UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2021**

OR

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

For the transition period from _____ to _____

Commission File No. **001-38148**

CO-DIAGNOSTICS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Utah	**3841**	**46-2609396**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

2401 S. Foothill Drive, Suite D, Salt Lake City, Utah 84109
(Address of principal executive offices and zip code)

(801) 438-1036
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CODX	NASDAQ-CM

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting 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 is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of August 10, 2021, there were 28,889,890 shares of common stock, par value $0.001 per share, outstanding.

CO-DIAGNOSTICS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CO – DIAGNOSTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 70,274,078	$ 42,976,713
Marketable investment securities	2,109,675	4,335,446
Accounts receivable, net	12,755,952	12,136,833
Inventory	4,120,704	7,995,189
Prepaid expenses	1,039,506	369,028
Deferred tax asset	20,443	547,224
Total current assets	90,320,358	68,360,433
Property and equipment, net	1,192,901	949,639
Investment in joint venture	1,276,202	1,927,125
Total assets	$ 92,789,461	$ 71,237,197
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 427,144	$ 598,318
Accrued expenses, current	4,001,445	2,849,503
Accrued expenses (related party), current	90,000	120,000
Income taxes payable	47,180	637,560
Deferred revenue	163,134	305,307
Total current liabilities	4,728,903	4,510,688
Long-term liabilities		
Accrued expenses, noncurrent	794,615	-
Accrued expenses (related party), noncurrent	-	30,000
Total long-term liabilities	794,615	30,000
Total liabilities	5,523,518	4,540,688
Commitments and contingencies (Note 9)		
Stockholders' equity		
Convertible preferred stock, $0.001 par value; 5,000,000 shares authorized; 0 shares issued and outstanding as of June 30, 2021 and December 31, 2020	-	-
Common stock, $0.001 par value; 100,000,000 shares authorized; 28,889,890 and 28,558,033 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	28,890	28,558
Additional paid-in capital	52,042,150	49,157,236
Accumulated earnings	35,194,903	17,510,715
Total stockholders' equity	87,265,943	66,696,509
Total liabilities and stockholders' equity	$ 92,789,461	$ 71,237,197

See accompanying notes to unaudited condensed consolidated financial statements

CO – DIAGNOSTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenue	$ 27,358,140	$ 24,040,274	$ 47,382,909	$ 25,588,802
Cost of revenue	2,504,355	5,975,305	5,776,920	6,457,045
Gross profit	24,853,785	18,064,969	41,605,989	19,131,757
Operating expenses				
Sales and marketing	5,853,313	390,191	7,050,859	658,674
General and administrative	2,468,433	2,191,034	5,404,122	3,650,518
Research and development	4,669,160	750,249	6,886,223	1,150,271
Depreciation and amortization	71,714	25,218	138,719	45,966
Total operating expenses	13,062,620	3,356,692	19,479,923	5,505,429
Income from operations	11,791,165	14,708,277	22,126,066	13,626,328
Other income (expense)				
Interest income	10,529	38,173	25,186	45,748
Gain (loss) on equity method investment in joint venture	128,595	258,559	(336,348)	267,740
Total other income (expense)	139,124	296,732	(311,162)	313,488
Income before income taxes	11,930,289	15,005,009	21,814,904	13,939,816
Income tax provision	2,145,076	-	4,130,716	-
Net income	$ 9,785,213	$ 15,005,009	$ 17,684,188	$ 13,939,816
Earnings per common share:				
Basic	$ 0.34	$ 0.54	$ 0.61	$ 0.50
Diluted	$ 0.33	$ 0.51	$ 0.59	$ 0.48
Weighted average shares outstanding:				
Basic	28,794,047	27,582,229	28,921,140	27,605,137
Diluted	29,741,265	29,152,222	29,833,955	29,094,475

See accompanying notes to unaudited condensed consolidated financial statements

CO – DIAGNOSTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2021	**2020**
Cash flows from operating activities		
Net income	$ 17,684,188	$ 13,939,816
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	138,719	45,966
Stock-based compensation expense	2,440,347	1,124,242
Loss (gain) from equity method investment	336,348	(267,740)
Deferred income taxes	526,781	-
Bad debt expense	147,775	524,389
Changes in assets and liabilities:		
Accounts receivable	(766,894)	(5,742,883)
Prepaid expenses	(670,478)	(2,527,983)
Inventory	3,874,485	(10,030,838)
Deferred revenue	(142,173)	1,044,225
Income taxes payable	(590,380)	-
Accounts payable and accrued expenses	1,715,383	1,542,347
Net cash provided by (used in) operating activities	24,694,101	(348,459)
Cash flows from investing activities		
Purchases of property and equipment	(381,981)	(205,290)
Proceeds from maturities of marketable investment securities	2,225,771	-
Investment in joint venture	314,575	(714,500)
Net cash provided by (used in) investing activities	2,158,365	(919,790)
Cash flows from financing activities		
Proceeds from sale of common stock	-	19,470,005
Proceeds from exercise of options and warrants	444,899	913,465
Payment of offering costs	-	(1,457,922)
Net cash provided by financing activities	444,899	18,925,548
Net increase in cash and cash equivalents	27,297,365	17,657,299
Cash and cash equivalents at beginning of period	42,976,713	893,138
Cash and cash equivalents at end of period	$ 70,274,078	$ 18,550,437
Supplemental disclosure of cash flow information		
Interest paid	$ -	$ -
Income taxes paid	$ 3,423,700	$ -
Supplemental disclosure of non-cash investing and financing transactions		
Inventory moved to property, plant and equipment	$ -	$ 117,220

See accompanying notes to unaudited condensed consolidated financial statements

CO – DIAGNOSTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Convertible Preferred Stock		Common Stock		Additional Paid-in	Accumulated Earnings	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	(Deficit)	Equity
Balance as of December 31, 2020	-	$ -	28,558,033	$ 28,558	$ 49,157,236	$ 17,510,715	$ 66,696,509
Common stock issued for option exercises	-	-	65,891	66	148,914	-	148,980
Stock-based compensation	-	-	41,790	42	1,512,970	-	1,513,012
Net income	-	-	-	-	-	7,898,975	7,898,975
Balance as of March 31, 2021	-	$ -	28,665,714	$ 28,666	$ 50,819,120	$ 25,409,690	$ 76,257,476
Common stock issued for option exercises	-	-	118,334	118	295,799	-	295,917
Stock-based compensation	-	-	105,842	106	927,231	-	927,337
Net income	-	-	-	-	-	$ 9,785,213	9,785,213
Balance as of June 30, 2021	-	$ -	28,889,890	$ 28,890	$ 52,042,150	$ 35,194,903	$ 87,265,943
Balance as of December 31, 2019	25,600	$ 26	17,342,922	$ 17,343	$ 26,687,701	$ (24,967,814)	$ 1,737,256
Public offering, net of offering costs of $1,457,922	-	-	7,242,954	7,243	18,004,840	-	18,012,083
Common stock issued for warrant exercises	-	-	719,492	720	49,280	-	50,000
Stock-based compensation expense	-	-	12,363	12	432,811	-	432,823
Conversion of preferred stock to common	(25,600)	(26)	2,133,333	2,133	(2,107)	-	-
Net loss	-	-	-	-	-	(1,065,193)	(1,065,193)
Balance as of March 31, 2020	-	$ -	27,451,064	$ 27,451	$ 45,172,525	$ (26,033,007)	$ 19,166,969
Common stock issued for option and warrant exercises	-	-	530,289	530	862,935	-	863,465
Stock-based compensation expense	-	-	9,689	10	691,409	-	691,419
Net income	-	-	-	-	-	15,005,009	15,005,009
Balance as of June 30, 2020	-	$ -	27,991,042	$ 27,991	$ 46,726,869	$ (11,027,998)	$ 35,726,862

See accompanying notes to unaudited condensed consolidated financial statements

Note 1 – Overview and Basis of Presentation

Description of Business

Co-Diagnostics, Inc., a Utah corporation (the "Company" or "CDI"), is developing robust and innovative molecular tools for detection of infectious diseases, liquid biopsy for cancer screening, and agricultural applications. The Company develops, manufactures and sells reagents used for diagnostic tests that function via the detection and/or analysis of nucleic acid molecules (DNA or RNA). In connection with the sale of these tests, the Company may sell diagnostic equipment and supplies from other manufacturers.

Unaudited Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q as they are prescribed for smaller reporting companies. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to make the financial statements not misleading have been included. Operating results for the three months ended June 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021. These statements should be read in conjunction with the Company's audited financial statements and related notes for the year ended December 31, 2020, included in the Company's Annual Report on Form 10-K filed on March 25, 2021.

Certain 2020 financial statement amounts have been reclassified to conform to 2021 presentations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Such estimates include receivables and other long-lived assets, legal and regulatory contingencies, income taxes, share based arrangements, and others. These estimates and assumptions are based on management's best estimates and judgments. Actual amounts and results could differ from those estimates.

Note 2 – Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, money market funds and highly liquid investments with an original maturity date of 90 days or less from the date of purchase. The fair value of cash equivalents approximated their carrying value as of June 30, 2021 and December 31, 2020. The Company has its cash and cash equivalents with a large creditworthy financial institution and the balance exceeded federally insured limits. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

Marketable Investment Securities

The Company's marketable investment securities are comprised of investments in certificates of deposit. The Company determines the appropriate classification of its marketable investment securities at the time of purchase and re-evaluates such designation at each balance sheet date. The Company has classified and accounted for its marketable investment securities as available-for-sale securities as the Company may sell these securities at any time for use in its current operations or for other purposes, even prior to maturity. As a result, the Company classifies its marketable investment securities, including securities with stated maturities beyond twelve months, within current assets in the condensed consolidated balance sheets. Any unrealized gains or losses are immaterial.

Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount (net of allowance) and do not bear interest. The Company maintains an allowance for doubtful accounts for amounts the Company does not expect to collect. In establishing the required allowance, management considers historical losses, current market condition, customers' financial condition, the age of receivables, and current payment patterns. Account balances are written off against the allowance once the receivable is deemed uncollectible. Recoveries of trade receivables previously written off are recorded when collected. At June 30, 2021, total accounts receivable was $13,686,152 with an allowance for uncollectable accounts of $930,200 resulting in a net amount of $12,755,952. At December 31, 2020 total accounts receivable was $12,928,633 with an allowance for uncollectable accounts of $791,800 resulting in a net amount of $12,136,833.

Equity-Method Investments

Our equity method investments are initially recorded at cost and are included in other long-term assets in the accompanying condensed consolidated balance sheet. We adjust the carrying value of our investment based on our share of the earnings or losses in the periods which they are reported by the investee until the carrying amount is zero. The earnings or losses are included in other income (expense) in the accompanying condensed consolidated statements of operations.

Inventory

Inventory is stated at the lower of cost or net-realizable value. Inventory cost is determined on a first-in first-out basis that approximates average cost in accordance with ASC 330-10-30-12. At June 30, 2021, the Company had $4,120,704 in inventory, of which $659,737 was finished goods and $3,460,967 was raw materials. At December 31, 2020, the Company had $7,995,189 in inventory, of which $598,881 was finished goods and $7,396,308 was raw materials. The Company establishes reserves to reduce slow-moving, obsolete, or unusable inventories to their estimated useful or scrap values.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the property, generally from three to five years. Repairs and maintenance costs are expensed as incurred except when such repairs significantly add to the useful life or productive capacity of the asset, in which case the repairs are capitalized.

The Company reviews its long-lived assets, including property and equipment, for impairment whenever an event or change in facts and circumstances indicates that their carrying amounts may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated. If the carrying amount exceeds the undiscounted cash flows, the assets are determined to be impaired and an impairment charge is recognized as the amount by which the carrying amount exceeds fair value.

Revenue Recognition

The Company generates revenue from product sales and license sales. The Company recognizes revenue when all of the following criteria are satisfied: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as the Company satisfies each performance obligation.

The Company constrains revenue by giving consideration to factors that could otherwise lead to a probable reversal of revenue. The Company records any payments received from customers prior to the Company fulfilling its performance obligation(s) as deferred revenue.

Deferred Revenue

Deferred revenue primarily consists of payments received from customers prior to the Company fulfilling its performance obligation of providing the product. When this occurs, the Company records a contract liability as deferred revenue. Deferred revenue is recognized as revenue as the related performance obligations are satisfied.

Research and Development

Research and development costs are expensed when incurred. For the three and six months ended June 30, 2021, the Company expensed $4,669,160 and $6,886,223 of research and development costs, respectively. For the three and six months ended June 30, 2020, the Company expensed $750,249 and $1,150,271, respectively.

Stock-based Compensation

The Company has granted stock-based awards, including restricted stock, stock options, stock warrants and restricted stock units (“RSUs”), to its employees, certain consultants and members of its board of directors. The Company records stock-based compensation based on the grant date fair value of the awards and recognizes the fair value of those awards as expense using the straight-line method over the requisite service period of the award. The Company estimates the grant date fair value of stock options using the Black-Scholes option-pricing model. When an award is forfeited prior to the vesting date, the Company recognizes an adjustment for the previously recognized expense in the period of the forfeiture.

Income Taxes

The Company accounts for income taxes in accordance with the liability method of accounting for income taxes. Under this method, deferred income tax assets and deferred income tax liabilities represent the tax effect of temporary differences between financial reporting and tax reporting measured at enacted tax rates in effect for the year in which the differences are expected to reverse. The Company recognizes only the impact of tax positions that, based on their technical merits, are more likely than not to be sustained upon an audit by the taxing authority.

Valuation allowances are provided when it is more-likely-than-not that some or all of the deferred income tax assets may not be realized. In assessing the need for a valuation allowance, the Company has considered its historical levels of income, expectations of future taxable income and ongoing tax planning strategies.

Developing the provision for income taxes, including the effective tax rate and analysis of potential tax exposure items, if any, requires significant judgment and expertise in federal and state income tax laws, regulations and strategies, including the determination of deferred income tax assets and liabilities and any estimated valuation allowances deemed necessary to value deferred income tax assets. Judgments and tax strategies are subject to audit by various taxing authorities. While the Company believes it has no significant uncertain income tax positions in the consolidated financial statements, adverse determinations by these taxing authorities could have a material adverse effect on the consolidated financial positions, result of operations, or cash flows.

Concentrations Risk and Significant Customers

The Company had certain customers which are each responsible for generating 10% or more of the total revenue for the three months ended June 30, 2021. Two customers together accounted for approximately 67% of total revenue for the three months ended June 30, 2021.

Two customers each accounted for more than 10% of accounts receivable at June 30, 2021. These two customers together accounted for approximately 48% of accounts receivable at June 30, 2021.

Net Income (Loss) per Share

Basic net income or loss per common share is computed by dividing net income or loss applicable to common shareholders by the weighted average number of shares outstanding during each period.

Diluted net income or loss per share is computed by dividing net income or loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period increased by common shares that could be issued upon conversion or exercise of other outstanding securities to the extent those additional common shares would be dilutive. The dilutive effect of potentially dilutive securities is reflected in diluted net income or loss per share by application of the treasury stock method. During periods when the Company is in a net loss position, basic net loss per share is the same as diluted net loss per share as the effects of potentially dilutive securities are anti-dilutive.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") that are adopted by the Company as of the specified effective date. If not discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's financial statements upon adoption.

As an emerging growth company ("EGC"), the Company has elected to take advantage of the benefits of the extended transition period provided for in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards which allows the Company to defer adoption of certain accounting standards until those standards would otherwise apply to private companies.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires recognition of leased assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. This update is effective for annual periods and interim periods with those periods beginning after December 15, 2021, for public EGC companies like us. The Company expects to use the modified retrospective transition method with the option to recognize a cumulative-effect adjustment at the date of adoption. The Company expects its balance sheet will be impacted as it records right-of-use assets and lease liabilities on its consolidated balance sheet but does not expect the adoption of this standard will have a material impact on its consolidated statements of operations and cash flows.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326) ("ASU 2016-13"), which requires the measurement and recognition of expected credit losses for certain financial instruments, which includes the Company's accounts receivable. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. The update is effective for annual periods and interim periods with those periods beginning after December 15, 2021, for public EGC companies like us. The standard requires a cumulative effect adjustment to the balance sheet as of the beginning of the first early reporting period in which the guidance is effective. The Company is evaluating the impact of the adoption of ASU 2016-13 on its consolidated financial statements.

Note 3 – Fair Value Measurements

The Company measures and records certain financial assets at fair value on a recurring basis. Fair value is based on the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's financial instruments that are measured at fair value on a recurring basis consist of money market funds. The following three levels of inputs are used to measure the fair value of financial instruments:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Company's financial instruments that are measured at fair value on a recurring basis consist of certificates of deposit. The following table summarizes the assets measured at fair value on a recurring basis as of June 30, 2021 and December 31, 2020, by level within the fair value hierarchy:

	June 30, 2021			
	(Level 1)	(Level 2)	(Level 3)	Total
Marketable investment securities:				
Certificates of deposit	$ -	$ 2,109,675	$ -	$ 2,109,675

	December 31, 2020			
	(Level 1)	(Level 2)	(Level 3)	Total
Marketable investment securities:				
Certificates of deposit	$ -	$ 4,335,446	$ -	$ 4,335,446

Note 4 – Revenue

The following table sets forth revenue by geographic area:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
United States	$ 5,365,323	$ 13,383,761	$ 17,859,273	$ 13,997,786
Rest of World	21,992,817	10,656,513	29,523,636	11,591,016
Total	$ 27,358,140	$ 24,040,274	$ 47,382,909	$ 25,588,802
Percentage of revenue by area:				
United States	20%	56%	38%	55%
Rest of World	80%	44%	62%	45%

Deferred Revenue

Changes in the Company's deferred revenue balance for the six months ended June 30, 2021 were as follows:

Balance as of December 31, 2020	$ 305,307
Revenue recognized included in deferred revenue balance at the beginning of the period	(194,060)
Increase due to prepayments from customers	51,887
Balance as of June 30, 2021	$ 163,134

The Company expects to perform its performance obligation and recognize the deferred revenue as revenue during the year ended December 31, 2021.

Note 5 – Earnings Per Share

The following table reconciles the numerator and the denominator used to calculate basic and diluted earnings per share for three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator				
Net income (loss), as reported	$ 9,785,213	$ 15,005,009	$ 17,684,188	$ 13,939,816
Denominator				
Weighted average shares, basic	28,794,047	27,582,229	28,728,828	27,605,137
Dilutive effect of stock options, warrants and RSUs	947,218	1,569,993	1,105,127	1,489,338
Shares used to compute diluted earnings per share	29,741,265	29,152,222	29,833,955	29,094,475
Basic earnings per share	$ 0.34	$ 0.54	$ 0.62	$ 0.50
Diluted earnings per share	$ 0.33	$ 0.51	$ 0.59	$ 0.48

For the three and six months ended June 30, 2021, potentially dilutive securities of 931,341 and 146,133 were excluded from the calculation because their effect would have been anti-dilutive. No securities were excluded from the calculation for the three and six months ended June 30, 2020.

Note 6 – Stock-Based Compensation

Stock Incentive Plans

The Co-Diagnostics, Inc. 2015 Long Term Incentive Plan (the "Incentive Plan") reserves an aggregate of 6,000,000 shares of common stock issuable upon the grant of awards under the Incentive Plan. The number of awards available for issuance under the Incentive Plan was 2,798,683 at June 30, 2021.

Stock Options

The following table summarizes option activity during the six months ended June 30, 2021:

	Number of Options	Weighted Average Exercise Price	Weighted Average Fair Value	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2020	1,300,588	$ 2.44	$ 1.24	
Granted	-	-	-	
Expired	-	-	-	
Forfeited/Cancelled	-	-	-	
Exercised	(184,225)	2.41	1.14	
Outstanding at June 30, 2021	1,116,363	$ 2.12	$ 1.31	7.44
Exercisable at June 30, 2021	828,036	$ 2.20	$ 1.19	7.17

The total intrinsic value of options exercised during the six months ended June 30, 2021 was approximately $1.3 million. The aggregate intrinsic value of outstanding options at June 30, 2021 was approximately $6.9 million.

Stock-based compensation cost is measured at the grant date based on the fair value of the award granted and recognized as expense over the vesting period using the straight-line method. The Company uses the Black-Scholes model to value options granted.

In January 2021, the Company modified the exercise price of 100,000 of the options from $16.49 to $9.30. Due to the modification, the Company will recognize incremental stock-based compensation cost of $65,000. Of this amount, the Company has recognized approximately $45,000 and the remaining will be recognized over the remaining service period.

As of June 30, 2021, there were 288,327 of unvested options and $186,144 of unrecognized stock-based compensation expense. The unrecognized stock-based compensation expense is expected to be recognized over 0.9 years.

Restricted Stock Units

The grant date fair value of RSUs granted is determined using the closing market price of the Company's common stock on the grant date with the associated compensation expense amortized over the vesting period of the awards. The following table sets forth the outstanding RSUs and related activity for the six months ended June 30, 2021:

	Number of RSUs	Weighted Average Grant Date Fair Value
Unvested at December 31, 2020	522,500	$ 10.49
Granted	480,000	9.90
Vested	(192,084)	10.39
Forfeited/Cancelled	-	-
Unvested at June 30, 2021	810,416	$ 10.18

As of June 30, 2021, there was approximately $7.8 million of unrecognized stock-based compensation expense related to outstanding RSUs which is expected to be recognized over a weighted-average period of 2.7 years.

Warrants

The Company has issued warrants related to past financings and as compensation to third parties for services provided. The Company estimates the fair value of issued warrants on the date of issuance as determined using a Black-Scholes pricing model. The Company amortizes the fair value of issued warrants using a vesting schedule based on the terms and conditions of each warrant if granted for services.

The following table summarizes warrant activity during the six months ended June 30, 2021:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Fair Value	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2020	70,000	$ 1.83	$ 5.21	
Granted	-	-	-	
Forfeited/Cancelled	-	-	-	
Exercised	-	-	-	
Outstanding at June 30, 2021	70,000	$ 1.83	$ 5.21	2.8

The aggregate intrinsic value of outstanding warrants at June 30, 2021 was approximately $450,000. All outstanding warrants are exercisable at June 30, 2021 and there was no unrecognized stock-based compensation expense related to warrants.

Stock Issued for Services

The Company has issued restricted stock to third parties for services provided. The grant date fair value of the restricted stock granted is determined using the closing market price of the Company's common stock on the grant date with the associated compensation expense amortized over the vesting period of the stock awards. The Company has issued 5,548 shares of restricted stock for services during the six months ended June 30, 2021 and there was no unrecognized stock-based compensation expense related to restricted stock issued.

Stock-Based Compensation Expense

The Company recognized stock-based compensation expense related to the types of awards discussed above as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Options	$ 76,114	$ 301,568	$ 152,786	$ 703,198
Restricted stock units	839,224	-	2,235,661	-
Warrants	-	303,802	-	303,802
Stock	12,000	86,049	51,900	117,242
Total stock-based compensation expense	$ 927,338	$ 691,419	$ 2,440,347	$ 1,124,242

Note 7 – Income Taxes

For the three months ended June 30, 2021, the Company recognized an expense from income taxes of $2,145,076, representing an effective tax rate of 18.0%. For the six months ended June 30, 2021, the Company recognized an expense from income taxes of $4,130,716, representing an effective tax rate of 18.9%. The Company's effective tax rate will generally differ from the U.S. Federal statutory rate of 21.0% due to state taxes, permanent items, and discrete items. For the three and six months ended June 30, 2020, no benefit from income taxes was recorded due to the Company being in a full valuation allowance position, resulting in an effective tax rate of 0.0%.

Note 8 – Related Party Transactions

The Company acquired the exclusive rights to the CoPrimer technology pursuant to an exclusive license agreement, dated April 2014 (the "Exclusive License Agreement"), between the Company and DNA Logix, Inc., which was assigned to Dr. Brent Satterfield, a former executive officer, prior to the Company's acquisition of DNA Logix, Inc. On March 1, 2017, the Company entered into an amendment to its Exclusive License Agreement for its Cooperative Primers ("License") technology with Dr. Satterfield. The amendment provides in part that all accrued royalties under the License cease as of January 1, 2017, and the Company began in January 2017 to pay to Dr. Satterfield $700,000 of accrued royalties at the rate of $10,000 per month. At June 30, 2021, the aggregate balance of this related party liability was $90,000.

Note 9 – Commitments and Contingencies

Lease Obligations

The Company's offices are located at 2401 S. Foothill Dr., Suite D, Salt Lake City, Utah 84109-1479. In February 2020, the Company entered into a 4-year lease agreement for its office space and in March 2020, the Company entered into an addendum with our landlord for additional space. The new aggregate space consists of approximately 13,687 square feet at a monthly rate of $28,825 and expires in February 2024. For the three and six months ended June 30, 2021 the Company expensed $86,588 and $173,175 for rent, respectively. For the three and six months ended June 30, 2020, the Company expensed $86,969 and $138,786 for rent, respectively. The Company's future minimum lease payments were as follows as of June 30, 2021:

Year Ending December 31,	
2021 (remainder)	$ 142,950
2022	293,595
2023	303,059
2024	50,774
Total lease payments	$ 790,378

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

In July and September 2020, securities class action complaints were filed by certain stockholders of the Company against the Company claiming that the Company promulgated false and misleading press releases to increase the price of our stock to improperly benefit the officers and directors of the Company. The plaintiffs demand compensatory damages sustained as a result of the Company's alleged wrongdoing in an amount to be proven at trial. The Company believes these lawsuits are without merit and intends to defend the cases vigorously. The Company is unable to estimate a range of loss, if any, that could result were there to be an adverse final decision in these cases. As of the date of this report, the Company does not believe it is probable that these cases will result in an unfavorable outcome; however, if an unfavorable outcome were to occur in these cases, it is possible that the impact could be material to the Company's results of operations in the period(s) in which any such outcome becomes probable and estimable.

Note 10 – Subsequent Events

The Company evaluated subsequent events pursuant to ASC Topic 855 and has determined that there are no events that need to be reported.

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

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" that involve risks and uncertainties. All statements other than statements of historical fact contained in this Quarterly Report and the documents incorporated by reference herein, including statements regarding future events, our future financial performance, business strategy, and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," or "will" or the negative of these terms or other comparable terminology. Although we do not make forward looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. These statements are only predictions and involve known and unknown risks, uncertainties and other factors and the documents incorporated by reference herein, which may affect our or our industry's actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Moreover, we operate in a highly regulated, very competitive, and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short term and long-term business operations, and financial needs. These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Quarterly Report, and in particular, the risks discussed below and under the heading "Risk Factors" in other documents we file with the SEC. The following discussion should be read in conjunction with the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the SEC on March 25, 2021 and the audited financial statements and notes included therein.

You should not place undue reliance on any forward-looking statement, each of which applies only as of the date of this Quarterly Report. Except as required by law, we undertake no obligation to update or revise publicly any of the forward-looking statements after the date of this Quarterly Report to conform our statements to actual results or changed expectations.

You are advised, however, to consult any further disclosures we make on related subjects in our periodic and current reports filed with the SEC. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider this list to be a complete set of all potential risks or uncertainties.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation:

- the results of clinical trials and the regulatory approval process;
- market acceptance of any products that may be approved for commercialization;
- our ability to protect our intellectual property rights;
- the impact of any infringement actions or other litigation brought against us;
- competition from other providers and products;
- our ability to develop and commercialize new and improved products and services;
- changes in government regulation; and
- and other factors (including the risks contained in the section entitled “Risk Factors” in other documents we file with the SEC) relating to our industry, our operations and results of operations.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

As used in this Quarterly Report, the terms “we”, “us”, “our”, and “Co-Diagnostics” means Co-Diagnostics, Inc., a Utah corporation and its consolidated subsidiaries (the “Company”), unless otherwise indicated.

Executive Overview

The following management’s discussion and analysis of financial condition and results of operations describes the principal factors affecting the results of our operations, financial condition, and changes in financial condition. This discussion should be read in conjunction with the accompanying unaudited financial statements and notes thereto included elsewhere in this report. The information contained in this discussion is subject to a number of risks and uncertainties. We urge you to review carefully the section of this report entitled “Cautionary Note Regarding Forward-Looking Statements” for a summary of the risks and uncertainties associated with an investment in our securities.

Business Overview

Co-Diagnostics, Inc., a Utah corporation (the "Company" or "CDI"), is developing robust and innovative molecular tools for detection of infectious diseases, liquid biopsy for cancer screening, and agricultural applications. We develop, manufacture and sell reagents used for diagnostic tests that function via the detection and/or analysis of nucleic acid molecules (DNA or RNA). In connection with the sale of our tests we may sell diagnostic equipment from other manufacturers as self-contained lab systems (which we refer to as the "MDx Device").

Our diagnostics systems enable very rapid, low-cost, molecular testing for organisms and genetic diseases by automating historically complex procedures in both the development and administration of tests. CDI's technical advance involves a novel approach to Polymerase Chain Reaction ("PCR") test design of primer and probe structure ("CoPrimers") that eliminates one of the key vexing issues of PCR amplification, the exponential growth of primer-dimer pairs (false positives and false negatives) which adversely interferes with identification of the target DNA/RNA.

We believe our proprietary molecular diagnostics technology is paving the way for innovation in disease detection and life sciences research through our enhanced detection of genetic material. Because we own our platform, we believe we will be able to accomplish this faster and more economically, allowing for significant margins while still positioning the Company to be a low-cost provider of molecular diagnostics and screening services.

In addition, continued development has demonstrated the unique properties of our CoPrimer technology that make it ideally suited for a variety of applications where specificity is key to optimal results, including multiplexing several targets, enhanced Single Nucleotide Polymorphism ("SNP") detection and enrichment for next gen sequencing.

Our scientists use the complex mathematics of DNA/RNA test design, to engineer and optimize a DNA/RNA test and to automate algorithms that rapidly screen millions of possible options to pinpoint the optimum design. Dr. Satterfield, our founder, developed the Company's intellectual property consisting of the predictive mathematical algorithms and proprietary reagents used in the testing process, which together represent a major advance in PCR testing systems. CDI technologies are now protected by eight granted or pending US and foreign patents, as well as certain trade secrets and copyrights. Ownership of our proprietary platform permits us the advantage of avoiding payment of patent royalties required by other PCR test systems, which enables the sale of diagnostic tests at a lower price than competitors, while enabling us to maintain profit margins.

We design our tests by identifying the optimal locations on the target gene for amplification and pair the location with the optimized primer and probe structure to achieve outputs that meet the design input requirements identified from market research. This is done by following planned and documented processes, procedures and validation protocols. In other words, the data resulting from our tests verify that we succeeded in designing what we intended at the outset. Verification is a series of testing that concludes that the product is ready to proceed to validation in an evaluation either in our lab or in an independent laboratory setting using initial production tests to confirm that the product as designed meets the user needs.

In addition to testing for infectious disease, the technology lends itself to identifying any section of a DNA or RNA strand that describe any type of genetic trait, which creates a number of significant applications. We, in conjunction with our customers, are active in designing and licensing tests that identify genetic traits in plant and animal genomes. We also have three multiplexed tests developed to test mosquitos for the identification of diseases carried by the mosquitos to enable municipalities to concentrate their efforts in spraying mosquito populations on the specific areas known to be breeding the mosquitos that carry deadly viruses.

Recent Developments

Because we believe that testing for the COVID-19 virus is going to be a consideration for public health worldwide even after the current pandemic has subsided, we have initiated a project to facilitate frequent testing in schools, businesses, the hospitality industry, and at home. We believe this may be accomplished through the development of a low cost, easy to use by non-professionals, testing device that can provide PCR quality test results in less than an hour. This project is possible due to the fact that in 2020 we were able to successfully lyophilize our Logix Smart COVID-19 test reagents and additionally developed a saliva-based collection system that does not require the RNA/DNA extraction. While the final result is the same as if done through a lab-based IVD process, it has the advantages of increased speed and ease of handling thanks to lyophilization. We have engaged the services of a group of professionals who have the expertise and track record to develop the hardware for such a device using our CoPrimers as the reagent chemistry. The device will be available to homes, offices, event facilities, and the travel industry at a cost that will allow screening frequently to prevent spread of the COVID-19 virus and its variants in the future. The device would also be available to test for other pathogens detectable through saliva samples as we develop those tests and offer them to the marketplace.

RESULTS OF OPERATIONS

The Three Months Ended June 30, 2021 Compared to the Three Months ended June 30, 2020

Revenues

For the three months ended June 30, 2021, we generated revenues of $27,358,140 compared to revenues of $24,040,274 for the three months ended June 30, 2020. The increase in revenue of $3,317,866 was primarily due to sales of our LogixSmart COVID-19 test developed in response to the current COVID-19 pandemic. Of the total revenue in the three months ended June 30, 2021, $164,470 related to the sale of third party manufactured equipment and consumables, which we sourced and sold to customers to facilitate the sales of our COVID-19 test compared to $1,676,820 of revenue from the sales of such equipment for the three months ended June 30, 2020.

Cost of Revenues

We recorded cost of revenues of $2,504,355 for the three months ended June 30, 2021, compared to $5,975,305 for the three months ended June 30, 2020. This decrease is due to a reduction of product production costs, reduction in sales of third-party equipment, which have a higher cost of sales than tests, and the commission structure of certain sales of tests completed during the period. Of the total cost of sales during the three months ended June 30, 2021, $131,403 was from equipment sold to our customers compared to $1,580,968 for equipment sold to customers for the three months ended June 30, 2020.

Expenses

We incurred total operating expenses of $13,062,620 for the three months ended June 30, 2021, compared to total operating expenses of $3,356,692 for the three months ended June 30, 2020. The increase in operating expenses was due to the increase in business activities experienced as a result of our increase in revenue, increased third party sales commissions, reflected in sales and marketing, and increased investment in research and development.

General and administrative expenses increased $277,399, from $2,191,034 for the three months ended June 30, 2020 to $2,468,433 for the three months ended June 30, 2021. The increase in general and administrative expenses was primarily due to increased activity to support the growth of our business. The primary drivers of the increased expenses related to increases in compensation including stock-based compensation, insurance expense, contributions to retirement plans and increased expenses for professional services.

Our sales and marketing expenses for the three months ended June 30, 2021 were $5,853,313, compared to $390,191 for the three months ended June 30, 2020. The increase of $5,463,122 was primarily a result of increased third-party sales commissions, personnel related expenses, including commissions paid to our sales team, and increased stock-based compensation due to the growth in revenue.

Our research and development expenses increased by $3,918,911, from $750,249 for the three months ended June 30, 2020 to $4,669,160 for the three months ended June 30, 2021. The primary increase in expenses was research expenditures of greater than $3,500,000 for our point-of-care device in addition to increases in salaries and related benefits, including stock-based compensation, as we have added additional employees to our research and development team to increase our product development activities. Additionally, there has been an increase in professional and lab services utilized to further help us in our research and product development activities.

Other Income (Expense)

For the three months ended June 30, 2021 we had total other income of $139,124, compared to total other income of $296,732 for the three months ended June 30, 2020. The decrease was due primarily due to a decreased gain from our India joint venture.

Net Income

We realized net income for the three months ended June 30, 2021 of $9,785,213, compared with a net income for the three months ended June 30, 2020 of $15,005,009. The decrease in net income of $5,219,796 was primarily the result of an increase in operating expenses, offset by an increase of product revenues and resulting margins from those sales. Additionally, we recorded income tax expense of $2,145,076 for the three months ended June 30, 2021.

The Six Months Ended June 30, 2021 Compared to the Six Months ended June 30, 2020

Revenues

For the six months ended June 30, 2021, we generated revenues of $47,382,909 compared to revenues of $25,588,802 for the six months ended June 30, 2020. The increase in revenue of $21,794,107 was primarily due to sales of our LogixSmart COVID-19 test developed in response to the current COVID-19 pandemic. Of the total revenue in the six months ended June 30, 2021, $430,985 related to the sale of third party manufactured equipment and consumables, which we sourced and sold to customers to facilitate the sales of our COVID-19 test compared to $1,782,312 of revenue from the sales of such equipment for the six months ended June 30, 2020.

Cost of Revenues

We recorded cost of revenues of $5,776,920 for the six months ended June 30, 2021, compared to $6,457,045 for the six months ended June 30, 2020. This decrease is due to a reduction of product production costs, reduction in sales of third-party equipment, which have a higher cost of sales than tests, and the commission structure of certain sales of tests completed during the period. Of the total cost of sales during the six months ended June 30, 2021, $334,039 was from equipment sold to our customers compared to $1,651,395 for equipment sold to customers for the six months ended June 30, 2020.

Expenses

We incurred total operating expenses of $19,479,923 for the six months ended June 30, 2021, compared to total operating expenses of $5,505,429 for the six months ended June 30, 2020. The increase in operating expenses was due to the increase in business activities experienced as a result of our increase in revenue, increased third party sales commissions, reflected in sales and marketing, and increased investment in research and development.

General and administrative expenses increased $1,753,604, from $3,650,518 for the six months ended June 30, 2020 to $5,404,122 for the six months ended June 30, 2021. The primary drivers of the increased expenses related to increases in compensation including stock-based compensation, insurance expense, contributions to retirement plans and increased expenses for professional services.

Our sales and marketing expenses for the six months ended June 30, 2021 were $7,050,859, compared to $658,674 for the six months ended June 30, 2020. The increase of $6,392,185 was primarily a result of increased third-party sales commissions, personnel related expenses, including commissions paid to our sales team, and increased stock-based compensation due to the growth in revenue.

Our research and development expenses increased by $5,735,952, from $1,150,271 for the six months ended June 30, 2020 to $6,886,223 for the six months ended June 30, 2021. The primary increase in expenses was research expenditures of greater than $4,500,000 for our point-of-care device in addition to increases in salaries and related benefits, including stock-based compensation, as we have added additional employees to our research and development team to increase our product development activities. Additionally, there has been an increase in professional and lab services utilized to further help us in our research and product development activities.

Other Income (Expense)

For the six months ended June 30, 2021 we had total other expense of $311,162, compared to total other income of $313,488 for the six months ended June 30, 2020. The decrease in other income was due primarily due to recording a loss of $336,348 from our India joint venture compared to income of $267,740 from our joint venture in the same period in 2020.

Net Income

We realized net income for the six months ended June 30, 2021 of $17,684,188, compared to net income for the six months ended June 30, 2020 of $13,939,816. The increase in net income of $3,744,372 was primarily the result of sales of our LogixSmart COVID-19 test and resulting margins from those sales offset by increased operating expenses. Additionally, we recorded income tax expense of $4,130,716 for the six months ended June 30, 2021.

Liquidity and Capital Resources

At June 30, 2021, we had cash and cash equivalents of $70,274,078 and marketable investment securities of $2,109,675 that could readily be converted into cash if needed. Additionally, our total current assets of June 30, 2021, were $90,320,358 compared to total current liabilities of $4,728,903.

Net cash provided by operating activities during the six months ended June 30, 2021 was $24,694,101, compared to cash used in operating activities of $348,549 for the six months ended June 30, 2020. The increase in cash from operating activities was primarily due to our increased revenue.

We received $2,158,365 of cash from investing activities during the six months ended June 30, 2021 from maturity of marketable investments and repayment of advances from our India joint venture as compared use of cash of $919,790 during the six months ended June 30, 2020.

Net cash provided by financing activities was $444,899 for the six months ended June 30, 2021 realized from the exercise of options, compared to $18,925,548 for the same period in the prior year. The decrease is primarily due to net proceeds of $18,012,083 received from a series of three registered direct offerings in January and February 2020 pursuant to our shelf registration in addition to receiving $50,000 from the exercise of warrants and options for the six months ended June 30, 2020.

Since commencing sales of our Logix Smart COVID-19 test in March 2020, we have used our cash generated from those sales to fund the increase in our inventories and receivables and pay our operating expenses. We have increased our work force primarily in the area of research and development to complete development of additional tests to enable us to use our distributor network to sell other products throughout the world and remain profitable in the future.

We believe that our existing capital resources and the cash generated from future sales will be sufficient to meet our projected operating requirements for the next 12 months. However, our available capital resources may be consumed more rapidly than currently expected and we may need or want to raise additional financing for strategic opportunities.
If needed, we expect additional investment capital to come from (i) additional issuances of our common stock with existing and new investors or (ii) the private placement of other securities with investors similar to those that have provided funding in the past. We may not be able to secure such financing in a timely manner or on favorable terms, if at all.

On October 30, 2020, we filed a Registration Statement on Form S-3 (File No: 333-249651) with the Securities and Exchange Commission (the “SEC”). The SEC declared the Form S-3 effective on November 5, 2020. Pursuant to a prospectus supplement to the Form S-3, we may offer and sell up to $100 million of the following securities separately or together, in one or more series or classes and in amounts, at prices and on terms described in one or more offerings: common stock; preferred stock; warrants to purchase our securities, each of which may be convertible into equity securities; or units comprised of, or other combinations of, the foregoing securities through underwriting syndicates managed or co-managed by one or more underwriters or dealers, through agents or directly to purchasers. Each time our securities are offered, we will provide a prospectus supplement to the Form S-3 containing more specific information about the particular offering. We have not sold any securities pursuant to the Form S-3.

The foregoing estimates, expectations and forward-looking statements are subject to change as we make strategic operating decisions from time to time and as our revenue and expenses fluctuate from period to period.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required under Regulation S-K for “smaller reporting companies.”

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act 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. Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2021. Based on the evaluation of our disclosure controls and procedures as of June 30, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended June 30, 2021, that has materially affected or, are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material developments to the legal proceedings previously disclosed under Item 3 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. Although we have received inquiries from FINRA, NASDAQ and the SEC, to which we have responded, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties or businesses are subject, which would reasonably be likely to have a material adverse effect on the Company.

Item 2A. Risk Factors.

Not required under Regulation S-K for "smaller reporting companies."

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

We issued the unregistered securities below. For the issuances of unregistered securities, we relied on the exemption from registration requirements of the Securities Act of 1933, as amended, available under Section 4(a)(2) promulgated thereunder due to the fact that such issuances did not involve a public offering of securities.

- On April 6, 2021, we issued an aggregate of 1,258 shares of our common stock for services rendered pursuant to a consulting agreement.

Dividends

We have never declared or paid any cash dividends on our capital stock. The payment of dividends on our common stock in the future will depend on our earnings, capital requirements, operating and financial condition and such other factors as our Board of Directors may consider appropriate. We currently expect to use all available funds to finance the future development and expansion of our business and do not anticipate paying dividends on our common stock in the foreseeable future.

Pursuant to Section 16-10a-640 of the Utah Revised Business Corporation Act, no distribution may be made if, after giving it effect:

(a) the corporation would not be able to pay its debts as they become due in the usual course of business; or

(b) the corporation's total assets would be less than the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Index

(a) Exhibits

Exhibit Number	Description
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File

* Filed herewith.

SIGNATURES

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

CO-DIAGNOSTICS, INC.

Date: August 12, 2021

By: */s/ Dwight H. Egan*
Name: Dwight H. Egan
Title: Chief Executive Officer, President and Principal Executive Officer

Date: August 12, 2021

By: */s/ Brian Brown*
Name: Brian Brown
Title: Chief Financial Officer and Principal Financial and Accounting Officer

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002
AND RULE 13a-14 OF THE EXCHANGE ACT OF 1934

I, Dwight H. Egan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Co-Diagnostics, Inc.;

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

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

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

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

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

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

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

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

Date: August 12, 2021

By: */s/ Dwight H. Egan*
Dwight H. Egan
Chief Executive Officer, President and Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002
AND RULE 13a-14 OF THE EXCHANGE ACT OF 1934

I, Brian Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Co-Diagnostics, Inc.;

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

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

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

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

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

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

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

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

Date August 12, 2021

By: */s/ Brian Brown*
Brian Brown
Chief Financial Officer and Principal Financial and Accounting Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report of Co-Diagnostics, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Dwight H. Egan, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Form 10-Q 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 Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2021

By: */s/ Dwight H. Egan*
Dwight H. Egan
Chief Executive Officer, President and Principal Executive Officer

EXHIBIT 32.2

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

In connection with the Quarterly Report of Co-Diagnostics, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Brian Brown, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Form 10-Q 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 Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2021

By: */s/ Brian Brown*
Brian Brown
Chief Financial Officer and Principal Financial and Accounting Officer