi-nominal Option Pricing Model at the inception date of 2017 Services Note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

During the second quarter of 2018, a portion of principal and accrued interest in 2017 Services Note in amount of \$10,000 and \$1,200, respectively, plus \$1,500 conversion cost reimbursement were converted into 3,175,000 shares of common stock of the Company at the conversion price of \$0.004 per share. The derivatives liabilities of \$21,273 due to this conversion were reclassified into additional paid in capital.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(F) Convertible Notes Payable – 2017 Services (continued)

The table below sets forth the assumptions for Lattice Bi-nominal Option Pricing Model on December 31, 2017, April 25, 2018 and December 31, 2018, respectively. For the year ended December 31, 2018, the Company decreased the derivative liability by \$10,159, including \$21,273 was reclassified into additional paid in capital due to the conversion of a portion of principal and accrued interest totaled \$11,200, resulting in a derivative liability of \$95,833 at December 31, 2018.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2017	\$ 127,265	0.30	\$0.005	\$0.0135	242%	0.0139
4/25/2018	\$ 21,273	1.00	\$0.004	\$0.0090	162%	0.0226
12/31/2018	\$ 95,833	1.00	\$0.0012	\$0.0029	183%	0.0263

As of December 31, 2018, the outstanding balance of 2017 Services Note was \$50,000, and the debt discount was amortized in full. The 2017 Services Note is currently in default due to non-payment when semi-annual interest was due. The Company recorded default interest expense and amortization of debt discounts of \$25,575 and \$18,082, respectively, related to the 2017 Services Note during the year ended December 31, 2018, and the accrued interest payable was \$29,475 as of December 31, 2018.

	December 31, 2018	
2017 Services Note, dated April 20, 2017	\$	60,000
Debt Discount		<u>(60,000)</u>
		0
Amortized debt discount		60,000
Less: partial conversion		<u>(10,000)</u>
2017 Services Note, net	\$	50,000

(G) Convertible Notes Payable – 2018 Services

On March 7, 2018, the Company issued an unrelated third party (the “Note Holder”) a 12% promissory note in principal amount of \$60,000 with 20% prepayment penalty and 20% default charge (the “2018 Services Note”) for financial services rendered. The 2018 Services Note is convertible at the Note Holder’s option into the shares of the common stock of the Company at a conversion price of \$0.005 per share, and the Note Holder should be reimbursed for the conversion cost by adding \$1,500 to the Principal of the 2018 Services Note for each note conversion effected by Note Holder. Since the conversion price is lower than Company’s stock price, the Company determined that the conversion features contained in the 2018 Services Note should carry beneficial conversion feature. Accordingly, the intrinsic value of \$60,000 was credited to additional paid in capital at the effective date and was amortized over the life of the 2018 Services Note.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(G) Convertible Notes Payable – 2018 Services (continued)

During the year ended December 31, 2018, the Company recorded interest expenses related to 2018 Services Note in amount of \$5,980, and amortization of debt discounts in amount of \$49,150. This resulted in accrued interest of \$5,980 and an unamortized debt discount of \$10,850 as of December 31, 2018.

	December 31, 2018
2018 Services Note, dated March 7, 2018	\$ 60,000
Debt Discount	(60,000)
	0
Amortized debt discount	49,150
2018 Services Note, net	\$ 49,150

(H) Convertible Notes Payable – L&H (Note I)

On August 16, 2017, the Company issued L&H Inc., an unrelated third party (the “Note Holder”) a 12% promissory note in principal amount of \$28,000 with Original Issuance Discount of \$3,000, 20% prepayment penalty and 20% default charge (“L&H Note I”) for working capital. L&H Note I is convertible at the Note Holder’s option into the shares of the common stock of the Company at a conversion price of the lesser of \$0.001 per share or 50% discount to market, and the Note Holder should be reimbursed for the conversion cost by adding \$1,500 to the Principal of L&H Note I for each note conversion effected by Note Holder.

The Company determined that the conversion features contained in L&H Note I carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815 during the third quarter of 2018. As a result, the fair value of the derivative financial instrument in L&H Note I is reflected in the Company’s balance sheet as a liability. The fair value of the derivative financial instrument of L&H Note I was measured using the Lattice Bi-nominal Option Pricing Model at the inception date of L&H Note I and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion. During the four quarter of 2018, a portion of accrued interest in L&H Note I in amount of \$5,020, plus \$1,500 conversion cost reimbursement were converted into 6,520,000 shares of common stock of the Company at the conversion price of \$0.001 per share. The derivatives liabilities of \$16,952 due to this conversion were reclassified into additional paid in capital.

The table below sets forth the assumptions for Lattice Bi-nominal Option Pricing Model on October 11, 2018 and December 31, 2018, respectively. For the year ended December 31, 2018, the Company increased the derivative liability by \$81,352, including \$16,952 was reclassified into additional paid in capital due to the conversion of the accrued interest of \$5,020, resulting in a derivative liability of \$64,400 at December 31, 2018.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(H) Convertible Notes Payable – L&H (Note I) (continued)

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
10/11/2018	\$ 16,952	1.00	\$0.001	\$0.0032	183%	0.0266
12/31/2018	\$ 64,400	1.00	\$0.001	\$0.0029	183%	0.0263

During the year ended December 31, 2018, the Company recorded interest expenses related to L&H Note I in amount of \$11,264, and amortization of debt discounts in amount of \$17,490. This resulted in accrued interest of \$7,523 and the debt discount was amortized in full as of December 31, 2018. L&H Note I is currently in default.

	December 31, 2018
L&H Note I, dated August 16, 2017	\$ 28,000
Debt Discount	(28,000)
	<u>0</u>
Amortized debt discount	28,000
L&H Note I, net	<u>\$ 28,000</u>

(I) Convertible Notes Payable – Thomas Group

On August 18, 2017, the Company issued The Thomas Group LLC, an unrelated third party (the “Note Holder”) a 12% promissory note in principal amount of \$28,000 with Original Issuance Discount of \$3,000, 20% prepayment penalty and 20% default charge (“Thomas Note”) for working capital. Thomas Note is convertible at the Note Holder’s option into the shares of the common stock of the Company at a conversion price of the lesser of \$0.001 per share or 50% discount to market, and the Note Holder should be reimbursed for the conversion cost by adding \$1,500 to the Principal of Thomas Note for each note conversion effected by Note Holder.

The Company determined that the conversion features contained in Thomas Note carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815 during the third quarter of 2018. As a result, the fair value of the derivative financial instrument in Thomas Note is reflected in the Company’s balance sheet as a liability. The fair value of the derivative financial instrument of Thomas Note was measured using the Lattice Bi-nominal Option Pricing Model at the inception date of Thomas Note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion. During the second quarter of 2018, a portion of principal and accrued interest in Thomas Note in amount of \$27,473 and \$2,791, respectively, plus \$1,500 conversion cost reimbursement were converted into 15,000,000 shares of common stock of the Company at the conversion price of \$0.0021 per share. The derivatives liabilities of \$66,553 due to this conversion were reclassified into additional paid in capital.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(I) Convertible Notes Payable – Thomas Group (continued)

The table below sets forth the assumptions for Lattice Bi-nominal Option Pricing Model on June 13, 2018 and December 31, 2018, respectively. For the year ended December 31, 2018, the Company increased the derivative liability by \$67,765, including \$66,553 was reclassified into additional paid in capital due to the conversion of a portion of principal and accrued interest totaled \$30,264, resulting in a derivative liability of \$1,212 at December 31, 2018.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
6/13/2018	\$ 66,553	0.79	\$0.0021	\$0.0063	97%	0.0209
12/31/2018	\$ 1,212	1.00	\$0.001	\$0.0029	183%	0.0263

As of December 31, 2018, the outstanding balance of Thomas Note was \$527 and accrued interest was \$0 after the conversion. During the year ended December 31, 2018, the Company recorded interest expenses related to Thomas Note in amount of \$1,531, and amortization of debt discounts in amount of \$17,644, and the debt discount was amortized in full as of December 31, 2018.

	December 31, 2018
Thomas Note, dated August 18, 2017	\$ 28,000
Debt Discount	(28,000)
	0
Amortized debt discount	28,000
Less: partial conversion	(28,000)
Thomas Note, net	\$ 0

(J) Convertible Notes Payable – L&H (Note II)

On December 21, 2017, the Company issued L&H Inc., an unrelated third party (the “Note Holder”) a 15% promissory note in principal amount of \$28,000 with Original Issuance Discount of \$3,000, 20% prepayment penalty and 20% default charge (“L&H Note II”) for working capital. L&H Note II is convertible at the Note Holder’s option into the shares of the common stock of the Company at a conversion price of the lesser of \$0.001 per share or 50% discount to market, and the Note Holder should be reimbursed for the conversion cost by adding \$1,500 to the Principal of L&H Note II for each note conversion effected by Note Holder.

The Company determined that the conversion features contained in L&H Note II carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815 during the third quarter of 2018. As a result, the fair value of the derivative financial instrument in L&H Note II is reflected in the Company’s balance sheet as a liability. The fair value of the derivative financial instrument of L&H Note II was measured using the Lattice Bi-nominal Option Pricing Model at the inception date of L&H Note II and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(J) Convertible Notes Payable – L&H (Note II) (continued)

The table below sets forth the assumptions for Lattice Bi-nominal Option Pricing Model on December 31, 2018. For the year ended December 31, 2018, the Company increased the derivative liability by \$64,400, resulting in a derivative liability of \$64,400 at December 31, 2018.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2018	\$ 64,400	1.00	\$0.001	\$0.0029	183%	0.0263

During the year ended December 31, 2018, the Company recorded interest expenses related to L&H Note II in amount of \$10,796, and amortization of debt discounts in amount of \$27,233. This resulted in accrued interest of \$10,913 and the debt discount was amortized in full as of December 31, 2018. L&H Note II is currently in default.

	December 31, 2018
L&H Note II, dated December 21, 2017	\$ 28,000
Debt Discount	(28,000)
	0
Amortized debt discount	28,000
L&H Note II, net	\$ 28,000

(K) Convertible Notes Payable – Brewer

On January 3, 2018, the Company entered into a services agreement with a consultant for business development and marketing services, pursuant to which the Company agreed to issue the consultant total 20,000,000 shares of common stock of the Company and a convertible promissory note in amount of \$48,000 for services rendered (“Brewer Note”).

Brewer Note bears interest at a rate of 10% per annum with 20% default charge and 20% default rate. Brewer Note is convertible at the Note Holder’s option into the shares of the common stock of the Company at a conversion price of 70% of the market, and the Note Holder should be reimbursed for the conversion cost by adding \$500 to the Principal of Brewer Note for each note conversion effected by Note Holder.

The Company determined that the conversion features contained in Brewer Note carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in Brewer Note is reflected in the Company’s balance sheet as a liability. The fair value of the derivative financial instrument of Brewer Note was measured using the Lattice Bi-nominal Option Pricing Model at the inception date of Brewer Note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

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NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(K) Convertible Notes Payable – Brewer (continued)

The table below sets forth the assumptions for Lattice Bi-nominal Option Pricing Model on December 31, 2018. For the year ended December 31, 2018, the Company decreased the derivative liability by \$13,714, resulting in a derivative liability of \$34,286 at December 31, 2018.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2018	\$ 34,286	0.01	\$0.0017	\$0.0029	155%	0.0256

As a result, Brewer Note was discounted in the amount of \$48,000 and amortized over the remaining life of Brewer Note. During the year ended December 31, 2018, the Company recorded interest expenses related to Brewer Note in amount of \$4,826, and amortization of debt discounts in amount of \$47,606. This resulted in accrued interest of \$4,826 and an unamortized debt discount of \$394 as of December 31, 2018.

	December 31, 2018
Brewer Note, dated January 3, 2018	\$ 48,000
Debt Discount	(48,000)
	<u>0</u>
Amortized debt discount	47,606
Brewer Note, net	\$ 47,606

NOTE 7 – RELATED PARTY TRANSACTIONS

All outstanding balance in accounts receivable as of December 31, 2017 was from related party. The related party sales were to either Coast to Coast Podiatry Inc. or Neurogenx NerveCenter of Newport Beach, the second office of Coast to Coast Podiatry Inc. opened in September 2016 under a different DBA. Coast to Coast Podiatry Inc. is related by virtue of the majority interest being owned by Dr. Chris Otiko, the President of the Company. In addition to the benefit of the Company getting the sales associated with these transactions, the Company uses this platform to evaluate results and any quality control issues that could arise with the products since Dr. Otiko is able to monitor the businesses.

Since the accounts receivable from related parties was outstanding over one year, the management determined it was uncollectible based on their assessment. Accordingly, the Company recorded bad debt expenses of \$387,344 during the year ended December 31, 2018.

As of December 31, 2018, the Company had due to related party in amount of \$69,293, which was borrowed from Dr. Chris Otiko for daily operating expenses. The borrowing was not evidenced by promissory note, but rather was oral agreement between Dr. Chris Otiko and the Company, and due on demand.

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NOTE 7 – RELATED PARTY TRANSACTIONS (CONTINUED)

On December 27, 2016, we were assigned exclusive use of a new provisional patent developed by a company controlled by our President, Dr. Chris Otiko in exchange for the cash payment of One Dollar (\$1.00). The patent number and description are as follows:

PROVISIONAL PATENT NUMBER: 62433964
ENHANCED ANTIBIOTIC AND DRUG DELIVERY FOR AQUEOUS TOPICAL
APPLICATIONS FOR HUMAN AND VETERINARY USES

NOTE 8 – OFFICER COMPENSATION

On January 1, 2017, the Company entered into an employment agreement with Dr. Chris A. Otiko, the Company's President, pursuant to which the Company agreed to compensate Dr. Otiko for his contribution and work as the Company's President for a period of three years in amount of \$30,000 per year in cash, plus one-time payment of 30,000,000 shares of Preferred Stock of Company, 20,000,000 shares of which are subject to be cancelled if Dr. Otiko resigns from his position of the Company before December 31, 2019. This employment agreement may be renewed upon mutual written consent.

Based on the price of \$.021 per share for the Preferred Stock, which was determined by the market price of common stock at \$.0021 per share on the grant date multiplied by the conversion ratio of 1:10, the fair value of the issuance of Preferred Stock was \$630,000. Accordingly, the Company booked the stock based compensation pro rata within the relative service period. For the year ended December 31, 2018, the Company recognized \$210,000 to the consolidated statements of operations. The unrecognized compensation was recorded as deferred compensation amounting to \$210,000 as of December 31, 2018.

NOTE 9 – STOCKHOLDERS' EQUITY

In addition, 20,000,000 shares of common stock of the Company were issued to Dr. Chris Otiko, President of the Company on January 17, 2018, as bonus compensation pursuant to the approval by the Board of Directors on December 1, 2017. Accordingly, the Company recorded the fair value of this stock issuance in amount of \$240,000, which was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately \$0.012 per share, as officer compensation during the year ended December 31, 2018.

As of December 31, 2018, the Company had 1,000,000,000 shares of common stock authorized, \$0.0001 par value, of which 678,691,475 shares issued and outstanding, and had 50,000,000 shares of preferred stock authorized, \$0.001 par value, of which 31,000,000 shares issued and outstanding. Each share of preferred stock has conversion ratio and voting right of 10:1.

During the first quarter of 2018, the remaining balance of Profit Sharing Note in amount of \$10,074, plus \$2,000 conversion cost reimbursement were converted into 24,148,500 shares of common stock of the Company at the conversion price of \$0.0005 per share.

During the first quarter of 2018, a portion of accrued interest in Greentree 2016 Services Note in amount of \$7,000, plus \$2,000 conversion cost reimbursement were converted into 18,000,000 shares of common stock of the Company at the conversion price of \$0.0005 per share.

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NOTE 9 – STOCKHOLDERS’ EQUITY (CONTINUED)

During the first quarter of 2018, a portion of accrued interest in PMI Note in amount of \$25,559, plus \$1,500 conversion cost reimbursement were converted into 5,411,754 shares of common stock of the Company at the conversion price of \$0.005 per share.

During the second quarter of 2018, a portion of accrued interest in Greentree 2016 Services Note in amount of \$14,000, plus \$1,000 conversion cost reimbursement were converted into 30,000,000 shares of common stock of the Company at the conversion price of \$0.0005 per share.

During the second quarter of 2018, a portion of principal and accrued interest in Greentree 2017 Services Note in amount of \$10,000 and \$1,200, respectively, plus \$1,500 conversion cost reimbursement were converted into 3,175,000 shares of common stock of the Company at the conversion price of \$0.004 per share.

During the second quarter of 2018, a portion of principal and accrued interest in Thomas Note in amount of \$27,473 and \$2,791, respectively, plus \$1,500 conversion cost reimbursement were converted into 15,000,000 shares of common stock of the Company at the conversion price of \$0.0021 per share.

During the third quarter of 2018, a portion of principal of \$5,063 and accrued interest of \$13,937 in 2016 Services Note, plus \$2,000 conversion cost reimbursement were converted into 42,000,000 shares of common stock of the Company at the conversion price of \$0.0005 per share.

During the third quarter of 2018, a portion of principal of \$15,000 in Line of Credit, plus \$1,000 conversion cost reimbursement were converted into 11,850,000 shares of common stock of the Company at the conversion price of \$0.00135 per share.

During the fourth quarter of 2018, a portion of accrued interest of \$5,020 in L&H Note I, plus \$1,500 conversion cost reimbursement were converted into 6,520,000 shares of common stock of the Company at the conversion price of \$0.001 per share.

In or around October 2018, the Company issued 19,000,000 shares of Convertible Preferred Stock, which transaction has been unwound and the 19,000,000 shares of Convertible Preferred Stock were cancelled and returned to the Company.

NOTE 10 – STOCK BASED COMPENSATION

On January 3, 2018, the Company entered into a services agreement with a consultant for business development and marketing services, pursuant to which the Company agreed to issue the consultant total 20,000,000 shares of common stock of the Company and a convertible promissory note in amount of \$48,000 for services rendered (“Brewer Note”). The agreement has a term of one year effective upon the signing date, and the shares shall be issued in 4 installments, or 5,000,000 shares each, starting from the signing date and every 90 days thereafter until total share amount are paid in full. 10,000,000 shares pursuant to this Agreement were issued on March 7, 2018. Accordingly, the Company calculated total fair

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NOTE 10 – STOCK BASED COMPENSATION (CONTINUED)

value of this stock issuance in amount of \$135,000, which was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately \$0.0135 per share, and booked the stock based compensation pro rata for six months. The third and fourth payment of 5,000,000 shares each were not issued as of the date of this report, the fair value of which totaling \$135,000 was recorded as accrued expenses in the consolidated balance sheet as of December 31, 2018. For the year ended December 31, 2018, the Company recognized stock based compensation of \$135,000 to the consolidated statements of operations.

On March 27, 2018, the Company issued 20,000,000 shares of Common Stock of the Company to 2 consultants for services rendered. The Company recorded total fair value of this stock issuance in amount of \$214,000, which was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately \$0.0107 per share, as stock based compensation during the year ended December 31, 2018.

On February 10, 2017, the Company entered into a consulting service agreement with a Consultant for public relationship and marketing services in exchange for 1,000,000 shares of Common Stock of the Company. The agreement had a term of one year effective upon the signing date, but the shares paid to Consultant were not refundable for any reasons. The Agreement was renewed on March 8, 2018 and additional 1,000,000 shares of Common Stock were granted to the same consultant. The fair value of these shares was determined by the fair value of the Company's Common Stock on the grant dates, at a price of approximately \$0.0228 per share and \$0.0102 per share, respectively. The 2,000,000 shares were issued during the second quarter of 2018 and \$10,200 was recorded as stock based compensation during the year ended December 31, 2018.

On April 18, 2018, the Company issued 3,500,000 shares of Common Stock of the Company to a consultant for services rendered. The Company recorded total fair value of this stock issuance in amount of \$34,650, which was determined by the fair value of the Company's Common Stock on the grant date, at a price of approximately \$0.0099 per share, as stock based compensation during the year ended December 31, 2018.

NOTE 11 – CONTINGENT LIABILITIES

On or about April 12, 2017 the Company was made aware of a lawsuit filed against the Company and several other parties in U.S. District Court for the District of South Dakota by Steven Keough, an individual. The complaint alleges, among other things, that Mr. Keough had a licensing arrangement with Dr. Howard Phillips for some of the patents related to the first-generation transdermal delivery system that were developed by Dr. Phillips. The lawsuit also alleges that Dr. Phillips should not have been able to initially license the transdermal technology to the Company. The lawsuit further alleges that, through a separate consulting agreement Dr. Chris Otiko had with Thru Pharma, LLC, an entity related to Keough, that Dr. Chris Otiko should need to assign the rights of the transdermal patent to Mr. Keough. The lawsuit seeks monetary and injunctive relief.

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NOTE 11 – CONTINGENT LIABILITIES (CONTINUED)

Based on information and belief, both agreements were breached by Thru Pharma, LLC. The Company does not believe Mr. Keough has any right to the Company's patents or technology. Furthermore, the predecessor transdermal technology, which is the subject of dispute by Mr. Keough, is not even currently used by the Company and any protections related to its provisional patents are believed to have expired. All new products being developed and sold by the Company are based on a newer transdermal technology created directly by the Company or its management team. The Company believes the lawsuit is without merit and has engaged legal counsel to vigorously defend it. The Company is also evaluating a counter-claim against Mr. Keogh.

During the first quarter of 2018, the complaint filed by Steven J. Keough in a South Dakota Federal Court, has been dismissed without prejudice.

NOTE 12 – SUBSEQUENT EVENTS

In accordance with ASC Topic 855-10, the Company has analyzed its operations subsequent to December 31, 2018 to the date these consolidated financial statements were issued. The Company does not have any material subsequent events to disclose in these financial statements other than the following:

On February 1, 2019, a portion of principal of \$2,000, accrued interest of \$3,942 in 2017 Services Note, plus \$1,500 conversion cost reimbursement were converted into 6,201,667 shares of common stock of the Company at the conversion price of \$0.0012 per share.

On February 21, 2019, a portion of principal of \$3,000, accrued interest of \$8,350 in L&H Note I, plus \$1,500 conversion cost reimbursement were converted into 12,850,000 shares of common stock of the Company at the conversion price of \$0.001 per share.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

ViaDerma, Inc.'s lead product is an FDA registered topical antibiotic called that will be sold under the brand name Vitastem™. The Company also has products in development in the following fields; anti-aging skin care, pain management, hair-loss, and toenail fungus. The products are based on a patent pending delivery system technology that allows for rapid mass transfer of the pharmaceutical active ingredient across the skin and into the body to provide immediate localized therapy. Detailed product information is available online by accessing the Government website, DailyMed.

The Company utilizes a specific Trade Secret Formulation System in the manufacture of all the products.

On January 31, 2014, the Company purchased an exclusive license (the "License") on the patent pending technology from Dr. Howard Phillips represented by US Patent application #20130190274. The Company amended the License on January 20, 2017 such that it is now a non-exclusive distribution and licensing agreement.

Apart from the technology licensed from Dr. Howard Phillips, the Company is currently using a second-generation transdermal technology to manufacture and develop its products. This technology was exclusively licensed from a related party. During 2016, provisional patents were been filed on this technology. The Company received provisional patent #62757891 'ENHANCED ANTIBIOTIC AND DRUG DELIVERY FOR AQUEOUS TOPICAL APPLICATIONS FOR HUMAN AND VETERINARY USES' for this technology. The Company believes the newer technology has additional benefits and plans to incorporate this topical delivery system into most, if not all, of its future products.

In June 2017, the Company received notification that its newer product Prolayed (15ml), was also registered with the FDA.

In addition, the Company is in the early development stage of a medical cannabis product containing cannabidiol ("CBD") that can be absorbed through the skin with our proprietary transdermal delivery system. A provisional patent application using the combination of CBD and THC with the delivery system was filed in 2017 (Provisional Patent # 62466209). The use of CBD is aimed at the reduction of inflammation and for the treatment of several diseases, such as, nicotine addiction, fibromyalgia, Cohn's disease, schizophrenia, migraine headaches, pain management for cancer and Multiple Sclerosis.

The Company has filed with the Food and Drug Administration (FDA) for a new over the counter or OTC version of a "Premature Ejaculation Drug". The new "OTC Drug" received FDA registration during the second quarter of 2017 (NDC:69006-010-00) and the Company's name of the new drug will portray prolonged endurance. The Company's recent testing of the drug has shown to be successful in retarding the onset of ejaculation during sexual intercourse.

The Company recently engaged an Operations Manager, effective on March 1, 2017, for an initial Go-to-Market strategy. The Operation Manager will initially be responsible for overseeing product manufacturing and development. He will additionally oversee the storage, delivery and fulfillment of our products.

Currently, the Company's products are sold to local medical practitioners, and patients in clinics primarily in the Los Angeles, California area; however, the Company is moving towards a wholesale distributor model and launch the online sales at amazon.com in the second quarter of 2018. The Company's primary goal during 2018 has been to commercially manufacture the product on a larger scale and seek wholesale distribution partners that will carry and sell the product. The Company is presently using a manufacturing partner on the East Coast of the United States. During November 2017, the Company received its first finished order of Vitastem (bottle sizes range from 5ml to 15ml). The Company, along with its wholesale partners, will attempt to sell and distribute the product in several key areas during the next quarter.

In addition to the primary plan of developing and selling new products to the market, the Company is exploring the possibility of licensing the technology to other pharmaceutical companies. As of the date of this filing, the Company has entered into two licensing and distribution agreements as follows:

On January 1, 2017, the Company entered into a licensing and distribution agreement with Biogenx, Inc. for the purpose of commercializing and distributing a topical antibiotic product to be branded VitaStem. The product will carry the Company's tetracycline-based technology. This product will be separately registered with the FDA. Pursuant to the agreement, the Company will receive 50% of gross profit from sales of Vitastem. For purposes of the agreement, gross profit is defined as total revenues less cost of production, distribution and marketing. In addition ViaDerma will receive an additional 5% of gross sales as a licensing fee. The

agreement will terminate on December 31, 2022 unless extended by both parties. Biogenx, Inc. has the right to terminate the agreement early with two month notice if it deems the arrangement to not be financially viable.

On January 1, 2017, the Company entered into a licensing and distribution agreement with Vage Nigeria, Ltd. for the purpose of commercializing and distributing a topical antibiotic product to be branded Dermafix. The product will carry the Company's tetracycline-based technology. This product will be separately registered with the FDA. Pursuant to the agreement, the Company will receive 50% of the net sales from Dermafix. For purposes of the agreement, net sales is defined as total revenues less cost of production, distribution and marketing (which includes taxes, discounts, allowances, credits for returns, rebates, import duties and other governmental charges, freight and transportation). The agreement will terminate on December 31, 2022 unless extended by both parties. Vage Nigeria, Ltd. has the right to terminate the agreement early with two month notice if it deems the arrangement to not be financially viable.

On January 1, 2018, the Company entered into a licensing agreement with SSP Asset Management Corp., an organization incorporated under the laws of Alberta, Canada ("SSP"). The license granted SSP the right to use the Company's transdermal technology for use within certain products. The Company will receive Fifty Percent (50%) of the net profits of any products sold by SSP. The term of the license is 25 years and is exclusive for a minimum of two years on any new products developed by SSP. The Company also issued 20 million restricted common shares to the shareholders of SSP to assist in the development of the new products.

We announced on February 7, 2018 that the complaint filed by Steven J. Keough in a South Dakota Federal Court, has been dismissed without prejudice. The complaint alleged certain technical issues dating back to 2011. We have filed provisional patents on several products, and their pending status has already gone through a screening process by the USPTO. Our legal counsel vigorously defended this civil legal action to protect our shareholders and our patent pending product line. We continue to aggressively defend any legal action that will affect our progress.

B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

None

C. Describe the issuers' principal products or services, and their markets

Currently, the products are sold to local medical practitioners, and patients in clinics primarily in the Los Angeles, California area and launch online sales at amazon.com in the second quarter of 2018. The Company's primary goal during 2018 has been to commercially manufacture the product on a larger scale and seek wholesale distribution partners that will carry and sell the product. The Company is presently using a manufacturing partner on the East Coast of the United States. During November 2017, the Company received its first finished order of Vitastem (bottle sizes range from 5ml to 15ml). The Company, along with its wholesale partners, will attempt to sell and distribute the product in several key areas during the next quarter.

The company is in the early development stage of a medical cannabis product (CBD) that can be absorbed through the skin with our proprietary transdermal delivery system. A provisional patent application using the combination of CBD and THC with the delivery system was filed in 2017. The use of CBD is aimed at the reduction of inflammation and for the treatment of several diseases, such as, nicotine addiction, fibromyalgia, Cohn's disease, schizophrenia, migraine headaches, pain management for cancer and Multiple Sclerosis.

In addition, the Company has filed with the Food and Drug Administration (FDA) for a new over the counter or OTC version of a "Premature Ejaculation Drug". The new "OTC Drug" received FDA registration during the second quarter of 2017 (NDC: 69006-010-00) and the Company's name of the new drug will portray prolonged endurance. The Company's recent testing of the drug has proved to be successful in retarding the onset of ejaculation during sexual intercourse.

6) Issuer's Facilities

Our contracted manufacturer has an FDA and CGMP compliant facility, which is fully registered to produce OTC pharmaceuticals, and passed the most recent FDA audit. Our contracted manufacturer has over 50 years of combined experience in product development, formulating, batching, filling and packaging.

Our official business mailing address is 4640 Admiralty Way, Suite 500, Marina Del Rey, California 90292.

7) **Officers, Directors, and Control Persons**

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Dr. Chris Ayo Otiko	President, Chief Executive Officer and Director	4640 Admiralty Way, Ste. 500, Marina Del Rey, CA 90292	56,230,708	Common Stock	8.29%	
Dr. Chris Ayo Otiko	President, Chief Executive Officer and Director	4640 Admiralty Way, Ste. 500, Marina Del Rey, CA 90292	30,000,000	Preferred Stock	96.77%	

8) **Legal/Disciplinary History**

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Gina M. Austin
Firm: Austin Legal Group Attorneys at Law
Address 1: 3990 Old Town Avenue, Suite A-112
Address 2: San Diego, CA. 92110
Phone: (619) 924-9600
Email: gaustin@austinlegalgroup.com

Accountant

Name: Tracy Luo
Firm: L&L CPAs PA
Address 1: 19720 Jetton Road, 3rd Floor
Address 2: Cornelius, NC 28031
Phone: (704) 897-8336
Email: tluo@llcpas.net

Investor Relations Consultant

Name: Richard Inza
Firm: RMJ Consulting, LLC
Address 1: 2451 SW 126th Way
Address 2: Miramar, FL 33027
Phone: (954) 251-0616
Email: richardinza@gmail.com

Other Service Providers

Name: Chris Cottone
Firm: Greentree Financial Group
Nature of Services: Assistance in preparing and filing OTC Markets reports
Address 1: 7951 S.W. 6th Street, Suite 216
Address 2: Plantation, Florida 33324
Phone: (954) 424-2345
Email: chriscottone@gtfinancial.com

10) Issuer Certification

President:

The certifications shall follow the format below:

I, Dr. Chris Ayo Otiko certify that:

1. I have reviewed this annual disclosure statement of VIADERMA, INC.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 16, 2019

/s/ Dr. Chris Ayo Otiko