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

FORM 10-K

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

For the fiscal year ended **September 30, 2023**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **000-54239**

DIGIPATH, INC.
(Exact name of registrant as specified in its charter)

NEVADA	**27-3601979**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6450 Cameron Street, Suite 113
Las Vegas, Nevada 89118
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(702) 527-2060**

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act: Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant based upon the closing price of $0.0079 per share as of March 31, 2023 was approximately $604,532.

As of January 16, 2024, there were 87,096,820 shares of registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None

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PART I

Forward Looking Statements

This Form 10-K contains "forward-looking" statements including statements regarding our expectations of our future operations. For this purpose, any statements contained in this Form 10-K that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate," or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control.

These risks and uncertainties include demand for our products and services, governmental regulation of the cannabis industry, our ability to maintain customer and strategic business relationships, the impact of competitive products and pricing, growth in targeted markets, the adequacy of our liquidity and financial strength to support our growth, general economic and market conditions; our ability to sustain, manage, or forecast growth, our ability to successfully make and integrate acquisitions, new product development and introduction, existing government regulations and changes in, or the failure to comply with, government regulations, adverse publicity, difficulty in forecasting operating results, change in business strategy or development plans, business disruptions, and the ability to attract and retain qualified personnel. Although the forward-looking statements in this report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. In light of these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, we undertake no obligation to announce publicly revisions we make to these forward-looking statements to reflect the effect of events or circumstances that may arise after the date of this report. All written and oral forward-looking statements made subsequent to the date of this report and attributable to us or persons acting on our behalf are expressly qualified in their entirety by this section.

ITEM 1. DESCRIPTION OF BUSINESS

Overview

Digipath, Inc. was incorporated in Nevada on October 5, 2010. Digipath, Inc. and its subsidiaries ("Digipath," the "Company," "we," "our" or "us") are a service-oriented independent testing laboratory and data analytics company focused on the developing cannabis and hemp markets, and supports the cannabis industry's best practices for reliable testing. Our mission is to provide pharmaceutical-grade analysis and testing to the cannabis industry, under ISO-17025:2017 guidelines, to ensure consumers and patients know exactly what is in the cannabis they ingest and to help maximize the quality of our clients' products through research, development, and standardization. Digipath has been operating a cannabis-testing lab in Nevada serving the state of Nevada since 2015.

On April 20, 2023, the Company and Digipath Labs, Inc., a wholly-owned subsidiary of the Company ("Digipath Labs"), entered into an Asset Purchase Agreement (the "Purchase Agreement") with DPL NV, LLC (the "Buyer") pursuant to which Digipath Labs has agreed to sell substantially all of its assets to Buyer for a cash purchase price of $2.3 million, subject to adjustment. The closing of the transaction contemplated by the Purchase Agreement is subject to the approval of the Nevada Cannabis Compliance Board (the "CCB") being obtained by June 30, 2024. We believe that the transaction may close as early as January 2024. Upon closing of the asset sale, the Company intends to seek to acquire another business. The Company has not yet commenced a search for candidates.

In connection with the transactions contemplated by the Purchase Agreement, Digipath, Digipath Labs and Buyer entered into a Management Services Agreement, dated as of April 30, 2023 (the "Services Agreement"), pursuant to which the Buyer was engaged to manage the operations of the Company's cannabis testing laboratory, subject to the approval of the CCB which was obtained on October 17, 2023. The descriptions of the Purchase Agreement and the Services Agreement are qualified in their entirety by reference to the actual terms thereof; such agreements have been filed with the SEC. See also Note 14.

Business

Our cannabis testing business is operated through our wholly owned subsidiary, Digipath Labs, which performs all cannabis related testing using FDA-compliant laboratory equipment and processes. We opened our first testing lab in Las Vegas, Nevada in May of 2015 to serve the new State approved and licensed medical marijuana industry. We have decreased our focus on expansion efforts since the signing of the Purchase Agreement.

We seek to be the nation's highest standard, full-service testing lab for cannabis, hemp and ancillary cannabis and hemp infused products. We are a third party independent testing laboratory facility for cannabis, cannabis infused products, hemp and other botanical nutraceuticals to serve growers, dispensaries, caregivers, producers, patients and eventually all end users of cannabis and botanical products.

Our mission is to provide pharmaceutical-grade analysis and testing to the cannabis and hemp industry, under ISO-17025:2017 guidelines, to ensure consumers and patients know exactly what is in the cannabis and hemp they ingest and to help maximize the quality of our client's products through research, development and standardization.

As a premier cannabis and hemp testing laboratory with ISO-17025:2017 accreditation, we take a careful, strategic approach to all of our cannabis and hemp testing. A diverse array of tests combined with our lab equipment and analytical instrumentation enable us to accurately test cannabis and hemp for potency, the presence of pesticides, microbial contamination, metals and heavy metals, which include, but are not limited to, substances like arsenic, cadmium, lead, or mercury. Not only is testing for potency and Cannabidiol ("CBD") and tetrahydrocannabinol ("THC") content important, we recognize that more profound testing is needed particularly as a true national standard is developed. Digipath Labs is committed to follow Food and Drug Administration ("FDA"), Drug Enforcement Agency ("DEA"), Environmental Protection Agency ("EPA"), and US Department of Agriculture ("USDA") guidelines, proprietary standard operating procedures ("SOP"), and Good Lab Practices ("GLP") that are in line with current Federal and State governing bodies. We utilize a variety of tests to safely and effectively share enhanced understanding of the cannabis plant with caregivers, dispensaries and patients. We are committed to the advancement of science by offering a method of standardization for cannabis that is intricate and accurate. This approach and our investment in state-of-the-art testing equipment are of the utmost importance.

Digipath Labs screens medicinal and recreational cannabis for potentially harmful contaminants, including:

- Residual Solvents (for extracts)
- Moisture
- Water Activity
- Visual Inspection
- Pesticides
- Heavy metals, including mercury, arsenic, lead, cadmium, chromium and nickel
- Biological toxins, such as aflatoxin and ocratoxins
- Microbial contaminants including E. coli, salmonella, coliforms, aspergillus, gram negative bacteria, total aerobic bacteria and mold and yeast

Digipath Labs also tests cannabis and hemp for its quality, potency, and cannabinoid and terpene profiles, which determine the suitability of specific chemoprofiles for the treatment of specific ailments.

We utilize one of our two Ultra-High Performance Liquid Chromatographs ("UPLC"), which accurately separates and measures the cannabinoid content of any sample of flower, edible, concentrate or other cannabis products. Our Inductively Coupled Plasma Mass Spectrometer ("ICP-MS") is utilized for heavy metals testing, and provides accurate readings for harmful metals ensuring that the Parts Per Billion ("PPB") are substantially below the regulated and accepted trace amounts. Our laboratory testing equipment is calibrated using third party reference standards to ensure precision measurements throughout the testing process and has been certified in accordance with ISO-17025:2017 standards.

With accurate science becoming a major part of the cannabis and hemp industry, the major question is one of standards; we hold ourselves accountable and provide efficient and accurate research and results to our clients. Our test results are meant to help dispensaries, caregivers and patients know the concentration and quality of their cannabis without having to question the credibility of the data.

Market Overview

According to New Frontier Data, a cannabis researcher based in Washington, D.C., the hemp CBD business worldwide will grow from $4.4 billion in 2018 to over $14.7 billion by 2026, and the worldwide cannabis industry in 2019 generated $15 billion. In 2024 that will increase to $44.8 billion. Total legal sales of cannabis in current legal states are projected to grow at a compound annual growth rate (CAGR) of 14% over the next six years, reaching nearly $30 billion by 2025. This figure takes into account the likely projection that more states will legalize. Currently, thirty-nine states and the District of Columbia have passed some kind of medical and/or adult use marijuana laws.

* Annual sales of medical cannabis are projected to grow at a 17% CAGR through 2025, to an estimated $13.1 billion by 2025; adult-use sales are projected to grow at a 16% CAGR, to $16.6 billion.
* An estimated 38.4 million U.S. adults consume cannabis at least once annually, from either a legal or illicit source.
* 36% of cannabis consumers report using cannabis daily, and 59% use cannabis at least once a week.

With increased legalization nationwide, the lab-testing sector is expected to experience substantial growth. According to The Insight Partners, the cannabis testing market is expected to reach approximately $2.5 billion in 2025, with an estimated CAGR of 11.9% from 2017-2025. The data troves collected through the testing process are already creating value and could become an increasingly valuable asset and generate substantial revenue for the most accomplished laboratories. This data could also be used to determine specific genetic attributes of targeted cannabinoids and assist with maximizing medicinal benefits and individualized medicine in the future.

Competition

The cannabis industry in the United States is highly fragmented, rapidly expanding and evolving. The industry is characterized by new and potentially disruptive or conflicting legislation promulgated on a state-by-state basis. Our competitors include local enterprises, some of which may have financial, technical, sales, marketing and other resources greater than ours. These companies also compete with us in recruiting and retaining qualified personnel and consultants.

Our competitive position depends on our ability to attract and retain qualified scientists and other personnel, develop effective proprietary products and solutions, the personal relationships of our executive officers and directors, and our ability to secure adequate capital resources. We compete to attract and retain customers of our services. We compete in this area on the basis of price, regulatory compliance, vendor relationships, usefulness, availability, excellent customer service and ease of use of our services.

Government Regulation

Marijuana is categorized as a Schedule-I controlled substance by the Drug Enforcement Agency and the United States Department of Justice and is illegal to grow, possess and consume under Federal law. A Schedule-I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The Department of Justice defines Schedule- 1 controlled substances as “the most dangerous drugs of all the drug schedules with potentially severe psychological or physical dependence.” However, since 1995, thirty-nine states and the District of Columbia have passed some kind of medical and/or adult use marijuana laws. This has created an unpredictable business-environment for dispensaries and collectives that legally operate under state-laws but in violation of Federal law. On August 29, 2013, United States Deputy Attorney General James Cole issued the Cole Memo to United States Attorneys guiding them to prioritize enforcement of Federal law away from the cannabis industry operating as permitted under state law, so long as:

- cannabis is not being distributed to minors and dispensaries are not located around schools and public buildings;
- the proceeds from sales are not going to gangs, cartels or criminal enterprises;
- cannabis grown in states where it is legal is not being diverted to other states;
- cannabis-related businesses are not being used as a cover for sales of other illegal drugs or illegal activity;
- there is not any violence or use of fire-arms in the cultivation and sale of marijuana;
- there is strict enforcement of drugged-driving laws and adequate prevention of adverse health consequences; and
- cannabis is not grown, used, or possessed on Federal properties.

The Cole Memorandum was meant only as a guide, not a rule of law, for United States Attorneys and did not alter in any way the Department of Justice’s Federal authority to enforce Federal law, including Federal laws relating to cannabis, regardless of state law. Moreover, the Cole Memorandum also provided that it could not be used as a defense to any criminal prosecution.

On January 4, 2018, United States Attorney General Jefferson Sessions issued a Memorandum to United States Attorneys rescinding the Cole Memorandum, stating that prosecutors should follow well-established principles in effect prior to the issuance of the Cole Memorandum that govern all Federal prosecutions in deciding which activities to prosecute under existing Federal laws. Federal legislation has been proposed over the years to reschedule or de-schedule cannabis, as well as to transform the Cole Memorandum into a rule of law.

Customers

We provide cannabis and hemp lab testing services in Las Vegas to Nevada licensed Medical Marijuana Enterprises ("MMEs"), and have expanded to recreational use facilities with the recently passed legislation that allows for the recreational use of marijuana in Nevada. We sell our services to these enterprises on a fixed fee per test or panel of tests, and offer a discounted price for customers based on volume. On June 17, 2014, Clark County initially approved a total of 117 special use permits for cultivation and 87 production applicants. Since the inception of legalized adult-use marijuana, Nevada has issued 288 cannabis-related licenses, including those for retail stores, cultivation, production, and testing labs, according to the state taxation department. We have worked with over 90 cultivators and producers in and around Clark and Nye County.

Marketing, Sales and Support

We use a range of communication platforms to reach our target customers. The goal of the marketing strategy is to position us as the leading testing company in the botanical, nutraceutical, and cannabis industries in the country starting in Nevada. Our marketing efforts include digital/online, industry conferences and affiliations, media outreach, direct response and public relations. We believe that these efforts have the ability to deliver our brand message in a powerful way to maximize audience reach.

Seasonality

Our business is not subject to seasonality.

Insurance

We maintain property, business interruption and casualty insurance.

Employees

As of September 30, 2023, we had seventeen employees. None of our employees are members of a trade union. We believe that we maintain good relationships with our employees and have not experienced any strikes or shutdowns and have not been involved in any labor disputes.

In connection with the transactions contemplated by the Purchase Agreement, Digipath, Digipath Labs and Buyer entered into a Management Services Agreement, dated as of April 30, 2023 (the "Services Agreement"), pursuant to which the Buyer was engaged to manage the operations of the Company's cannabis testing laboratory, subject to the approval of the CCB which was obtained on October 17, 2023. Pursuant to the Services Agreement, after the payment of expenses to third parties and a payment of 15% of cash collections to Digipath (but not less than $15,000) in each month, Buyer will be entitled to a management fee of $10,000 per month. Any remaining cash generated from the operation of the Lab in any month will be payable 45% to the Buyer and 55% to the Company. The description of the Services Agreement is qualified in its entirety by reference to the actual terms thereof, which have been filed with the SEC.

Corporate Information

Our principal executive offices are located at 6450 Cameron Street, Suite 113, Las Vegas, Nevada 89118, Telephone No.: (702) 527-2060. Our website is located at http://*www.digipath.com*. The content on our website is available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Report.

ITEM 1A. RISK FACTORS

The following important factors, and the important factors described elsewhere in this report or in our other filings with the SEC, could affect (and in some cases have affected) our results and could cause our results to be materially different from estimates or expectations. Other risks and uncertainties may also affect our results or operations adversely. The following and these other risks could materially and adversely affect our business, operations, results or financial condition.

An investment in the Company is highly speculative in nature and involves an extremely high degree of risk.

Our auditor has expressed substantial doubt about our ability to continue as a going concern. We may be unable to obtain additional capital required to implement our business plan. As a result of recurring net losses and insufficient cash reserves, our independent certified public accountant has added a paragraph to its report on our financial statements for the year ended September 30, 2023 questioning our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to raise additional capital and to achieve sustainable revenues and profitable operations. Since inception, we have raised funds primarily through the sale of equity securities. We will need additional funds to operate our business. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to us. Even if we are able to obtain additional financing, it may contain undue restrictions on our operations or cause substantial dilution for our stockholders. If we are unable to obtain additional funds, our ability to carry out and implement our planned business objectives and strategies will be significantly delayed, limited or may not occur. We cannot guarantee that we will become profitable. Even if we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability and our failure to do so would adversely affect our business, including our ability to raise additional funds.

We have a limited operating history and if we are not successful in continuing to grow our business, then we may have to scale back or even cease our ongoing business operations. We have a limited operating history. Our operations are subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our company.

Our plans are dependent upon key individuals and the ability to attract qualified personnel. In order to execute our business plan, we will be dependent on upon our executive officers and directors, as well as other key personnel. The loss of any of the foregoing individuals could have a material adverse effect upon our business prospects. Moreover, our success continues to depend to a significant extent on our ability to identify, attract, hire, train and retain qualified professional, creative, technical and managerial personnel. Competition for such personnel is intense, and there can be no assurance that we will be successful in identifying, attracting, hiring, training, and retaining such personnel in the future. If we are unable to hire, assimilate and retain such qualified personnel in the future, our business, operating results, and financial condition could be materially adversely affected. We may also depend on third party contractors and other partners, to assist with the execution of our business plan. There can be no assurance that we will be successful in either attracting and retaining qualified personnel, or creating arrangements with such third parties. The failure to succeed in these endeavors would have a material adverse effect on our ability to consummate our business plans.

Risks Related To Cannabis Related Businesses

Our business is dependent on state laws pertaining to the cannabis industry. As of December 2023, thirty-eight states and the District of Columbia allow its citizens to use medical cannabis. Additionally, twenty-four states and the District of Columbia have legalized cannabis for adult recreational use, and additional recreational measures are expected to be pursued by other states in the future. Continued development of the cannabis industry is dependent upon continued legislative authorization of cannabis at the state level. Any number of factors could slow or halt progress in this area. Further, progress in the cannabis industry, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of cannabis, which would negatively impact our business.

Cannabis remains illegal under Federal law and a change in Federal enforcement practices could significantly and negatively affect our business. Despite the development of a cannabis industry legal under state laws, state laws legalizing medicinal and adult cannabis use are in conflict with the Federal Controlled Substances Act, which classifies cannabis as a Schedule-I controlled substance and makes cannabis use and possession illegal on a national level. The United States Supreme Court has ruled that it is the Federal government that has the right to regulate and criminalize cannabis, even for medical purposes, and thus Federal law criminalizing the use of cannabis preempts state laws that legalize its use. While the Obama Administration's Department of Justice adopted a policy (known as the Cole Memorandum) that effectively stated that it was not an efficient use of resources to direct Federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical cannabis, on January 4, 2018, the United States Attorney General rescinded the Cole Memorandum. The Federal government's enforcement of Federal laws could cause significant financial damage to us and our shareholders.

The loss or temporary suspension of one or more of our licenses could significantly reduce our revenues. Our ability to operate our cannabis testing lab is dependent upon maintaining licenses issued by state and local regulators in Nevada. Our cannabis testing and business licenses were briefly suspended by Nevada regulators on January 19, 2018 and were reinstated on January 31, 2018. This significantly affected our financial results for the second and third fiscal quarters of 2018. In order to retain our licenses, we are required to comply with ongoing compliance and reporting requirements and ongoing regulation and oversight by governmental authorities. Any loss or temporary suspension of our licenses or any failure to comply with any such regulatory requirements or any failure to maintain any required licenses would have a material adverse effect on our business, financial condition, results of operation and, in the extreme case, require us to discontinue operations.

As the possession and use of cannabis is illegal under the Federal Controlled Substances Act, we may be deemed to be aiding and abetting illegal activities through the services that we provide. As a result, we may be subject to enforcement actions by law enforcement authorities, which would materially and adversely affect our business. Under Federal law, and more specifically the Federal Controlled Substances Act, the possession, use, cultivation, and transfer of cannabis is illegal. Our business provides services to customers that are engaged in the business of possession, use, cultivation, and/or transfer of cannabis. As a result, law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against us, including, but not limited, to a claim of aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." 18 U.S.C. §2(a). As a result of such an action, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

Laws and regulations affecting the cannabis and marijuana industries are constantly changing, which could detrimentally affect our business, and we cannot predict the impact that future regulations may have on us. Local, state and Federal cannabis laws and regulations are constantly changing and they are subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or to alter one or more of our service offerings. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our revenues, profitability, and financial condition. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business. Any change in law or interpretation could have a material adverse effect on our business, financial condition, and results of operations.

Federal enforcement practices could change with respect to services providers to participants in the cannabis industry, which could adversely impact us. If the Federal government were to change its practices, or were to expand its resources attacking providers in the cannabis industry, such action could have a materially adverse effect on our operations, our customers, or the sales of our products. It is possible that additional Federal or state legislation could be enacted in the future that would prohibit our customers from selling cannabis, and if such legislation were enacted, such customers may discontinue the use of our services. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Expansion by well-established laboratory testing companies into the cannabis industry could prevent us from realizing anticipated growth in customers and revenues. Traditional laboratory testing companies may expand their businesses into cannabis testing. If they decided to expand into cannabis testing, this could hurt the growth of our business and cause our revenues to be lower than we expect.

Due to our involvement in the cannabis industry, we may have a difficult time obtaining the various insurances that are desired to operate our business, which may expose us to additional risk and financial liabilities. Insurance that is otherwise readily available, such as workers' compensation, general liability, and directors and officers insurance, is more difficult for us to find, and more expensive, because we are service providers to companies in the cannabis industry. We currently have adequate coverage, however, there are no guarantees that we will be able to find such insurances in the future, or that the cost will be affordable to us. If we are forced to go without such insurances, it may prevent us from entering into certain business sectors, may inhibit our growth, and may expose us to additional risk and financial liabilities.

Participants in the cannabis industry have difficulty accessing the service of banks, which makes it difficult for us to operate. Despite rules issued by the United States Department of the Treasury mitigating the risk to banks that do business with cannabis companies permitted under state law, as well as guidance from the United States Department of Justice, banks remain wary to accept funds from businesses in the cannabis industry. Our prior bank at which we maintained deposit accounts forced us to close our accounts. While after much difficulty we were recently able find a replacement banking institution, there can be no assurance that we will be able to maintain this banking relationship. Since the use of cannabis remains illegal under Federal law, there remains a compelling argument that banks may be in violation of Federal law when accepting for deposit, funds derived from the sale or distribution of cannabis. Consequently, businesses involved in the cannabis industry, including us, continue to have trouble establishing and maintain banking relationships. An inability to open and maintain bank accounts may make it difficult for us and our customers to do business. In addition, our inability to maintain a bank account previously resulted in our holding large sums of cash. Although we store our cash in a secure safe, holding large sums of cash exposes us to a greater risk of theft.

The outbreak of the COVID-19 coronavirus has negatively impacted and could continue to negatively impact our business and the global economy. In addition, the COVID-19 pandemic could negatively impact our ability to obtain financing when required.

The COVID-19 coronavirus has spread across the globe and is impacting worldwide economic activity. A pandemic, including COVID-19 or other public health epidemic, poses the risk that we or our employees, customers, and other commercial partners may be prevented from conducting business activities for an indefinite period of time, including due to the spread of the disease or shutdowns requested or mandated by governmental authorities. During portions of our year ended September 30, 2022, the Company's cannabis testing operations significantly declined due to the decline in the Nevada cannabis markets, which resulted in turn from the substantial decline in Nevada tourism due to COVID-19. While our operations have recently improved due to the reopening of Nevada casinos and increased tourism compared to its recent depressed levels, there can be no assurance that this trend will continue. COVID-19 has also had an adverse impact on global economic conditions, which could impair our ability to raise capital when needed.

Risks Related To Our Common Stock

Our operating results may fluctuate causing volatility in our stock price. Our operating results may fluctuate as a result of a number of factors, many of which are outside of our control. The following factors may affect our operating results causing volatility in our stock price:

- Our ability to execute our business plan, compete effectively and attract customers;
- Our ability to respond effectively to a rapidly evolving regulatory and competitive landscape;
- The amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our business, operations and infrastructure;
- Our ability to obtain working capital financing;
- Our ability to attract, motivate and retain top-quality employees;
- Investors' general perception of us; and
- General economic conditions and those economic conditions specific to the cannabis industry.

Trading in our common stock has been limited, there is no significant trading market for our common stock, and purchasers of our common stock may be unable to sell their shares. Our common stock is currently eligible for quotation on the OTCQB and OTCBB, however trading to date has been limited. If activity in the market for shares of our common stock does not increase, purchasers of our shares may find it difficult to sell their shares. We currently do not meet the initial listing criteria for any registered securities exchange, including the Nasdaq Stock Market. The OTCQB and OTCBB are often characterized by low trading volume and significant price fluctuations. These and other factors may further impair our stockholders' ability to sell their shares when they want to and/or could depress our stock price. As a result, stockholders may find it difficult to dispose of, or obtain accurate quotations of the price, of our securities because smaller quantities of shares could be bought and sold, transactions could be delayed and security analyst and news coverage of our Company may be limited. These factors could result in lower prices and larger spreads in the bid and ask prices for our shares of common stock.

Applicable SEC rules governing the trading of "penny stocks" may limit the trading and liquidity of our common stock which may affect the trading price our common stock. Our common stock is a "penny stock" as defined under Rule 3a51-1 of the Exchange Act, and is accordingly subject to SEC rules and regulations that impose limitations upon the manner in which our common stock can be publicly traded. Penny stocks generally are equity securities with a per share price of less than $5.00 (other than securities registered on some national securities exchanges or quoted on NASDAQ). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, of our common stock and reducing the liquidity of an investment in our common stock.

We have outstanding shares of preferred stock with rights and preferences superior to those of our common stock. The issued and outstanding shares of Series A Convertible Preferred Stock and Series B Preferred Stock grant the holders of such preferred stock liquidation rights that are superior to those held by the holders of our common stock.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock. We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock depends on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Not Applicable

ITEM 2. PROPERTIES

Our principal executive offices are located at 6450 Cameron Street, Suite 113, Las Vegas, Nevada 89118, Telephone No.: (702) 527-2060. Our leased premises are 6,000 square feet and are utilized for corporate business offices and a cannabis testing lab. Our premises are subject to a lease agreement expiring August 31, 2025. The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities on a fiscal year basis, including common area maintenance fees, under non-cancelable operating leases:

2024	123,543
2025	116,891
2026	-
2027	-
Total	$ 240,434

We believe that our current facilities are adequate for our current needs. We intend to secure new facilities or expand existing facilities as necessary to support future growth. We believe that suitable additional space will be available on commercially reasonable terms as needed to accommodate our operations.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings to which we are a party or to which any of our property is subject, nor are there any such proceedings known to be contemplated by governmental authorities. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Shares of our common stock trade on the over-the-counter market and are quoted on the OTCBB and OTCQB under the symbol "DIGP". As of January 12, 2024, the closing price of our common stock on the OTCQB was $0.04.

The following table sets forth, for the fiscal quarters indicated, the high and low bid information for our common stock, as reported on the OTCQB. The following quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	High	Low
Fiscal Year Ended September 30, 2022		
First Quarter	$ 0.04	$ 0.3
Second Quarter	$ 0.04	$ 0.02
Third Quarter	$ 0.28	$ 0.11
Fourth Quarter	$ 0.02	$ 0.01
Fiscal Year Ended September 30, 2023		
First Quarter	$ 0.015	$ 0.006
Second Quarter	$ 0.008	$ 0.006
Third Quarter	$ 0.008	$ 0.001
Fourth Quarter	$ 0.027	$ 0.003

As of January 16, 2024, there were approximately 122 shareholders of record of our common stock. Such number does not include any shareholders holding shares in nominee or "street name". As of January 16, 2024, there were 87,096,820 shares of common stock outstanding on record.

Dividends

We have not declared or paid any dividends on our common stock since our inception and do not anticipate paying dividends for the foreseeable future. The payment of dividends is subject to the discretion of our board of directors and depends, among other things, upon our earnings, our capital requirements, our financial condition, and other relevant factors. We intend to reinvest any earnings in the development and expansion of our business. Any cash dividends in the future to common shareholders will be payable when, as and if declared by our board of directors, based upon the board's assessment of our financial condition and performance, earnings, need for funds, capital requirements, prior claims of preferred stock to the extent issued and outstanding, and other factors, including income tax consequences, restrictions and applicable laws. There can be no assurance, therefore, that any dividends on our common stock will ever be paid.

Equity Compensation Plan Information as of September 30, 2023

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders [1]	6,020,000	$ 0.069	N/A
Equity compensation plans not approved by security holders [2]	17,487,050	$ 0.015	N/A
Total	23,507,050		N/A

[1] Represents awards under our 2012 Stock Incentive Plan which was initially adopted with shareholder approval, and amended on June 21, 2016 without shareholder approval (as amended, the "2012 Incentive Plan"). Below is a brief description of the material terms of the 2012 Incentive Plan and the awards that may be granted thereunder.

[2] Consists of options and warrants issued to consultants of the Company in consideration of services with exercise prices between $0.05 and $0.10 per share. For additional details see Note 11 to the accompanying financial statements.

2012 Incentive Plan

Effective Date and Expiration. The 2012 Incentive Plan, as amended, became effective on March 5, 2012, and terminated on March 5, 2022. No award may be made under the Incentive Plan after its expiration date, but awards made prior thereto may extend beyond that date.

Share Authorization. The maximum aggregate number of shares which may be issued pursuant to awards granted under the 2012 Incentive Plan is Eleven Million Five Hundred Thousand (11,500,000) shares. Prior to its amendment in June 2016, Three Million shares had been authorized for issuance under the 2012 Plan. As of January 12, 2024, 6,020,000 shares were issued and outstanding under the 2012 Plan.

General; Types of Awards. The 2012 Incentive Plan provides for the grant of options to purchase shares of common stock, restricted stock, stock appreciation rights ("SARs") and restricted stock units (rights to receive, in cash or stock, the market value of one share of our commons stock). Incentive stock options ("ISOs") may be granted only to employees. Nonstatutory stock options and other stock-based awards may be granted to officers, employees, non-employee directors and consultants.

Administration. The 2012 Incentive Plan is administered by our board of directors or a committee of our board of directors (the "Administrator") as provided in the 2012 Incentive Plan. The Administrator will have the authority to select the eligible participants to whom awards will be granted, to determine the types of awards and the number of shares covered and to set the terms, conditions and provisions of such awards, to cancel or suspend awards under certain conditions, and to accelerate the exercisability of awards. The Administrator will be authorized to interpret the 2012 Incentive Plan, to establish, amend, and rescind any rules and regulations relating to the 2012 Incentive Plan, to determine the terms of agreements entered into with recipients under the 2012 Incentive Plan, and to make all other determinations that may be necessary or advisable for the administration of the 2012 Incentive Plan.

Eligibility. Options and other awards may be granted under the 2012 Incentive Plan to directors, officers, employees and consultants of our company and any of our subsidiaries, provided that the services of such consultants are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for our securities.

Stock Options. The exercise price per share of our common stock purchasable upon exercise of any stock option or SAR will be determined by the Administrator, but cannot in any event be less than 100% of the fair market value of our common stock on the date the award is granted. The Administrator will determine the term of each stock option or SAR (subject to a maximum term of 10 years) and each option or SAR will be exercisable pursuant to a vesting schedule determined by the Administrator. The grants and the terms of ISOs will be restricted to the extent required for qualification as ISOs by the U.S. Internal Revenue Code of 1986, as amended. Subject to approval of the Administrator, options or SARs may be exercised by payment of the exercise price in cash, shares of common stock or pursuant to a "cashless exercise" through a broker-dealer under an arrangement approved by the Administrator. The Administrator may require the grantee to pay to us any applicable withholding taxes that we are required to withhold with respect to the grant or exercise of any option. The withholding tax may be paid in cash or, subject to applicable law, the Administrator may permit the grantee to satisfy these obligations by the withholding or delivery of shares of our common stock. We may withhold from any shares of our common stock that may be issued pursuant to an option or from any cash amounts otherwise due from us to the recipient of the option an amount equal to such taxes.

Restricted Stock. Restricted shares may be sold or awarded for consideration determined by the Administrator, including cash, full-recourse promissory notes, as well as past and future services. Any award of restricted shares will be subject to a vesting schedule determined by the Administrator. Any restricted shares that are not vested will be subject to rights of repurchase, rights of first refusal or other restrictions as determined by the Administrator. In general, holders of restricted shares will have the same voting, dividend and other rights as our other stockholders.

Adjustments upon Changes in Capitalization. In the event of any change affecting shares of our common stock by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distribution to stockholders other than cash dividends, the Administrator will make substitutions or adjustments in the aggregate number of shares that may be distributed under the 2012 Incentive Plan, and in the number and types of shares subject to, and the exercise prices under, outstanding awards granted under the 2012 Incentive Plan, in accordance with Section 10 and other provisions of the 2012 Incentive Plan.

Assignment. Unless otherwise permitted by the 2012 Incentive Plan and approved by the Administrator as permitted by the 2012 Incentive Plan, no award will be assignable or otherwise transferable by the grantee other than by will or the laws of descent and distribution and, during the grantee's lifetime, an award may be exercised only by the grantee.

Recent Sales of Unregistered Securities

None

ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion summarizes the significant factors affecting the operating results, financial condition, liquidity and cash flows of the Company and its subsidiaries for the fiscal years ended September 30, 2023 and 2022. The discussion and analysis that follows should be read together with the section entitled "Forward Looking Statements" and our consolidated financial statements and the notes to the consolidated financial statements included elsewhere in this annual report on Form 10-K.

Except for historical information, the matters discussed in this section are forward looking statements that involve risks and uncertainties and are based upon judgments concerning various factors that are beyond the Company's control. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report.

Overview

Digipath, Inc. was incorporated in Nevada on October 5, 2010. Digipath, Inc. and its subsidiaries ("Digipath," the "Company," "we," "our" or "us") support the cannabis industry's best practices for reliable testing, cannabis education and training, and brings unbiased cannabis news coverage to the cannabis industry. Our mission is to provide pharmaceutical-grade analysis and testing to the cannabis industry, under ISO-17025:2017 guidelines, to ensure consumers and patients know exactly what is in the cannabis they ingest and to help maximize the quality of our clients' products through research, development, and standardization. Digipath has been operating a cannabis-testing lab in Nevada serving Nevada since 2015.

Critical Accounting Policies

The establishment and consistent application of accounting policies is a vital component of accurately and fairly presenting our financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"), as well as ensuring compliance with applicable laws and regulations governing financial reporting. While there are rarely alternative methods or rules from which to select in establishing accounting and financial reporting policies, proper application often involves significant judgment regarding a given set of facts and circumstances and a complex series of decisions.

Fair Value of Financial Instruments

The Company adopted ASC 820, Fair Value Measurements and Disclosures (ASC 820). ASC 820 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

The carrying value of cash, accounts receivable, accounts payables and accrued expenses are estimated by management to approximate fair value primarily due to the short term nature of the instruments.

Fixed Assets

Fixed assets are stated at the lower of cost or estimated net recoverable amount. The cost of property, plant and equipment is depreciated using the straight-line method based on the lesser of the estimated useful lives of the assets or the lease term based on the following life expectancy:

Software	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Lab equipment	7 years
Leasehold improvements	Term of lease

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which extend the useful life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. When assets are retired or sold, the cost and related accumulated depreciation and amortization are eliminated and any resulting gain or loss is reflected in operations.

Impairment of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable or is impaired. Recoverability is assessed using undiscounted cash flows based upon historical results and current projections of earnings before interest and taxes. Impairment is measured using discounted cash flows of future operating results based upon a rate that corresponds to the cost of capital. Impairments are recognized in operating results to the extent that carrying value exceeds discounted cash flows of future operations.

Our intellectual property is comprised of indefinite-lived brand names acquired and have been assigned an indefinite life as we currently anticipate that these brand names will contribute cash flows to the Company perpetually. We evaluate the recoverability of intangible assets periodically by taking into account events or circumstances that may warrant revised estimates of useful lives or that indicate the asset may be impaired.

Revenue Recognition

Effective October 1, 2018, the Company adopted ASC 606 - Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the commercial sales of products, licensing agreements and contracts to perform pilot studies by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied. For the comparative periods, revenue has not been adjusted and continues to be reported under ASC 605 - Revenue Recognition. Under ASC 605, revenue was recognized when the following criteria had been met: (1) persuasive evidence of an arrangement exists; (2) the performance of service has been rendered to a customer or delivery has occurred; (3) the amount of fee to be paid by a customer is fixed and determinable; and (4) the collectability of the fee is reasonably assured.

Our revenue is primarily generated through our subsidiary, Digipath Labs, Inc., which recognizes revenue from the analytical testing of cannabis products for licensed producers and cultivators within the state of Nevada on a determinable fixed fee per test, or panel of tests, basis. Revenue from the performance of those services is recognized upon completion of the tests, at which time test results are delivered to the customer, provided collectability of the fee is reasonably assured. We typically require payment within thirty days of the delivery of results.

Discontinued Operations

On April 20, 2023, the Company and Digipath Labs entered into an Asset Purchase Agreement (the “Purchase Agreement”) with DPL NV, LLC (“Buyer”), pursuant to which Digipath Labs has agreed to sell substantially all of its assets to Buyer for a cash purchase price of $2,300,000 (the “Purchase Price”). The business of an entity that is in the process of disposing of its assets by sale, or that intends to cease operations, is reported as discontinued operations if the transaction represents a strategic shift that will have a major effect on an entity’s operations and financial results. As such, the Company’s lab testing business is now reported as discontinued operations.

Assets and liabilities of the discontinued operations are aggregated and reported separately as assets and liabilities of discontinued operations in the Consolidated Balance Sheets as of September 30, 2023 and 2022. The results of discontinued operations are aggregated and presented separately in the Consolidated Statements of Operations as net income from discontinued operations for the years ended September 30, 2023 and 2022. The cash flows of the discontinued operations are reflected as cash flows of discontinued operations within the Company's Consolidated Statements of Cash Flows for the years ended September 30, 2023 and 2022.

Amounts presented in discontinued operations have been derived from our consolidated financial statements and accounting records using the historical basis of assets, liabilities, results of operations, and cash flows of Digipath Labs. The discontinued operations exclude general corporate allocations.

Advertising Costs

The Company expenses the cost of advertising and promotions as incurred. Advertising and promotions expense was $4,444 and $58,739 for the years ended September 30, 2023 and 2022, respectively.

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the years ended September 30, 2023 and 2022, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with the provisions of ASC 718 -- Stock Compensation (ASC 718) and Equity-Based Payments to Non-employees pursuant to ASC 2018-07 (ASC 2018-07). All transactions in which the consideration provided in exchange for the purchase of goods or services consists of the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date at which a commitment for performance by the counterparty to earn the equity instruments is reached because of sufficiently large disincentives for nonperformance.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Uncertain Tax Positions

In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

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The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

Results of Operations

The following table shows operating results for the years ended September 30, 2023 and 2022.

	Years Ended September 30,		Increase /
	2023	2022	(Decrease)
Revenues	$ -	$ -	$ -
Cost of sales	-	-	-
Gross profit	-	-	-
Operating expenses:			
General and administrative	103,298	495,762	(392,464)
Professional fees	334,090	654,703	(320,613)
Total operating expenses:	437,388	1,150,465	(713,077)
Operating loss	(437,388)	(1,150,465)	713,077
Total other income (expense)	(244,267)	(1,027,086)	(782,819)
Net loss	(681,655)	(2,177,551)	1,495,895
Net income (loss) from discontinued operations	928,429	120,433	807,997
Net income (loss)	$ 246,775	$ (2,057,118)	$ 2,303,893

General and Administrative Expenses

General and administrative expenses for the year ended September 30, 2023 were $103,298, compared to $495,762 during the year ended September 30, 2022, a decrease of $392,464, or 79%. The expenses consisted primarily of salaries and wages and included $37,162 and $384,884 of non-cash stock-based compensation for the years ended September 30, 2023 and 2022, respectively. General and administrative expenses decreased primarily due to decreased corporate overhead activities and stock-based compensation with officers.

Professional Fees

Professional fees for the year ended September 30, 2023 were $334,090, compared to $654,703 during the year ended September 30, 2022, a decrease of $320,613, or 49%. Professional fees included non-cash, stock-based compensation of $21,992 and $181,349 during the years ended September 30, 2023 and 2022, respectively. Professional fees decreased primarily due to decreased stock-based compensation and corporate consulting services during the current period as we decreased our focus on expansion efforts.

Operating Loss

Operating loss for the year ended September 30, 2023 was $437,388, compared to $1,150,465 during the year ended September 30, 2022, a decrease of $713,077, or 62%. Operating loss decreased primarily due to decreased general and administrative and professional fees, during the year ended September 30, 2023, compared to the year ended September 30, 2022.

Other Income (Expense)

Other expense, on a net basis, for the year ended September 30, 2023 was $244,267, compared to other expense of $1,027,086 during the year ended September 30, 2022, a decrease of $782,819. Other expense during the year ended September 30, 2023 consisted of $364,267 of interest expense and an other expense of $55,000 offset by the recovery of previously written off receivables of $175,000. Other expense during the year ended September 30, 2022 consisted of $244,586 of interest expense and a credit loss of $782,500.

Liquidity and Capital Resources

As of September 30, 2023, the Company had current assets of $765,798, comprising of cash of $271,006, other assets of $8,570, and assets held for sale -current of $486,222. The Company's current liabilities as of September 30, 2023 were $3,121,814, consisting of $122,094 of accounts payable, $228,491 of accrued expenses, $12,390 of accrued expenses – related parties, the current maturities of convertible notes payable of $1,385,932, the current maturities of convertible notes payable – related parties of $339,252 and the current maturities of notes payable in the amount of $665,000, and Liabilities held for sale of $368,655.

The following table summarizes our total current assets, liabilities and working capital at September 30, 2023 and 2022.

	September 30,	
	2023	2022
Current Assets	$ 765,798	$ 562,104
Current Liabilities	$ 3,121,814	$ 2,953,909
Working Capital	$ (2,356,016)	$ (2,391,805)

The following table summarizes our cash flows during the years ended September 30, 2023 and 2022, respectively.

	Years Ended September 30,	
	2023	2022
Net cash provided by (used in) operating activities	$ 112,525	$ (184,786)
Net cash provided by (used in) investing activities	263,333	(660,371)
Net cash provided by (used in) financing activities	(161,020)	605,393
Net change in cash	$ 214,838	$ (239,764)

Net Cash Provided By (Used in) Operating Activities

During the year ended September 30, 2023, net cash provided by operating activities was $112,525, compared to net cash used in operating activities of $184,786 for the same period ended September 30, 2022, including cash provided by operating activities from discontinued operations of $727,393 for the year ended September 30, 2023 compared to cash provided by operating activities from discontinued operations of $277,095 for the year ended September 30, 2022. The decrease in cash used in operating activities was primarily attributable to our decrease in net loss and accounts receivable, along with increases in accounts payable and accrued expenses.

Net Cash Provided By (Used in) Investing Activities

During the year ended September 30, 2023, net cash provided by investing activities was $263,333, compared to $660,371 used in investing activities for the same period ended September 30, 2022, including cash used in investing activities from discontinued operations of $11,667 for the year ended September 30, 2023 compared to cash used in investing activities from discontinued operations of $17,722 for the year ended September 30, 2022. The cash provided by investing activities in the current period was a result of the sale of the collateralized assets from the note receivable compared to cash used in investing activities for the prior period which was a result of loans we made in connection with a potential acquisition that did not close.

Net Cash Provided by (Used in) Financing Activities

During the year ended September 30, 2023, net cash used in financing activities was $161,020, compared to net cash provided by financing activities of $605,393 for the same period ended September 30, 2022, including cash used in financing activities from discontinued operations of $60,920 for the year ended September 30, 2023 compared to cash used in financing activities from discontinued operations of $77,972 for the year ended September 30, 2022. The current period consisted of $60,920 of principal payments on an equipment loan, $100,000 of repayments on notes payable, and repurchase of the Preferred C stock, compared to $265,000 of proceeds received on debt financing, proceeds of $402,765 received on convertible debt financing proceeds of $55,600 from the sale of preferred stock, as offset by $20,379 of principal payments on an equipment lease and $57,593 of principal payments on an equipment loan and $40,000 of principal payments made on convertible notes in the comparative period in the prior year.

Satisfaction of our Cash Obligations for the Next 12 Months

As of September 30, 2023, our balance of cash on hand was $271,006. We do not currently have sufficient funds to fund our operations at their current levels for the next twelve months. Our ability to continue as a going concern is dependent upon our ability to raise additional capital and to achieve sustainable revenues and profitable operations. Since inception, we have raised funds primarily through the sale of equity securities. We will need additional funds to operate our business. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to us. Even if we are able to obtain additional financing, it may contain undue restrictions on our operations or cause substantial dilution for our stockholders. If we are unable to obtain additional funds, our ability to carry out and implement our planned business objectives and strategies will be significantly delayed, limited or may not occur. We cannot guarantee that we will become profitable. Even if we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability and our failure to do so would adversely affect our business, including our ability to raise additional funds.

Off-Balance Sheet Arrangements

We have no outstanding off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

DIGIPATH, INC. & SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Digipath, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Digipath, Inc. ("the Company") as of September 30, 2023, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has an accumulated deficit, recurring losses from operations and has cash on hand that may not be sufficient to sustain its operations. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Discontinued Operations and Assets Held for Sale

As reflected in the Company's consolidated financial statements, the Company has a subsidiary with business operations that are presented as discontinued operations due to a pending sale to a third party, with total assets held for sale of approximately $1.13 million and total liabilities held for sale of approximately $0.53 million. As discussed in Note 1, the Company has evaluated its disposal group as discontinued operations. Auditing management's analysis on the valuation and presentation of its assets held for sale involved complexity and judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our principal audit procedures to evaluate management's analysis on the valuation and presentation of assets held for sale included, among other things, the following:

- We obtained an understanding of the Company's process for evaluating discontinued operations and underlying assets held for sale.
- We assessed the relevance and reliability of the data utilized in performing the analysis, including review of underlying agreements and documentation for evidence that assets are held for sale.
- We assessed the presentation and valuation in accordance with generally accepted accounting principles.

Fruci & Associates II, PLLC – PCAOB ID #05525
We have served as the Company's auditor since 2023.

Spokane, Washington
January 16, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Digipath, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Digipath, Inc. ("the Company") as of September 30, 2022, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the year ended September 30, 2022, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2022, and the results of its operations and its cash flows for the year ended September 30, 2022, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has recurring losses from operations and insufficient working capital, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Black Scholes Calculations

As discussed in Note 10 of the consolidated financial statements, the Company utilizes Black Scholes calculations to determine fair value of the Company's stock compensation.

Auditing management's calculations of fair value of stock options involves significant judgements and estimates to determine the proper value. Volatility and term are the major assumptions used by management in determining the value of the stock options.

To evaluate the appropriateness of the fair value calculation, we evaluated management's significant judgements and estimates in what inputs were utilized within the Black Scholes calculations.

/s/ M&K CPAS, PLLC (PCAOB ID:2738)

We have served as the Company's auditor since 2017.

Houston, Texas

January 17, 2023 except for Note 1 (Discontinued Operations), 3, 6, 7,
8 and 14, as to which the date is January 16, 2024

DIGIPATH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2023	September 30, 2022
Assets		
Current assets:		
Cash	$ 271,006	$ 56,168
Note receivable	-	100,000
Other current assets	8,570	12,739
Assets held for sale - current	486,222	393,197
Total current assets	765,798	562,104
Fixed assets, net	-	55,000
Assets held for sale – long term	643,666	722,784
Total non-current assets	643,666	777,784
Total Assets	$ 1,409,464	$ 1,339,888
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 122,094	$ 200,558
Accrued expenses	328,491	219,797
Accrued expenses – related party	12,390	192,811
Current maturities of notes payable	565,000	665,000
Current maturities of convertible notes payable, net of discounts	1,385,932	1,198,469
Current maturities of convertible notes payable related parties, net of discounts	339,252	-
Liabilities held for sale - current	368,655	477,274
Total current liabilities	3,121,814	2,953,909
Non-current liabilities:		
Convertible notes payable related parties, net of discounts	-	310,272
Convertible notes payable, net of discounts and current maturities	-	174,726
Liabilities held for sale – long term	159,156	310,253
Total non-current liabilities	159,156	795,251
Total Liabilities	3,280,970	3,749,160
Commitments and contingent liabilities	-	-
Series B convertible preferred stock, $0.001 par value, 1,500,000 shares authorized; 333,600 shares issued and outstanding as of September 30, 2023 and 2022	333,600	333,600
Stockholders' Deficit:		
Series A convertible preferred stock, $0.001 par value, 6,000,000 shares authorized; 1,047,942 shares issued and outstanding as of September 30, 2023 and 2022	1,048	1,048
Series C convertible preferred stock, $0.001 par value, 1,000 shares authorized; 0 and 1,000 shares issued and outstanding as of September 30, 2023 and 2022, respectively	-	1
Common stock, $0.001 par value, 250,000,000 shares authorized; 87,096,820 and 75,146,820 shares issued and outstanding at September 30, 2023 and 2022, respectively	87,097	75,147
Common stock payable	-	71,745
Additional paid-in capital	17,468,746	17,117,958
Accumulated deficit	(19,761,997)	(20,008,771)
Total Stockholders' Deficit	(2,205,106)	(2,742,872)
Total Liabilities and Stockholders' Deficit	$ 1,409,464	$ 1,339,888

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

DIGIPATH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended September 30,	
	2023	**2022**
Revenues	$ -	$ -
Cost of sales	-	-
Gross profit	-	-
Operating expenses:		
General and administrative	103,298	495,762
Professional fees	334,090	654,703
Total operating expenses	437,388	1,150,465
Operating loss	(437,388)	(1,150,465)
Other income (expense):		
Interest expense	(364,267)	(244,586)
Other expense	(55,000)	-
Recovery of previously written off receivables	175,000	-
Credit loss	-	(782,500)
Total other income (expense)	(244,267)	(1,027,086)
Net loss from continuing operations	(681,655)	(2,177,551)
Net income (loss) from discontinued operations	928,429	120,433
Net income (loss)	246,774	(2,057,118)
Preferred deemed dividend	-	(192,154)
Net income (loss) to common shareholders	$ 246,774	$ (2,249,272)
Net loss per share from continuing operations - basic and fully diluted	$ (0.01)	$ (0.03)
Net income per share from discontinued operations - basic and fully diluted	$ 0.01	$ 0.00
Net loss per share basic and fully diluted	$ (0.00)	$ (0.03)
Weighted average number of common shares outstanding - basic and fully diluted	83,925,450	74,173,304

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

DIGIPATH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Series B Convertible Preferred Stock		Series A Convertible Preferred Stock		Series C Preferred Stock		Common Stock		Stock	Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Payable	Capital	Deficit	Deficit
Balance, September 30, 2021	-	$ -	1,325,942	$ 1,326	-	$ -	71,230,153	$71,230	$ -	$ 16,825,765	$ (17,951,653)	$ (1,053,332)
Purchase of Series B Preferred shares	55,600	55,600	-	-	-	-	-	-	-	-	-	-
Conversion of Series A Preferred into Series B Preferred	278,000	278,000	(278,000)	(278)	-	-	-	-	-	(85,568)	-	(85,846)
Issuance of Preferred C Shares	-	-	-	-	1,000	1	-	-	-	360,299	-	360,300
Common stock issued for settlement of accounts payable	-	-	-	-	-	-	250,000	250	-	7,250	-	7,500
Common stock issued for services	-	-	-	-	-	-	3,666,667	3,667	-	139,833	-	143,500
Common shares to be issued for debt discount	-	-	-	-	-	-	-	-	71,745	-	-	71,745
Stock-based compensation	-	-	-	-	-	-	-	-	-	62,533	-	62,533
Deemed dividend on preferred exchange	-	-	-	-	-	-	-	-	-	(192,154)		(192,154)
Net loss	-	-	-	-	-	-	-	-	-	-	(2,057,118)	(2,057,118)
Balance, September 30, 2022	333,600	333,600	1,047,942	1,048	1,000	1	75,146,820	75,147	71,745	17,117,958	(20,008,771)	(2,742,872)
Repurchase of Series C Preferred shares	-	-	-	-	(1,000)	(1)	-	-	-	(99)	-	(100)
Common stock issued for settlement of stock payable	-	-	-	-	-	-	7,150,000	7,150	(71,745)	64,595	-	-
Common stock issued for compensation	-	-	-	-	-	-	4,800,000	4,800	-	29,880	-	34,680
Warrants issued for debt financing costs	-	-	-	-	-	-	-	-	-	93,938	-	93,938
Stock-based compensation	-	-	-	-	-	-	-	-	-	24,474	-	24,474
Forgiveness of accrued director compensation	-	-	-	-	-	-	-	-	-	138,000		138,000

Net income	-	-	-	-	-	-	-	-	-	-	246,774	246,774
Balance, September 30, 2023	333,600	$ 333,600	1,047,942	$ 1,048	-	$ -	87,096,820	$ 87,097	$ -	$ 17,468,746	$ (19,761,997)	$ (2,205,106)

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

DIGIPATH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended September 30,	
	2023	**2022**
Cash flows from operating activities		
Net loss from continuing operations	$ (681,655)	$ (2,177,551)
Adjustments to reconcile net loss to net cash used in operating activities:		
Recovery of previously written off receivables	(175,000)	-
Credit loss	-	782,500
Stock-based compensation	59,154	566,233
Amortization of debt discounts	135,655	85,166
Impairment of fixed assets	55,000	-
Decrease (increase) in assets:		
Other current assets	4,169	(813)
Increase (decrease) in liabilities:		
Accounts payable	(78,465)	77,601
Accrued expenses	108,694	54,172
Accrued expenses – related parties	(42,421)	150,811
Net cash (used in) operating activities from continuing operations	(614,869)	(461,881)
Net cash provided by operating activities from discontinued operations	727,394	277,095
Net cash provided by (used in) operating activities	112,525	(184,786)
Cash flows from investing activities		
Advance of note receivable	-	(817,649)
Proceeds from sale of collateralized assets	275,000	175,000
Net cash (used) in investing activities from continuing operations	275,000	(642,649)
Net cash (used) in investing activities from discontinued operations	(11,667)	(17,722)
Net cash (used) in investing activities	263,333	(660,371)
Cash flows from financing activities		
Proceeds from notes payable	-	390,000
Repayments of notes payable	(100,000)	(125,000)
Proceeds from convertible notes	-	402,765
Repayments on convertible notes	-	(40,000)
Proceeds from sale of preferred stock	-	55,600
Repurchase of preferred C stock	(100)	-
Net cash provided by (used in) financing activities	(100,100)	683,365
Net cash used in financing activities from discontinued operations	(60,920)	(77,972)
Net cash provided by (used in) financing activities	(161,020)	605,393
Net increase (decrease) in cash	214,838	(239,764)
Cash - beginning	56,168	295,932
Cash - ending	$ 271,006	$ 56,168
Supplemental disclosures:		
Interest paid	$ 227,691	$ 113,817
Income taxes paid	-	-
Non-cash investing and financing activities:		
Common stock issued for settlement of payables	$ -	$ 7,500
Conversion of Series A preferred into Series B preferred	$ -	$ 85,846
Deemed dividend on preferred exchange	$ -	$ 192,154
Subscription receivable for Series C preferred stock	$ -	$ 100
Stock payable issued for debt discounts on convertible notes payable	$ -	$ 71,745
Common stock issued for settlement of stock payable	$ 71,745	$ -
Transfer of completed assets	$ 6,076	$ -
Warrants issued for debt financing	$ 93,938	$ -
Common stock issued for settlement of related party accrued compensation	$ 138,000	$ -

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

DIGIPATH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

Digipath, Inc. was incorporated in Nevada on October 5, 2010. Digipath, Inc. and its subsidiaries ("Digipath," the "Company," "we," "our" or "us") is a service-oriented independent testing laboratory and data analytics company focused on the developing cannabis and hemp markets, and supports the cannabis industry's best practices for reliable testing. Our mission is to provide pharmaceutical-grade analysis and testing to the cannabis industry, under ISO-17025:2017 guidelines, to ensure consumers and patients know exactly what is in the cannabis they ingest and to help maximize the quality of our clients' products through research, development, and standardization. Digipath has been operating a cannabis-testing lab in Nevada serving Nevada since 2015.

Basis of Accounting

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"). Intercompany accounts and transactions have been eliminated. All references to Generally Accepted Accounting Principles ("GAAP") are in accordance with The FASB Accounting Standards Codification ("ASC") and the Hierarchy of Generally Accepted Accounting Principles.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the following entities, all of which were under common control and ownership at September 30, 2023:

Name of Entity	Jurisdiction of Incorporation	Relationship
Digipath, Inc.[1]	Nevada	Parent
Digipath Labs, Inc.	Nevada	Subsidiary
Digipath Labs CA, Inc [2]	California	Subsidiary
Digipath Labs S.A.S.[3]	Colombia	Subsidiary
VSSL Enterprises, Ltd.[4]	Canada	Subsidiary

(1) Holding company, which owns each of the wholly-owned subsidiaries. All subsidiaries shown above are wholly-owned by Digipath, Inc., the parent company.
(2) Formed during the second fiscal quarter of 2021, but has not yet commenced significant operations and has no significant assets.
(3) Formed during the first fiscal quarter of 2019, but has not yet commenced significant operations and has no significant assets.
(4) Acquired on March 11, 2020.

The consolidated financial statements herein contain the operations of the wholly-owned subsidiaries listed above. All significant inter-company transactions have been eliminated in the preparation of these financial statements. The parent company and subsidiaries will be collectively referred to herein as the "Company", "Digipath" or "DIGP". The Company's headquarters are located in Las Vegas, Nevada and substantially all of its customers are within the United States.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Segment Reporting

ASC Topic 280, "Segment Reporting," requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company operates as a single segment and will evaluate additional segment disclosure requirements as it expands its operations.

Fair Value of Financial Instruments

The Company adopted ASC 820, Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

The carrying value of cash, accounts receivable, accounts payables and accrued expenses are estimated by management to approximate fair value primarily due to the short term nature of the instruments.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Trade accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. The Company had an allowance for doubtful accounts of $154,179 and $139,279 as of September 30, 2023 and 2022, respectively. As of September 30, 2023 and 2022, Accounts receivable are classified as *Assets held for sale – current* in the accompanying consolidated balance sheet.

Notes Receivable

Notes receivable are reported in our consolidated balance sheets at the outstanding principal balance, plus costs incurred to originate the loans, net of any unamortized premiums or discounts on purchased loans. We use the effective interest rate method to recognize finance income, which produces a constant periodic rate of return on the investment. Unearned income, discounts and premiums are amortized to finance income in our consolidated statements of operations using the effective interest rate method. Interest receivable related to the unpaid principal is recorded together with the outstanding balance in our consolidated balance sheets. Upon the prepayment of a note receivable, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as part of finance income in our consolidated statements of operations.

Notes receivable are periodically evaluated for collectability based on past credit history with note holders and their current financial condition. The Company had an allowance for credit losses of $720,000 and $931,665 as of September 30, 2023 and 2022, respectively.

Fixed Assets

Fixed assets are stated at the lower of cost or estimated net recoverable amount. The cost of property, plant and equipment is depreciated using the straight-line method based on the lesser of the estimated useful lives of the assets or the lease term based on the following life expectancy:

Software	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Lab equipment	7 years
Leasehold improvements	Term of lease

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which extend the useful life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. When assets are retired or sold, the cost and related accumulated depreciation and amortization are eliminated and any resulting gain or loss is reflected in operations.

As of September 30, 2023, fixed assets are classified as *Assets held for sale – long term* in the accompanying consolidated balance sheet.

Impairment of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable or is impaired. Recoverability is assessed using undiscounted cash flows based upon historical results and current projections of earnings before interest and taxes. Impairment is measured using discounted cash flows of future operating results based upon a rate that corresponds to the cost of capital. Impairments are recognized in operating results to the extent that carrying value exceeds discounted cash flows of future operations.

Our intellectual property is comprised of indefinite-lived brand names acquired and have been assigned an indefinite life as we currently anticipate that these brand names will contribute cash flows to the Company perpetually. We evaluate the recoverability of intangible assets periodically by taking into account events or circumstances that may warrant revised estimates of useful lives or that indicate the asset may be impaired.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 - Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the commercial sales of products, licensing agreements and contracts to perform pilot studies by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied.

Our revenue is primarily generated through our subsidiary, Digipath Labs, Inc., which recognizes revenue from the analytical testing of cannabis products for licensed producers and cultivators within the state of Nevada on a determinable fixed fee per test, or panel of tests, basis. Revenue from the performance of those services is recognized upon completion of the tests, at which time test results are delivered to the customer, provided collectability of the fee is reasonably assured. We typically require payment within thirty days of the delivery of results.

As of September 30, 2023 and 2022, all revenues are classified as part of *Net income from discontinued operations* in the accompanying consolidated statement of operations

Discontinued Operations

On April 20, 2023, the Company and Digipath Labs entered into an Asset Purchase Agreement (the “Purchase Agreement”) with DPL NV, LLC (“Buyer”), pursuant to which Digipath Labs has agreed to sell substantially all of its assets to Buyer for a cash purchase price of $2,300,000 (the “Purchase Price”). The business of an entity that is in the process of disposing its assets by sale, or that intends to cease operations, is reported as discontinued operations if the transaction represents a strategic shift that will have a major effect on an entity’s operations and financial results. As such, the Company’s lab testing business is now reported as discontinued operations.

Assets and liabilities of the discontinued operations are aggregated and reported separately as assets and liabilities of discontinued operations in the Consolidated Balance Sheets as of September 30, 2023 and 2022. The results of discontinued operations are aggregated and presented separately in the Consolidated Statements of Operations as net income from discontinued operations for the years ended September 30, 2023 and 2022. The cash flows of the discontinued operations are reflected as cash flows of discontinued operations within the Company’s Consolidated Statements of Cash Flows for the years ended September 30, 2023 and 2022.

Amounts presented in discontinued operations have been derived from our consolidated financial statements and accounting records using the historical basis of assets, liabilities, results of operations, and cash flows of Digipath Labs. The discontinued operations exclude general corporate allocations.

Advertising Costs

The Company expenses the cost of advertising and promotions as incurred. Advertising and promotions expense was $4,444 and $58,739 for the years ended September 30, 2023 and 2022, respectively.

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the years ended September 30, 2023 and 2022, potential dilutive securities of 83,125,488 and 58,941,155 shares issuable upon conversion of convertible notes payable, 8,120,000 and 6,020,000 shares issuable upon exercise of options, 15,387,050 and 1,500,000 shares issuable upon exercise of warrants, and 13,579,710 and 13,579,710 shares issuable upon conversion of Preferred A and Preferred B shares, respectively, had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718) and Equity-Based Payments to Non-employees pursuant to ASC 2018-07 (ASC 2018-07). All transactions in which the consideration provided in exchange for the purchase of goods or services consists of the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date at which a commitment for performance by the counterparty to earn the equity instruments is reached because of sufficiently large disincentives for nonperformance.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Uncertain Tax Positions

In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation. These reclassifications had no effect on our previously reported results of operations or accumulated deficit.

Recently Issued Accounting Pronouncements

There are no recently issued accounting pronouncements that the Company has yet to adopt that are expected to have a material effect on its financial position, results of operations, or cash flows.

Note 2 – Going Concern

As shown in the accompanying consolidated financial statements, the Company has incurred recurring losses from operations resulting in an accumulated deficit of $19,761,997 and as of September 30, 2023, the Company's cash on hand may not be sufficient to sustain operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The consolidated financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. These financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Fair Value of Financial Instruments

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of September 30, 2023 and 2022, respectively:

	Fair Value Measurements at September 30, 2023		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 271,006	$ -	$ -
Liabilities			
Notes payable	-	565,000	-
Convertible notes payable, net of discounts of $43,051	-	-	1,725,184

	Fair Value Measurements at September 30, 2022		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 56,168	$ -	$ -
Liabilities			
Notes payable	-	665,000	-
Convertible notes payable, net of discounts of $84,767	-	-	1,683,467

The fair value of our intellectual properties is deemed to approximate book value, and are considered Level 3 inputs as defined by ASC Topic 820-10-35.

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the years ended September 30, 2023 or 2022.

Note 4 – Related Party Transactions

During the year ended September 30, 2023 the Company incurred compensation expense of $60,000 for services provided by its CFO and paid its CFO $111,437 for accrued compensation related to services provided in prior periods. As of September 30, 2023, no amounts were owed to the CFO for services provided.

During the year ended September 30, 2023 the Company incurred fees of $34,000 for services provided by its directors and paid its directors $30,000 for services provided, and its directors waived the payment of $138,000 that had been accrued for services provided. As of September 30, 2023, the Company has accrued a total of $10,000 in fees for services provided by its directors.

As of September 30, 2023, the Company has accrued a total of $2,390 in reimbursable expenses owed to the officers and directors.

During the year ended September 30, 2023, the Company granted 3,400,000 and 1,400,000 shares of its common stock to the officers and directors as compensation for services performed with a fair value of $24,820 and $9,860, respectively.

Note 5 – Note Receivable

On various dates between December 28, 2018 and June 13, 2019, we loaned Northwest Analytical Labs, Inc. a total of $95,000. The loans bear interest at an annual rate of 10%, are evidenced by secured demand notes, and are secured by a lien on the borrower's assets. An allowance for doubtful accounts for the full value of the notes has been recorded due to the uncertainty of collectability.

On various dates between August 23, 2021 and September 30, 2022, we loaned C3 Labs, Inc. ("C3 Labs") a total of $1,056,570. The loans bore interest at an annual rate of 8%. These loans were evidenced by secured demand notes, and were secured by a lien on the borrower's assets and have a maturity date of August 23, 2022. The Company had recorded total accrued interest of $64,017 as of September 30, 2022. As of September 30, 2022, the Company recorded a full allowance against the loans and related accrued interest.

The loans were made in connection with a potential acquisition of a controlling interest in C3 Labs pursuant to a letter of intent. On March 11, 2022, the Company notified the current owners of C3 Labs of its termination of the letter of intent and took possession of the equipment of C3 Labs ("C3 Equipment").

On December 8, 2022, the Company entered into an Asset Purchase Agreement with Invictus Wealth Group ("Invictus"), whereby the Company agreed to sell the C3 Equipment to Invictus for a total purchase price of $900,000. The purchase price consisted of an upfront payment of $275,000, and a Note Receivable ("Invictus Note") in the amount of $625,000. The Invictus Note has a maturity date of December 31, 2023, accrues interest at a rate of 10% per annum, and provides for principal payments of $100,000 each due on June 30, 2023 and September 30, 2023, with the final payment of $425,000 due on December 31, 2023. The Company has recorded a full allowance against the Invictus Note as collectability cannot be assured as of the date of this filing. As of June 30, 2023 the Company received the full down payment of $275,000. In April 2023, the Invictus Note was amended and restated to extend the maturity date to March 31, 2024, with principal payments of $100,000 each due on September 30, 2023 and December 31, 2023, with the final payment of $425,000 due on March 31, 2024. As of the date of this filing, the Company has not yet received any of the required payments.

Note 6 – Fixed Assets

Fixed assets consist of the following at September 30, 2023 and 2022:

	As of	
	September 30, 2023	September 30, 2022
Lab equipment	$ -	$ 55,000
Less: accumulated depreciation	-	-
Total	$ -	$ 55,000

During the year ended September 30, 2023, the Company recorded impairment expense in the amount of $55,000 related to equipment acquired with the anticipation of the C3 Labs acquisition, which is included in other expenses on the statement of operations. Upon the Company's decision to terminate the acquisition, the C3 Equipment was deemed to be impaired.

Note 7 –Notes Payable

Notes payable consists of the following at September 30, 2023 and 2022, respectively:

	September 30, 2023	September 30, 2022
On September 10, 2021, the Company issued a Secured Promissory note in the principal amount of $675,000 to US Canna Lab I, LLC (the "Canna Lab Note"). The Canna Lab Note carries interest at 12% per annum and is due on September 10, 2024, with monthly principal and interest payments of $22,419.66 beginning on October 1, 2021. In addition, the Company was advanced an additional $115,000 of funds during the year ended September 30, 2022 under the same terms as the original Canna Lab Note. During the year ended September 30, 2022, the Company repaid $125,000 of the principal balance on the note. As a result of the Company not meeting the monthly payment obligations, the Canna Lab Note is in technical default, however, no default notice has been provided by Canna Lab as of the date of this filing. There are no additional obligations of the Company under default with the exception of being due on demand.	$ 665,000	$ 665,000
Total notes payable	665,000	665,000
Less: current maturities	(665,000)	(665,000)
Notes payable	$ -	$ -

The Company recorded interest expense pursuant to the stated interest rate and closing costs on the notes payable in the amount of $79,800 and $45,444 during the years ended September 30, 2023 and 2022.

Notes payable – discontinued operations

On December 26, 2019, the Company financed the purchase of $377,124 of lab equipment, in part, with the proceeds of a bank loan in the amount of $291,931. The loan bears interest at the rate of 5.75% per annum and requires monthly payments of $5,622 over the five-year term of the loan ending on December 26, 2024. The Company's obligations under this loan are secured by a lien on the purchased equipment.	$ 80,428	$ 141,348

Note 8 – Convertible Notes Payable

Related party convertible notes payable consist of the following at September 30, 2023 and September 30, 2022, respectively:

	September 30, 2023	September 30, 2022
On February 10, 2020, the Company completed the sale to an accredited investor of a 9% Secured Convertible Promissory Note in the principal amount of $350,000. The Note matures on August 10, 2022, bears interest at a rate of 9% per annum, and was convertible into shares of the Company's common stock at a conversion price of $0.15 per share. On December 28, 2020, the conversion price was amended to $0.03 per share in exchange for an additional $50,000 of proceeds and the promissory note was increased to $400,000. The Company's obligations under the Note are secured by a lien on the assets of the Company and its wholly-owned subsidiary Digipath Labs, Inc., pursuant to a Security Agreement between the Company, Digipath Labs, Inc. and the investor. On December 29, 2020, the note holder converted $50,000 of principal into 1,666,667 shares of common stock at a conversion price of $0.03 per share. On August 8, 2022, the note holder agreed to extend the maturity date of the note to February 11, 2024. In exchange for the extension, the Company agreed to issue 4,550,000 common shares, which were recorded as debt discount with a relative fair value of $43,788. As a result of the shares issued upon the extension agreement, the lender now holds more the 5% of the total outstanding common shares, and is therefore considered a related party.	$ 350,000	$ 350,000
Total related party convertible notes payable	350,000	350,000
Less: unamortized debt discounts	(10,748)	(39,728)
	339,252	310,272
Less: current maturities	(339,252)	-
Related party convertible notes payable	$ -	$ 310,272

Convertible notes payable consist of the following at September 30, 2023 and 2022, respectively:

	September 30, 2023	September 30, 2022
On February 11, 2020, the Company completed the sale to an accredited investor of a 9% Secured Convertible Promissory Note in the principal amount of $50,000. The Note matures on August 11, 2022, bears interest at a rate of 9% per annum, and was convertible into shares of the Company's common stock at a conversion price of $0.15 per share. On December 28, 2020, the conversion price was amended to $0.03 per share in exchange for an additional $10,000 of proceeds and the promissory note was increased to $60,000. The Company's obligations under the Note are secured by a lien on the assets of the Company and its wholly-owned subsidiary Digipath Labs, Inc., pursuant to a Security Agreement between the Company, Digipath Labs, Inc. and the investor. On December 29, 2020, the note holder converted $10,000 of principal into 333,334 shares of common stock at a conversion price of $0.03 per share. On August 8, 2022, the note holder agreed to extend the maturity date of the note to February 11, 2024. In exchange for the extension, the Company agreed to issue 650,000 common shares, which were recorded as debt discount, with a relative fair value of $6,989.	$ 50,000	$ 50,000
On February 11, 2020, the Company completed the sale to an accredited investor of a 9% Secured Subordinated Convertible Promissory Note in the principal amount of $150,000. The Note matures on August 11, 2022, bears interest at a rate of 9% per annum, and was convertible into shares of the Company's common stock at a conversion price of $0.15 per share. On December 28, 2020, the conversion price was amended to $0.03 per share in exchange for an additional $50,000 of proceeds and the promissory note was increased to $200,000. The Company's obligations under the Note are secured by subordinated lien on the assets of the Company and its wholly-owned subsidiary Digipath Labs, Inc., pursuant to a Security Agreement between the Company, Digipath Labs, Inc. and the investor. On December 29, 2020, the note holder converted $50,000 of principal into 1,666,667 shares of common stock at a conversion price of $0.03 per share. On August 8, 2022, the note holder agreed to extend the maturity date of the note to February 11, 2024. In exchange for the extension, the Company agreed to issue 1,950,000 common shares, which were recorded as debt discount, with a relative fair value of $20,968.	150,000	150,000
On September 23, 2019, the Company received proceeds of $200,000 on a senior secured convertible note that carries an 8% interest rate, which matures on August 10, 2022, as amended. The principal and interest were convertible into shares of common stock at the discretion of the note holder at a fixed conversion price of $0.11 per share. On September 30, 2020, the maturity date was extended to August 10, 2022 and the conversion price was amended to $0.03 per share. The Company's obligations under this Note are secured by a lien on the assets of the Company and its wholly-owned subsidiary Digipath Labs, Inc. On February 22, 2021, the noteholder converted $90,000 of principal into 3,000,000 shares of common stock at a conversion price of $0.03 per share. On September 30, 2021 the note was amended to add the outstanding short term notes and accrued interest into the principal balance, making the outstanding balance $355,469, as amended. As a result of the modification, the Company recorded an additional debt discount of $98,188, as a result of the beneficial conversion feature of the additional principal. On October 1, 2022, the Company further extended the maturity date to February 11, 2024. In connection with the modification, the Company issued warrants to purchase 4,621,105 shares of common stock, with a fair value of $32,166 which was recorded as a debt discount.	355,469	355,469
On November 8, 2018, the Company received proceeds of $350,000 on a senior secured convertible note that carries an 8% interest rate, which matures on August 10, 2022, as amended. The principal and interest were convertible into shares of common stock at the discretion of the note holder at a fixed conversion price of $0.14 per share. On September 30, 2020, the maturity date was extended to August 10, 2022 and the conversion price was amended to $0.03 per share. The Company's obligations under this Note are secured by a lien on the assets of the Company and its wholly-owned subsidiary Digipath Labs, Inc. On October 1, 2022, the Company further extended the maturity date to February 11, 2024. In connection with the modification, the Company issued warrants to purchase 4,550,000 shares of common stock, with a fair value of $31,671 which was recorded as a debt discount.	350,000	350,000
On October 1, 2022, the Company entered into a senior secured convertible note that carries an 8% interest rate, which matures on February 11, 2024. The Note documented the advances made during the year ended September 30, 2022 in the amount of $362,765. The principal and interest on the Note are convertible into common shares at a conversion price of $0.01. In connection with the note, the Company issued warrants to purchase 4,715,945 shares of common stock, with a fair value of $30,102 which was recorded as a debt discount.	362,765	362,765
On November 5, 2018, the Company received proceeds of $150,000 on a senior secured convertible note that carries an 8% interest rate, which matures on August 10, 2022, as amended. The principal and interest were convertible into shares of common stock at the discretion of the note holder at a fixed conversion price of $0.14 per share. On September 30, 2020, the maturity date was extended to August 10, 2022 and the conversion price was amended to $0.03 per share. The Company's obligations under this Note are secured by a lien on the assets of the Company and its wholly-owned subsidiary Digipath Labs, Inc.	150,000	150,000
Total convertible notes payable	1,418,234	1,418,234
Less: unamortized debt discounts	(32,302)	(45,039)
	1,385,932	1,373,195

Less: current maturities	(1,385,932)	(1,198,469)
Convertible notes payable	$ -	$ 174,726

In addition, the Company recognized and measured the embedded beneficial conversion feature present in the convertible notes by allocating a portion of the proceeds equal to the intrinsic value of the feature to additional paid-in-capital. The intrinsic value of the feature was calculated on the commitment date using the effective conversion price of the convertible notes. This intrinsic value is limited to the portion of the proceeds allocated to the convertible debt.

The aforementioned accounting treatment resulted in a total debt discount equal to $93,938 during the year ended September 30, 2023. The discount is amortized on a straight-line basis from the dates of issuance until the earlier of the stated redemption date of the debt, as noted above, or the actual settlement date. The Company recorded debt amortization expense attributed to the aforementioned debt discount in the amounts of $135,655 and $85,166, during the years ended September 30, 2023 and 2022, respectively. Unamortized discount as of September 30, 2023 is $43,050.

All of the convertible notes limit the maximum number of shares that can be owned by each note holder as a result of the conversions to common stock to 4.99% of the Company's issued and outstanding shares except the note to the related party.

The Company recorded interest expense pursuant to the stated interest rates on the convertible notes in the amount of $148,812 and $113,976 for the years ended September 30, 2023 and 2022, respectively.

The Company recognized interest expense for the years ended September 30, 2023 and 2022, respectively, as follows:

	September 30, 2023	September 30, 2022
Interest on notes payable	$ 79,800	$ 45,444
Amortization of beneficial conversion features	135,655	85,166
Interest on convertible notes	148,812	113,976
Total interest expense	$ 364,267	$ 244,586

Note 9 – Stockholders' Equity

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock with a par value of $0.001 per share, of which 6,000,000 have been designated as Series A Convertible Preferred Stock ("Series A Preferred"), 1,500,000 have been designated as Series B Convertible Preferred Stock ("Series B Preferred"), and 1,000 shares have been designated as Series C Preferred Stock ("Series C Preferred") with the remaining 2,499,000 shares available for designation from time to time by the Board as set forth below. As of September 30, 2022, there were 1,047,942 shares of Series A Preferred issued and outstanding, 333,600 shares of Series B Preferred issued and outstanding and 1,000 shares of Series C Preferred issued and outstanding. The Board of Directors is authorized to determine any number of series into which the undesignated shares of preferred stock may be divided and to determine the rights, preferences, privileges and restrictions granted to any series of the preferred stock. Each share of Series A Preferred is currently convertible into five shares of common stock and each share of Series B Preferred is currently convertible into twenty-five shares of common stock. The Series C Preferred is not convertible into common stock.

Series A Preferred

The conversion price is adjustable in the event of stock splits and other adjustments in the Company's capitalization, and in the event of certain negative actions undertaken by the Company. At the current conversion price, the 1,047,942 shares of Series A Preferred outstanding at September 30, 2023 are convertible into 5,239,710 shares of the common stock of the Company. No holder is permitted to convert its shares of Series A Preferred if such conversion would cause the holder to beneficially own more than 4.99% of the issued and outstanding common stock of the Company immediately after such conversion, unless waived by such holder by providing at least sixty-five days' notice.

Additional terms of the Series A Preferred include the following:

- The shares of Series A Preferred are entitled to dividends when, as and if declared by the Board as to the shares of the common stock of the Company into which such Series A Preferred may then be converted, subject to the 4.99% beneficial ownership limitation described above.

- Upon the liquidation or dissolution of the Company, or any merger or sale of all or substantially all of the assets, the shares of Series A Preferred are entitled to receive, prior to any distribution to the holders of common stock, 100% of the purchase price per share of Series A Preferred plus all accrued but unpaid dividends.

- The Series A Preferred plus all declared but unpaid dividends thereon automatically will be converted into common stock, at the then applicable conversion rate, upon the affirmative vote of the holders of a majority of the outstanding shares of Series A Preferred.

- Each share of Series A Preferred will carry a number of votes equal to the number of shares of common stock into which such Series A Preferred may then be converted, subject to the 4.99% beneficial ownership limitation described above. The holders of the Series A Preferred generally will vote together with the holders of the common stock and not as a separate class, except as provided below.

- Consent of the holders of the outstanding Series A Preferred is required in order for the Company to: (i) amend or change the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series A Preferred; (ii) authorize, create or issue shares of any class of stock having rights, preferences, privileges or powers superior to the Series A Preferred; (iii) reclassify any outstanding shares into shares having rights, preferences, privileges or powers superior to the Series A Preferred; or (iv) amend the Company's Articles of Incorporation or Bylaws in a manner that adversely affects the rights of the Series A Preferred.

- Pursuant to the Securities Purchase Agreements, holders of Series A Preferred are entitled to unlimited "piggyback" registration rights on registrations by the Company, subject to pro rata cutback at any underwriter's discretion.

During the year ended September 30, 2022, the Company offered to the Series A Preferred shareholders the ability to convert their Series A Preferred shares into Series B Preferred shares for an additional investment of 20% of their initial Series A investment. One Series A shareholder invested additional cash proceeds of $55,600 for 55,600 Series B Preferred shares and converted 278,000 of its Series A Preferred into Series B Preferred. As a result of the transaction, it was determined under ASC 470-20-40 that the Company had issued a deemed dividend from the induced conversion of the Series A Preferred into Series B Preferred in the amount of $192,154. For a description of the Series B Preferred, see Note 10.

Series C Preferred

The Series C Preferred stock was designated on July 20, 2022. The principal feature of the Series C Preferred is that it provides the holder thereof, so long as he or she is an executive officer of the Company, with the ability to vote with the holders of the Company's common stock on all matters presented to the holders of common stock, whether at a special or annual meeting, by written action in lieu of a meeting or otherwise, on the basis of 200,000 votes for each share of Series C Preferred. The shares of Series C Preferred are not convertible into common stock, are not entitled to dividends, are not subject to redemption, and have a stated value of $0.10 per share payable on any liquidation of the Company in preference to any payment payable to the holders of common stock.

On July 25, 2022, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Todd Denkin, the Company's President, pursuant to which Mr. Denkin purchased 1,000 shares of the Series C Preferred for a purchase price of $0.10 per share. The Company determined that the shares had value in excess of the stated value in the amount of $360,200, which the Company recorded as compensation expense to the officer.

On March 2, 2023, the Company entered into a Preferred Stock Repurchase Agreement with Todd Denkin, the Company's president, pursuant to which Mr. Denkin surrendered his Series C Preferred back to the Company for the purchase price of $100.

Common Stock

The common stock has a par value of $0.001, and 250,000,000 shares are authorized, of which 87,096,820 shares were issued and outstanding as of September 30, 2023.

Common Stock Transactions for the Year Ended September 30, 2023

During the year ended September 30, 2023, the Company issued 7,150,000 shares of its common stock in settlement of the common stock payable in the amount of $71,745.

During the year ended September 30, 2023, the Company granted 3,400,000 and 1,400,000 shares of its common stock to its officers and directors as compensation for services performed with a fair value of $24,820 and $9,860, respectively.

Common Stock Transactions for the Year Ended September 30, 2022

During the year ended September 30, 2022, the Company issued 1,500,000 shares of its common stock in exchange for services rendered to the Company, by its chief financial officer, with a total fair value of $52,500 based on the closing price of the Company's common stock on the date of grant.

During the year ended September 30, 2022, the Company issued 2,166,667 shares of its common stock in exchange for services rendered to the Company by third party consultants, with a total fair value $91,000 based on the closing price of the Company's common stock on the dates of grant.

During the year ended September 30, 2022, the Company issued 250,000 shares of its common stock to settle outstanding payables in the amount of $7,500 based on the closing price of the Company's common stock on the dates of grant.

In connection with the Convertible Note extensions as described in Note 8, the Company was to issue 7,150,000 shares of common stock to the lenders as additional incentive. As of September 30, 2022, these shares have not yet been issued and as such are recorded as a stock payable with a fair value of $71,745 based on the closing price of the Company's common stock on the dates of grant.

Amortization of Stock-Based Compensation

A total of $143,500 of stock-based compensation expense was recognized during the year ended September 30, 2022 as a result of the issuance of 3,666,667 shares of common stock, as amortized over the requisite service period.

Note 10 – Mezzanine Equity

Series B Preferred

The shares of Series B Preferred were designated on December 29, 2021. Each share of Series B Preferred has a Stated Value of $1.00 and is currently convertible into common stock at a conversion price equal to $0.04. The conversion price of the Series B Preferred is subject to equitable adjustment in the event of a stock split, stock dividend or similar event with respect to the common stock, and in the event of the issuance of common stock by the Company below the conversion price, subject to customary exceptions. At the current conversion price, the 333,600 shares of Series B Preferred outstanding at September 30, 2023 are convertible into 8,340,000 shares of the common stock of the Company. No holder is permitted to convert its shares of Series B Preferred if such conversion would cause the holder to beneficially own more than 4.99% of the issued and outstanding common stock of the Company immediately after such conversion, unless waived by such holder by providing at least sixty-five days' notice.

Additional terms of the Series B Preferred include the following:

- The shares of Series B Preferred are not entitled to dividends, provided that if dividends are paid on the shares of common stock of the Company, the Series B Preferred will be entitled to dividends based on the number shares of common stock which the Series B Preferred may then be converted.

- Upon the liquidation or dissolution of the Company, or any merger or sale of all or substantially all of the assets, or upon a change in control whereby a stockholder gains control of 50% or more of the outstanding shares of common stock, the shares of Series B Preferred are entitled to receive, prior to any distribution to the holders of common stock and the Series A Preferred, 100% of the purchase price per share of Series B Preferred plus all accrued but unpaid dividends.

- Each share of Series B Preferred carries a number of votes equal to the number of shares of common stock into which such Series B Preferred may then be converted.

Due to the change in control provision of the Series B Preferred, the Series B Preferred is classified as temporary equity on the balance sheet.

On December 30, 2021, the Company entered into an Exchange Agreement with one of the Company's institutional investors (the "Investor"), pursuant to which the Investor exchanged 278,000 shares of the Series A Preferred for 278,000 shares of the Series B Preferred. In addition, on December 30, 2021, the Investor purchased 55,600 shares of Series B Preferred Stock at a price of $1.00 per share, resulting in gross proceeds to the Company of $55,600.

Note 11 – Common Stock Options

Stock Incentive Plan

On June 21, 2016, we amended and restated our 2012 Stock Incentive Plan (the "2012 Plan"), which was originally adopted on March 5, 2012, and terminated on March 5, 2022. As amended, the 2012 Plan provides for the issuance of up to 11,500,000 shares of common stock pursuant to the grant of options or other awards, including stock grants, to employees, officers or directors of, and consultants to, the Company and its subsidiaries. Options granted under the 2012 Plan may either be intended to qualify as incentive stock options under the Internal Revenue Code of 1986, or may be non-qualified options, and are exercisable over periods not exceeding ten years from date of grant.

Common Stock Option Issuances

During the year ended September 30, 2023, the Company issued to certain employees, options to purchase 2,100,000 shares of its common stock in exchange for services rendered to the Company with a total fair value of $10,446. The Company estimated the fair value using the Black-Scholes Option Pricing Model, based on a volatility rate of 184% and call option values of $0.00497 and exercise prices of $0.0056. The options have a term of 5.75 years and vest nine months after the grant date.

During the year ended September 30, 2022, the Company issued to an unrelated third party, options to purchase 1,000,000 shares of its common stock in exchange for services rendered to the Company with a total fair value $20,994. The Company estimated the fair value using the Black-Scholes Option Pricing Model, based on a volatility rate of 143% and call option values of $0.021 and exercise prices of $0.024, and vesting immediately.

Amortization of Stock-Based Compensation

A total of $24,474 and $62,533 of stock-based compensation expense was recognized during the years ended September 30, 2023 and 2022, respectively, as a result of the vesting of common stock options issued. As of September 30, 2023, a total of $1,153 of unamortized expense remains to amortized over the vesting period.

The following is a summary of information about the stock options outstanding at September 30, 2023.

Shares Underlying Options Outstanding				Shares Underlying Options Exercisable	
Range of Exercise Prices	Shares Underlying Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Options Exercisable	Weighted Average Exercise Price
$ 0.0056 – $0.13	8,120,000	5.03 years	$ 0.052	6,020,000	$ 0.069

The fair value of each option grant is estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted-average assumptions used for grants under the fixed option plan:

	September 30, 2023	September 30, 2022
Average risk-free interest rates	3.88%	1.21%
Average expected life (in years)	2.9	5.00
Volatility	184.34%	143%

The Black-Scholes Option Pricing Model was developed for use in estimating the fair value of short-term traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including expected stock price volatility. Because the Company's common stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of its common stock options. During the years ended September 30, 2023 and September 30, 2022, there were no options granted with an exercise price below the fair value of the underlying stock at the grant date.

The weighted average fair value of options granted with exercise prices at the current fair value of the underlying stock during the year ended September 30, 2023 was approximately $0.005 per option.

The following is a summary of activity of outstanding common stock options:

	Number of Shares	Weighted Average Exercise Price
Balance, September 30, 2021	5,620,000	$ 0.08
Options issued	1,000,000	0.02
Options repurchased/expired	(600,000)	(0.11)
Balance, September 30, 2022	6,020,000	$ 0.069
Options issued	2,100,000	0.006
Options forfeited	-	-
Balance, September 30, 2023	8,120,000	$ 0.052
Exercisable, September 30, 2023	6,020,000	$ 0.069

As of September 30, 2023, these options in the aggregate had $19,320 of intrinsic value as the per share market price of $0.015 of the Company's common stock as of such date was greater than the weighted-average exercise price of some of these options.

Note 12 – Common Stock Warrants

Warrants to purchase a total of 15,387,050 shares of common stock were outstanding as of September 30, 2023.

During the year ended September 30, 2023, warrants to purchase an aggregate total of 13,887,050 shares of common stock at a weighted average exercise price of $0.007 were issued in connection with the debt extensions as described in Note 8.

During the year ended September 30, 2022, warrants to purchase an aggregate total of 1,035,001 shares of common stock at a weighted average exercise price of $0.26 per share expired.

The following is a summary of information about our warrants to purchase common stock outstanding at September 30, 2023 (including those issued to both investors and service providers).

Shares Underlying Warrants Outstanding				Shares Underlying Warrants Exercisable	
Range of Exercise Prices	Shares Underlying Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Warrants Exercisable	Weighted Average Exercise Price
$ 0.0074-0.10	15,387,050	8.76 years	$ 0.016	15,387,050	$ 0.016

The fair value of each warrant grant is estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted-average assumptions used for grants under the fixed option plan:

The following is a summary of activity of outstanding common stock warrants:

	Number of Shares	Weighted Average Exercise Price
Balance, September 30, 2021	2,535,001	$ 0.17
Warrants granted	-	-
Warrants expired	(1,035,001)	(0.26)
Balance, September 30, 2022	1,500,000	$ 0.10
Warrants granted	13,887,050	.007
Warrants expired	-	-
Balance, September 30, 2023	15,387,050	$ 0.016
Exercisable, September 30, 2023	15,387,050	$ 0.016

As of September 30, 2023, these warrants in the aggregate had $102,764 of intrinsic value as the per share market price of $0.015 of the Company’s common stock as of such date was greater than the exercise price of some of these warrants.

Note 13 – Commitments and Contingencies

Legal Contingencies

There are no material pending legal proceedings to which we are a party or to which any of our property is subject, nor are there any such proceedings known to be contemplated by governmental authorities. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

Note 14 – Discontinued Operations

On April 20, 2023, the Company, and Digipath Labs entered into the Purchase Agreement with DPL NV, LLC ("Buyer"), pursuant to which Digipath Labs has agreed to sell substantially all of its assets to Buyer for a cash purchase price of $2,300,000 (the "Purchase Price") as described in Note 1 above. The Purchase Price is subject to adjustments at closing based on, among other things, the amount by which the working capital of Digipath Labs at the closing is greater or less than $150,000.

The Purchase Agreement includes a number of representations, warrantees, covenants and conditions to closing customary for this type of transaction. In addition, the closing of the transaction is subject to the approval of the Nevada Cannabis Compliance Board (the "CCB"). In the event CCB approval is not obtained by June 30, 2024, or any other condition to closing has not been satisfied by such date, either party may terminate the Purchase Agreement.

Pursuant to the Purchase Agreement, the Buyer deposited $230,000 into an escrow account upon the execution of the Purchase Agreement, and such amount will continue to be held in escrow for a 12-month period following closing to satisfy any indemnification claims Buyer may have against Digipath Labs.

In connection with the transactions contemplated by the Purchase Agreement, Digipath, Digipath Labs and Buyer entered into a Management Services Agreement (the "Management Services Agreement"), dated as of April 30, 2023, pursuant to which Buyer has been engaged to manage the operation of Digipath Labs' cannabis testing laboratory (the "Lab"). The effectiveness of the Management Services Agreement is subject to the approval of the CCB, which was obtained on October 17, 2023. Pursuant to the Management Services Agreement, after the payment of expenses to third parties and a payment of 15% of cash collections to Digipath (but not less than $15,000) in each month, Buyer will be entitled to a management fee of $10,000 per month. Any remaining cash generated from the operation of the Lab in any month will be payable 45% to the Buyer and 55% to the Company.

The balance sheets of Digipath Labs are summarized below:

	September 30, 2023	September 30, 2022
Current assets:		
Accounts receivable, net	$ 447,410	$ 335,085
Deposits	18,675	25,141
Other current assets	20,137	32,971
Total current assets	486,222	393,197
Right-of-use asset	274,985	316,961
Fixed assets, net	368,681	405,823
Total long term assets	643,666	722,784
Total Assets	$ 1,129,888	$ 1,115,981
Current liabilities:		
Accounts payable	$ 158,869	$ 283,098
Accrued expenses	61,512	32,571
Current portion of operating lease liabilities	83,757	100,685
Current maturities of notes payable	64,517	60,920
Total current liabilities	368,655	477,274
Operating lease liabilities	143,245	229,825
Notes payable	15,911	80,428
Total long term liabilities	159,156	310,253
Total Liabilities	$ 527,811	$ 787,527

The statements of operations of Digipath Labs combined are summarized below:

	For the Years Ended September 30,	
	2023	**2022**
Revenues	$ 3,330,704	$ 2,699,920
Cost of sales	1,736,401	1,633,972
Gross profit	1,594,303	1,065,948
Operating expenses:		
General and administrative	883,781	927,671
Professional fees	98,352	2,157
Total operating expenses	982,133	929,828
Operating income(loss)	612,170	136,120
Other income (expense):		
Other income	322,798	-
Interest expense	(6,539)	(15,687)
Total other income (expense)	316,259	(15,687)
Net income (loss)	$ 928,429	$ 120,433

Note 15 - Income Tax

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

For the years ended September 30, 2023 and 2022, the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At September 30, 2023, the Company had approximately $14,096,000 of Federal net operating losses. The net operating loss carry forwards, if not utilized, will begin to expire in 2031.

The effective income tax rate for the years ended September 30, 2023 and 2022 consisted of the following:

	September 30,	
	2023	2022
Federal statutory income tax rate	21%	21%
State income taxes	-%	-%
Change in valuation allowance	(21)%	(21)%
Net effective income tax rate	-	-

The components of the Company's deferred tax asset are as follows:

	September 30,	
	2023	2022
Deferred tax assets:		
Net operating loss carry forwards	$ 2,960,100	$ 3,130,800
Net deferred tax assets before valuation allowance	$ 2,960,100	$ 3,130,800
Less: Valuation allowance	(2,960,100)	(3,130,800)
Net deferred tax assets	$ -	$ -

Based on the available objective evidence, including the Company's history of its loss, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at September 30, 2023 and 2022, respectively.

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

Note 16 – Subsequent Events

On October 17, 2023, the CCB approved the Management Services Agreement, dated as of April 30, 2023, pursuant to which the Buyer was engaged to manage the operations of the Company's cannabis testing laboratory, in connection with the Purchase Agreement. See Note 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On October 2, 2023, we retained Fruci & Associates II, PLLC ("Fruci") to perform our audit work for the year ended September 30, 2023. There were no disagreements with accountants.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and our Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2023 (the "Evaluation Date"). The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2023, our Principal Executive Officer and Principal Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has conducted, with the participation of our Principal Executive Officer and our Principal Accounting Officer, an assessment, including testing of the effectiveness, of our internal control over financial reporting as of the Evaluation Date. Management's assessment of internal control over financial reporting was conducted using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013 Framework).

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In connection with management's assessment of our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act of 2002, we have identified the following material weaknesses in our internal control over financial reporting as of the Evaluation Date.

- Lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by our Officers.
- Lack of a formal review process that includes multiple levels of review, as all accounting and financial reporting functions are performed by our Officers and the work is not reviewed by anyone.

We have thus concluded that our internal control over financial reporting was not effective as of the Evaluation Date.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to an exemption for smaller reporting companies under Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) or in other factors that occurred during the fourth fiscal quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below are the present directors and executive officers of the Company. There are no arrangements or understandings between any of the directors, officers and other persons pursuant to which such person was selected as a director or an officer.

Name	Age	Position
Todd Denkin	61	President
A. Stone Douglass	76	Chairman, Director, Secretary and CFO
Dennis Hartmann	68	Director

Biographies

Set forth below are brief accounts of the business experience of each director and executive officer of the Company.

Todd Denkin was appointed as President on July 1, 2021. Mr. Denkin has many years of experience in the "legal" marijuana industry, and has in the past been an integral part of the Company's management. Mr. Denkin originally joined the Company in April 2014 as President, and served as the Company's Chief Executive Officer from October 2014 until June 21, 2016. He then served as the Company's President and Chief Operating Officer until September 26, 2019, and was thereafter a consultant to the Company until December 2019. From January 2020 until December 2020 when he was re-engaged by the Company as a consultant, Mr. Denkin provided consulting services to cannabis producers, and was active as a cannabis testing educator and content provider. Prior to joining the Company in April 2014, Mr. Denkin served as co-founder and president of both 10 Mile and Growopp, LLC where he created controlled environmental indoor hydroponic grow chambers from 2011 to 2013.

A. Stone Douglass was appointed a director of the Company on July 1, 2021, as our Chief Financial Officer on August 16, 2021, and as Chairman of the Board of Directors on October 21, 2021. Mr. Douglass has been: the Chief Executive Officer of GeoSolar Technologies, Inc., a company planning to install natural energy systems, since December 2020; the Chief Financial Officer of David Kind, Inc., a Venice, California based online eyewear brand, since June 2013; the Chairman and Chief Executive Officer of Sealand Natural Resources, Inc., a manufacturer and purveyor of Sealand Birk birch water and other alternative beverages, since March 2016; the Chief Financial Officer of P5 Systems, Inc., a San Diego based technology platform known as the Craig's List of cannabis, servicing the legal cannabis value chain, since March 2018; and the principal owner of Ducks Nest Investments Inc, a private investment company, since September 1990. We believe that Mr. Douglass's financial and business experience qualify him to serve as one of our directors.

Dennis Hartmann was appointed to our Board of Directors on September 25, 2019 and as Interim President on August 14, 2020. Mr. Hartmann resigned as Interim President on July 1, 2021. Mr. Hartmann had been an attorney engaged in private practice in the State of California for over 35 years. Mr. Hartmann holds a B.S. from the University of Alabama and a J.D. from the University of Texas School of Law. We believe that Mr. Hartmann's legal experience qualifies him to serve as one of our directors.

Family Relationships

None.

Board Committees and Audit Committee Financial Expert

We do not currently have a standing audit, nominating or compensation committee of the board of directors, or any committee performing similar functions. Our board of directors performs the functions of audit, nominating and compensation committees. As of the date of this Annual Report, no member of our board of directors qualifies as an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K promulgated under the Securities Act.

Director Nominations

As of September 30, 2023, we did not affect any material changes to the procedures by which our shareholders may recommend nominees to our board of directors. We have not established formal procedures by which security holders may recommend nominees to the Company's board of directors.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who own more than 10% of a registered class of the Company's securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Directors, executive officers and greater than 10% stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file. To our knowledge, based solely on the review of the copies of these forms furnished to us and representations that no other reports were required, the Company believes that all forms required to be filed under Section 16 of the Exchange Act for the year ended September 30, 2023 were filed timely.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officers, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of our code of ethics may be obtained free of charge by contacting us at the address or telephone number listed on the cover page hereof.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following summary compensation table sets forth the aggregate compensation we paid or accrued during the fiscal years ended September 30, 2023 and September 30, 2022 to persons serving as our Chief Executive Officer and Chief Financial Officer during our year ended September 30, 2023 (our "Named Executive Officers"), who were our only executive officers during 2023, as none of our other officers earned total compensation in excess of $100,000 during our last completed fiscal year.

Name and Financial Position	Fiscal Year	Salary	Stock Awards	Option Awards	All Other Compensation	Total
Todd Denkin[1]	2023	$ 165,500	$ 10,220[2]	$ -	$ -	$ 175,720
President	2022	$ 150,000	$ -	$ -	$ -	$ 150,000
A. Stone Douglass[3]	2023	$ 60,000	$ 14,600[4]	-	-	$ 74,600
Chief Financial Officer	2022	$ 50,000	$ 52,500[5]	-	-	$ 102,500

(1) Mr. Denkin was appointed President on July 1, 2021.

(2) Amount relates to 1,400,000 shares of Common Stock issued to Mr. Denkin on January 18, 2023 for services performed in connection with work related to the sale of Digipath Labs, Inc.

(3) Mr. Douglass was appointed Chief Financial Officer on August 16, 2021.

(4) Amount relates to 2,000,000 shares of Common Stock issued to Mr. Douglass on January 18, 2023 for services performed in connection with work related to the sale of Digipath Labs, Inc.

(5) Amount relates to 1,500,000 shares of Common Stock issued to Mr. Douglass on August 16, 2021 upon his appointment as Chief Financial Officer.

Employment Agreements

We are not party to an employment agreement with Todd Denkin.

We have a consulting agreement in place with A. Stone Douglass, in which we have agreed to pay Mr. Douglass $5,000 per month.

Outstanding Equity Awards

The following table sets forth information with respect to unexercised stock options, stock that has not vested, and equity incentive plan awards held by our Named Executive Officers at September 30, 2023.

Outstanding Option Awards at Fiscal Year-End

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date
Todd Denkin, President	-	-	$ -	N/A
A. Stone Douglass	1,000,000	-	$ 0.06	June 2, 2031

Option Exercises and Stock Vested

None of our Named Executive Officers exercised any stock options or acquired stock through vesting of an equity award during the year ended September 30, 2023.

Director Compensation

The following table summarizes the compensation paid or accrued by us to our directors that are not Named Executive Officers for the year ended September 30, 2023.

Name	Fees Earned or Paid in Cash	Stock Award	Option Awards	Non-Equity Incentive Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All other Compensation	Total
Dennis Hartmann[1]	$ 19,000	$ 3,650	$	$ -	$ -	$ -	$ 22,650

(1) We have agreed to compensate Mr. Hartmann a total of $5,000 in cash per quarter for his service as a director beginning in the quarter ended June 30, 2023.

Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of January 16, 2024, certain information with regard to the record and beneficial ownership of the Company's common stock by (i) each person known to the Company to be the record or beneficial owner of 5% or more of the Company's common stock, (ii) each director of the Company, (iii) each of the named executive officers, and (iv) all executive officers and directors of the Company as a group. The address of each of our directors and executive officers named in the table is c/o Digipath, Inc., 6450 Cameron Street, Suite 113, Las Vegas, Nevada 89118:

	Common Stock		Series A and B Preferred Stock	
Name of Beneficial Owner[1]	Number of Shares	% of Class[2]	Number of Shares	% of Class
Officers and Directors:				
Dennis Hartmann Director[3]	1,075,000	1.2%	-	-
Todd Denkin, President	2,958,824	3.4%	-	-
A. Stone Douglass, Chairman and CFO[4]	4,500,000	3.2%		
Directors and Officers as a Group (3 persons)	8,533,824	9.7%	-	-
Greater than 5% shareholders:				
Bruce Raben [5]	4,790,000	5.4%	-	-
Anthony Podell	6,216,667	7.1%	-	-

* less than 1%

(1) Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock or Series A or Series B Preferred Stock owned by such person.

(2) Percentage of beneficial ownership is based upon 87,096,820 shares of Common Stock outstanding as of January 16, 2024. For each named person, this percentage includes Common Stock that the person has the right to acquire either currently or within 60 days of January 16, 2024, including through the exercise of an option; however, such Common Stock is not deemed outstanding for the purpose of computing the percentage owned by any other person.

(3) Includes options to purchase 250,000 shares of common stock exercisable at $0.10 per share.

(4) Includes options to purchase 1,000,000 shares of common stock exercisable at $0.06 per share,

(5) Includes options to purchase 1,500,000 shares of common stock exercisable at $0.06 per share,

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Director Independence

Our board of directors currently consists of Dennis Hartmann and A. Stone Douglass; Bruce Raben resigned as a director on May 2, 2023. Our Board of Directors has determined that Mr. Hartmann, one of our two directors, is "independent" in accordance with the NASDAQ Global Market's requirements. However, as our common stock is currently quoted on the OTCQB, we are not currently subject to corporate governance standards of listed companies.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

All audit work was performed by the full-time employees of M&K CPAS, PLLC ("M&K") for the years ended September 30, 2022 and 2021. We retained Fruci & Associates II, PLLC ("Fruci") to perform our audit work for the year ended September 30, 2023 on October 2, 2023. Our board of directors does not have an audit committee. The functions customarily delegated to an audit committee are performed by our full board of directors. Our board of directors approves in advance, all services performed by our auditors. Our board of directors has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence and has approved such services.

The following table sets forth fees billed by our auditors during the last two fiscal years for services rendered for the audit of our annual consolidated financial statements and the review of our quarterly financial statements, services by our auditors that are reasonably related to the performance of the audit or review of our consolidated financial statements and that are not reported as audit fees, services rendered in connection with tax compliance, tax advice and tax planning, and all other fees for services rendered.

	Years Ended September 30,	
	2023	2022
Audit fees - M&K :[1]	$ 53,835	$ 41,200
Audit fees - Fruci :[1]	12,500	
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	$ 66,335	$ 41,200

[1] Audit fees were principally for audit services and work performed in the review of the Company's quarterly reports on Form 10-Q.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit	Description
2.1	Stock Purchase Agreement between Digipath, Inc., VSSL Enterprises Ltd., Kyle Joseph Remenda, Philippe Olivier Henry, PhD, Audim Ventures Ltd. and Britt Ash Enterprises Ltd., dated March 9, 2020 (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on March 16, 2020)
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 of the Form 10 filed with the Securities and Exchange Commission by Digipath, Inc. on July 15, 2011)
3.2	Bylaws (incorporated by reference to Exhibit 3.2 of the Form 10 filed with the Securities and Exchange Commission by Digipath, Inc. on July 15, 2011)
3.3	Certificate of Amendment to Articles of Incorporation dated April 4, 2014 (incorporated by reference to Exhibit 3.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on April 10, 2014)
3.4	Certificate of Designations, Preferences, Limitations, Restrictions and Relative Rights of Series A Convertible Preferred Stock dated April 9, 2014 (incorporated by reference to Exhibit 3.2 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on April 10, 2014)
3.5	Certificate of Amendment to Articles of Incorporation dated May 22, 2015 (incorporated by reference to Exhibit 3.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on May 26, 2015)
3.6	Certificate of Amendment to Articles of Incorporation dated May 14, 2019 (incorporated by reference to Exhibit 3.6 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on August 13, 2019)
3.7	Certificate of Designation of the Series B Preferred Stock of Digipath, Inc., filed December 29, 2021 (incorporated by reference to Exhibit 3.1 of the Report on 8-K filed with the Securities and Exchange Commission by Digipath, Inc on January 6, 2022)
3.8	Certificate of Designation of the Series C Preferred Stock of Digipath, Inc., filed with the Secretary of State of the State of Nevada on July 20, 2022. (incorporated by reference to Exhibit 3.1 of the Report on 8-K filed with the Securities and Exchange Commission by Digipath, Inc on July 26, 2022)
4.1	Form of 8% Senior Secured Convertible Notes due December 31, 2020 (incorporated by reference to Exhibit 4.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on November 21, 2018)
4.2	Form of 8% Senior Secured Convertible Notes due September 23, 2020 (incorporated by reference to Exhibit 4.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on September 26, 2019)
4.3	9% Secured Convertible Note, between Digipath, Inc. and holder, due August 10, 2022 (incorporated by reference to Exhibit 4.3 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on February 14, 2020)
4.4	9% Secured Subordinated Convertible Note, between Digipath, Inc. and holder, due August 11, 2022 (incorporated by reference to Exhibit 4.4 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on February 14, 2020)
4.5	9% Secured Subordinated Convertible Note, between Digipath, Inc. and holder, due August 11, 2022 (incorporated by reference to Exhibit 4.5 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on May 15, 2020)
4.6	Form of Amendment to 9% Secured Convertible Note, between Digipath, Inc. and holder, due August 10, 2022 (incorporated by reference to Exhibit 4.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on January 6, 2021)
4.7*	Description of Securities
10.1	2012 Stock Incentive Plan (incorporated by reference to Exhibit 4.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on March 9, 2012)
10.2	Digipath, Inc. Amended and Restated 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on June 27, 2016)
10.3	Form of Stock Option Grant Notice for grants under the Amended and Restated 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on June 27, 2016)

10.4	Form of Option Agreement for grants under the Amended and Restated 2012 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on June 27, 2016)
10.5	Security Agreement, between Digipath, Inc. Digipath Labs, Inc., and collateral agent for the holders of the 8% Senior Secured Convertible Notes due December 31, 2020 (incorporated by reference to Exhibit 4.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on November 21, 2018)
10.6	Security Agreement, between Digipath, Inc. Digipath Labs, Inc., and holder of the 8% Secured Convertible Note due September 23, 2020 (incorporated by reference to Exhibit 10.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on September 26, 2019)
10.7	Security Agreement, between Digipath, Inc., Digipath Labs, Inc., and holder of the 9% Senior Secured Convertible Note due August 10, 2022 (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on February 14, 2020)
10.8	Security Agreement, between Digipath, Inc., Digipath Labs, Inc., and holder of the 9% Senior Secured Convertible Note due August 11, 2022 (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on February 14, 2020)
10.9	Security Agreement, between Digipath, Inc., Digipath Labs, Inc., and holder of the 9% Senior Secured Convertible Note due August 11, 2022 (incorporated by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on May 15, 2020)
10.10	Paycheck Protection Program Loan Note between Digipath Labs, Inc. and WebBank, holder of the 1% Promissory Note due May 13, 2025 (incorporated by reference to Exhibit 10.4 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on August 14, 2020)
10.11	Paycheck Protection Program Loan Note between Digipath, Inc. and Cross River Bank, holder of the 1% Promissory Note due June 22, 2025 (incorporated by reference to Exhibit 10.5 of the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Digipath, Inc. on August 14, 2020)
10.12	Separation and Release Agreement between Digipath, Inc. and Kyle Remenda, dated July 1, 2020 (incorporated by reference to Exhibit 10.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on July 6, 2020)
10.13	Amended and Restated 8% Secured Convertible Promissory Note, between Digipath, Inc. Digipath Labs, Inc., and Holder (Nordhaven, LLC) of the 8% Secured Convertible Note due August 10, 2022 (incorporated by reference to Exhibit 10.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on October 7, 2020)
10.14	Amended and Restated 8% Secured Convertible Promissory Note, between Digipath, Inc. Digipath Labs, Inc., and Holder (CSW Ventures, LP) of the 8% Secured Convertible Note due August 10, 2022 (incorporated by reference to Exhibit 10.2 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. October 7, 2020)
10.15	Amended and Restated 8% Secured Convertible Promissory Note, between Digipath, Inc. Digipath Labs, Inc., and Holder (CSW Ventures, LP) of the 8% Secured Convertible Note due August 10, 2022 (incorporated by reference to Exhibit 10.3 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. October 7, 2020)
10.16	Separation and Release Agreement between Digipath, Inc. and Kyle Remenda, dated July 1, 2020 (incorporated by reference to Exhibit 10.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on July 6, 2020)
10.17	12% Secured Promissory Note dated September 10, 2021 issued by Digipath, Inc. to US Canna Lab I, LLC (incorporated by reference to Exhibit 10.17 of the Annual Report on Form 10-K filed with the Securities and Exchange Commission by Digipath, Inc. on December 29, 2021)
10.18	Consulting, Confidentiality and Proprietary Rights Agreement between Digipath, Inc. and Duck's Nest Investments, Inc., wholly-owned by A. Stone Douglass, dated September 1, 2021. (incorporated by reference to Exhibit 10.18 of the Annual Report on Form 10-K filed with the Securities and Exchange Commission by Digipath, Inc. on December 29, 2021)
10.19	Asset Purchase Agreement between Digipath, Inc., Digipath Labs, Inc. and IHE Holdings, LLC, dated April 20, 2023 (incorporated by reference to Exhibit 2.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on May 2, 2023)
10.20	Management Services Agreement between Digipath, Inc., Digipath Labs, Inc. and IHE Holdings, LLC, dated April 20, 2023(incorporated by reference to Exhibit 10.1 of the Report on Form 8-K filed with the Securities and Exchange Commission by Digipath, Inc. on May 2, 2023)
21.1	Subsidiaries (incorporated by reference to the list of subsidiaries in Note 1 to the financial statements included in this Annual Report on Form 10-K)
31.1*	Section 302 Certification of Principal Executive Officer
31.2*	Section 302 Certification of Principal Financial Officer
32.1*	Section 906 Certification of Principal Executive Officer
32.2*	Section 906 Certification of Principal Financial Officer
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Document
101.CAL*	Inline XBRL Calculation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
101.LAB*	Inline XBRL Labels Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document

* Filed herewith.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIGIPATH, INC.
(Registrant)

By: */s/ Todd Denkin*
Todd Denkin
President

Dated: January 16, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant, and in the capacities and on the dates indicated:

Signature	**Title**	**Date**
/s/ Todd Denkin Todd Denkin	President (Principal Executive Officer)	January 16, 2024
/s/ A. Stone Douglass A. Stone Douglass	Chief Financial Officer, Secretary Director and Chairman (Principal Financial Officer and Principal Accounting Officer)	January 16, 2024
/s/ Dennis Hartmann Dennis Hartmann	Director	January 16, 2024

EXHIBIT 4.7

DIGIPATH, INC.

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

The following is a brief description of shares of capital stock of Digipath, Inc. (the "Company," "we," "us," or "our"). The brief description is based upon our Articles of Incorporation, including the Certificate of Amendment to our Articles of Incorporation, (as amended, our "Articles of Incorporation"), our Bylaws (our "Bylaws"), and provisions of applicable Nevada law. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of our Articles of Incorporation and Bylaws, each of which is incorporated by reference as an exhibit to our Annual Report on Form 10-K.

General

Our Articles of Incorporation authorizes us to issue up to 260,000,000 shares of capital stock, consisting of 250,000,000 shares of common stock, par value $0.001 per share ("common stock"), and 10,000,000 shares of preferred stock, par value $0.001 per share, of which 6,000,000 have been designated as Series A Convertible Preferred Stock ("Series A Preferred"), 1,500,000 have been designated as Series B Convertible Preferred Stock ("Series B Preferred"), and 1,000 have been designated as Series C Preferred Stock ("Series C Preferred"), with the remaining 2,499,000 shares available for designation from time to time by our Board of Directors (our "Board") as set forth below. As of September 30, 2023, we had outstanding 1,047,942 shares of Series A Preferred and 333,600 shares of Series B Preferred. Our Articles of Incorporation authorizes our Board to determine any number of series into which the undesignated shares of preferred stock may be divided and to determine, at any time and from time to time, the rights, preferences, privileges and restrictions granted to any series of such preferred stock, as described below.

Common Stock

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our Common Stock are entitled to receive dividends out of funds legally available at the times and in the amounts that our board of directors may determine.

Voting Rights

Each holder of our Common Stock is entitled to one vote for each share of our Common Stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for in our articles of incorporation, as amended, which means that the holders of a majority of the voting shares voted can elect all of the directors then standing for election.

No Preemptive or Similar Rights

Holders of our Common Stock do not have preemptive rights, and our Common Stock is not convertible or redeemable.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our Common Stock, subject to the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Series A Preferred Stock

Each share of Series A Preferred is currently convertible into five shares of common stock. The conversion price is adjustable in the event of stock splits and other adjustments in the Company's capitalization, and in the event of certain negative actions undertaken by the Company. At the current conversion price, the 1,047,942 shares of Series A Preferred outstanding at September 30, 2023 are convertible into 5,239,710 shares of the common stock of the Company. No holder is permitted to convert its shares of Series A Preferred if such conversion would cause the holder to beneficially own more than 4.99% of the issued and outstanding common stock immediately after such conversion, unless waived by such holder by providing at least sixty-five days' notice.

Additional terms of the Series A Preferred include the following:

● The shares of Series A Preferred are entitled to dividends when, as and if declared by the Board as to the shares of the common stock of the Company into which such Series A Preferred may then be converted, subject to the 4.99% beneficial ownership limitation described above.

● Upon the liquidation or dissolution of the Company, or any merger or sale of all or substantially all of the assets, the shares of Series A Preferred are entitled to receive, prior to any distribution to the holders of common stock, 100% of the purchase price per share of Series A Preferred plus all accrued but unpaid dividends.

● The Series A Preferred plus all declared but unpaid dividends thereon automatically will be converted into common stock, at the then applicable conversion rate, upon the affirmative vote of the holders of a majority of the outstanding shares of Series A Preferred.

● Each share of Series A Preferred will carry a number of votes equal to the number of shares of common stock into which such Series A Preferred may then be converted, subject to the 4.99% beneficial ownership limitation described above. The Series A Preferred generally will vote together with the common stock and not as a separate class, except as provided below.

● Consent of the holders of the outstanding Series A Preferred is required in order for the Company to: (i) amend or change the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series A Preferred; (ii) authorize, create or issue shares of any class of stock having rights, preferences, privileges or powers superior to the Series A Preferred; (iii) reclassify any outstanding shares into shares having rights, preferences, privileges or powers superior to the Series A Preferred; or (iv) amend the Company's Articles of Incorporation or Bylaws in a manner that adversely affects the rights of the Series A Preferred.

Series B Preferred

Each share of Series B Preferred has a Stated Value of $1.00 and is currently convertible into common stock at a conversion price equal to $0.04. The conversion price of the Series B Preferred is subject to equitable adjustment in the event of a stock split, stock dividend or similar event with respect to the common stock, and in the event of the issuance of common stock by the Company below the conversion price, subject to customary exceptions. At the current conversion price, the 333,600 shares of Series B Preferred outstanding at September 30, 2023 are convertible into 8,340,000 shares of the common stock of the Company. No holder is permitted to convert its shares of Series B Preferred if such conversion would cause the holder to beneficially own more than 4.99% of the issued and outstanding common stock of the Company immediately after such conversion, unless waived by such holder by providing at least sixty-five days' notice.

Additional terms of the Series B Preferred include the following:

● The shares of Series B Preferred are not entitled to dividends, provided that if dividends are paid on the shares of common stock of the Company, the Series B Preferred will be entitled to dividends based on the number shares of common stock which the Series B Preferred may then be converted.

● Upon the liquidation or dissolution of the Company, or any merger or sale of all or substantially all of the assets, or upon a change in control whereby a stockholder gains control of 50% or more of the outstanding shares of common stock, the shares of Series B Preferred are entitled to receive, prior to any distribution to the holders of common stock, 100% of the purchase price per share of Series B Preferred plus all accrued but unpaid dividends.

● Each share of Series B Preferred carries a number of votes equal to the number of shares of common stock into which such Series B Preferred may then be converted.

Series C Preferred

The principal feature of the Series C Preferred is that it provides the holder thereof, so long as he or she is an executive officer of the Company, with the ability to vote with the holders of the Company's common stock on all matters presented to the holders of common stock, whether at a special or annual meeting, by written action in lieu of a meeting or otherwise, on the basis of 200,000 votes for each share of Series C Preferred. The shares of Series C Preferred are not convertible into common stock, are not entitled to dividends, are not subject to redemption, and have a stated value of $0.10 per share payable on any liquidation of the Company in preference to any payment payable to the holders of common stock. There are no shares of Series C Preferred outstanding as of September 30, 2023.

Blank Check Preferred Stock

The remaining 2,499,000 shares of our undesignated shares of preferred stock may be issued in series, and shall have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issuance of such stock adopted from time to time by the Board. The Board is expressly vested with the authority to determine and fix in the resolution or resolutions providing for the issuances of preferred stock the voting powers, designations, preferences and rights, and the qualifications, limitations or restrictions thereof, of each such series to the full extent now or hereafter permitted by the laws of the State of Nevada.

Anti-takeover Provisions

Certain provisions of our articles of incorporation, as amended, and Nevada law may have the effect of delaying, deferring or discouraging another person from acquiring control of our company.

Nevada Law

In addition, Nevada has enacted the following legislation that may deter or frustrate takeovers of Nevada corporations:

Authorized but Unissued Stock – The authorized but unissued shares of our Common Stock are available for future issuance without stockholder approval. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock may enable our board of directors to issue shares of stock to persons friendly to existing management.

Evaluation of Acquisition Proposals – The Nevada Revised Statutes expressly permit our board of directors, when evaluating any proposed tender or exchange offer, any merger, consolidation or sale of substantially all of our assets, or any similar extraordinary transaction, to consider all relevant factors including, without limitation, the social, legal, and economic effects on our employees, customers, suppliers, and other relevant interest holders, and on the communities and geographical areas in which they operate. Our board of directors may also consider the amount of consideration being offered in relation to the then current market price of our outstanding shares of capital stock and our then current value in a freely negotiated transaction.

Control Share Acquisitions – Nevada has adopted a control share acquisitions statute designed to afford stockholders of public corporations in Nevada protection against acquisitions in which a person, entity or group seeks to gain voting control. With enumerated exceptions, the statute provides that shares acquired within certain specific ranges will not possess voting rights in the election of directors unless the voting rights are approved by a majority vote of the public corporation's disinterested stockholders. Disinterested shares are shares other than those owned by the acquiring person or by a member of a group with respect to a control share acquisition, or by any officer of the corporation or any employee of the corporation who is also a director. The specific acquisition ranges that trigger the statute are: acquisitions of shares possessing one-fifth or more but less than one-third of all voting power; acquisitions of shares possessing one-third or more but less than a majority of all voting power; or acquisitions of shares possessing a majority or more of all voting power. Under certain circumstances, the statute permits the acquiring person to call a special stockholders' meeting for the purpose of considering the grant of voting rights to the holder of the control shares. The statute also enables a corporation to provide for the redemption of control shares with no voting rights under certain circumstances.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Direct Transfer, LLC. Its mailing address is 1 Glendwood Ave., Ste 1001, Raleigh, NC 27603, its telephone number is (919) 744-2722, and its facsimile number is (646) 225-7274.

Exhibit 31.1

DIGIPATH, INC.

CERTIFICATIONS PURSUANT TO
RULE 13A-14(A) OR RULE 15D-14(A),
AS ADOPTED PURSUANT TO
RULE 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Todd Denkin, certify that:

1. I have reviewed this Form 10-K of Digipath, Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ Todd Denkin
Todd Denkin
President

Dated: January 16, 2024

Exhibit 31.2

DIGIPATH, INC.

CERTIFICATIONS PURSUANT TO
RULE 13A-14(A) OR RULE 15D-14(A),
AS ADOPTED PURSUANT TO
RULE 302 OF THE SARBANES-OXLEY ACT OF 2002

I, A. Stone Douglass, certify that:

1. I have reviewed this Form 10-K of Digipath, Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ A. Stone Douglass
A. Stone Douglass
Principal Financial Officer

Dated: January 16, 2024

EXHIBIT 32.1

DIGIPATH, INC.

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

In connection with the Annual Report of Digipath, Inc. (the "Company") on Form 10-K for the year ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd Denkin, President of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Todd Denkin
Todd Denkin
President

Date: January 16, 2024

EXHIBIT 32.2

DIGIPATH, INC.

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

In connection with the Annual Report of Digipath, Inc. (the "Company") on Form 10-K for the year ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, A. Stone Douglass, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ A. Stone Douglass
A. Stone Douglass
Principal Financial Officer

Date: January 16, 2024