

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## ENDRA Life Sciences Inc.

**Form: 10-Q**

**Date Filed: 2018-11-05**

Corporate Issuer CIK: 1681682

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2018  
OR

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

COMMISSION FILE NUMBER 001-37969

ENDRA LIFE SCIENCES INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

26-0579295

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

3600 Green Court, Suite 350, Ann Arbor, MI 48105-1570

(Address of principal executive office) ( Zip code )

(734) 335-0468

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

As of November 2, 2018, there were 5,425,578 shares of our Common Stock, par value \$0.0001 per share, outstanding.

ENDRA LIFE SCIENCES INC.  
FORM 10-Q  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**ENDRA Life Sciences Inc.**  
**Condensed Consolidated Balance Sheets**

<u>Assets</u>	September 30 2018 (unaudited)	December 31, 2017
<b>Assets</b>		
Cash	\$ 637,124	\$ 5,601,878
Accounts receivable	12,275	6,850
Prepaid expenses	328,046	67,496
Inventory	-	191,680
Other current assets	21,166	14,249
Total Current Assets	998,611	5,882,153
<b>Other Assets</b>		
Fixed assets, net	293,303	241,549
<b>Total Assets</b>	<u>\$ 1,291,914</u>	<u>\$ 6,123,702</u>
<b><u>Liabilities and Stockholders' (Deficit) Equity</u></b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,068,337	\$ 848,214
Convertible notes payable, net of discount	681,187	-
<b>Total Liabilities</b>	<u>1,749,524</u>	<u>848,214</u>
<b>Stockholders' (Deficit) Equity</b>		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.0001 par value; 50,000,000 shares authorized; 3,947,828 and 3,923,027 shares issued and outstanding, respectively	394	392
Additional paid in capital	24,868,082	23,170,531
Accumulated deficit	(25,326,086)	(17,895,435)
Total Stockholders' (Deficit) Equity	(457,610)	5,275,488
<b>Total Liabilities and Stockholders' (Deficit) Equity</b>	<u>\$ 1,291,914</u>	<u>\$ 6,123,702</u>

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

**ENDRA Life Sciences Inc.**  
**Condensed Consolidated Statements of Operations**  
(Unaudited)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>Revenue</b>	\$ -	\$ 287,000	\$ 6,174	\$ 344,772
Cost of Goods Sold	-	118,270	-	169,697
<b>Gross Profit</b>	<u>\$ -</u>	<u>\$ 168,730</u>	<u>\$ 6,174</u>	<u>\$ 175,075</u>
<b>Operating Expenses</b>				
Research and development	1,162,911	300,527	3,671,490	571,066
Sales and marketing	72,179	47,375	220,713	55,403
General and administrative	832,883	731,762	2,842,631	1,878,093
Impairment of inventory	287,541	-	287,541	-
Total operating expenses	<u>2,355,514</u>	<u>1,079,664</u>	<u>7,022,375</u>	<u>2,504,562</u>
Operating loss	<u>(2,355,514)</u>	<u>(910,934)</u>	<u>(7,016,201)</u>	<u>(2,329,487)</u>
<b>Other Expenses</b>				
Other income (expense)	(403,061)	2,026	(414,450)	(752,835)
Total other expenses	<u>(403,061)</u>	<u>2,026</u>	<u>(414,450)</u>	<u>(752,835)</u>
Loss from operations before income taxes	(2,758,575)	(908,908)	(7,430,651)	(3,082,322)
Provision for income taxes	-	-	-	-
<b>Net Loss</b>	<u>\$ (2,758,575)</u>	<u>\$ (908,908)</u>	<u>\$ (7,430,651)</u>	<u>\$ (3,082,322)</u>
<b>Net loss per share – basic and diluted</b>	<u>\$ (0.70)</u>	<u>\$ (0.23)</u>	<u>\$ (1.89)</u>	<u>\$ (1.30)</u>
<b>Weighted average common shares – basic and diluted</b>	<u>3,927,933</u>	<u>3,907,027</u>	<u>3,924,662</u>	<u>2,367,452</u>

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

**ENDRA Life Sciences Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (7,430,651)	\$ (3,082,322)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	48,246	46,121
Common stock, options and warrants issued for services	1,060,012	600,514
Interest on discount of convertible debt	-	711,472
Imputed interest on promissory notes	-	1,480
Amortization of debt discount	383,428	-
Impairment of inventory	287,541	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	(5,425)	-
Increase in prepaid expenses	(260,550)	(101,254)
(Increase)/decrease in inventory	(95,861)	(91,574)
Increase in other asset	(6,918)	(1,887)
Increase/(decrease) in accounts payable and accrued liabilities	220,124	(7,879)
Net cash used in operating activities	<u>(5,800,054)</u>	<u>(1,925,329)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of fixed assets	(100,000)	(7,862)
Net cash used in investing activities	<u>(100,000)</u>	<u>(7,862)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of common stock	-	8,590,700
Repayment of notes payable	-	(50,000)
Proceeds from convertible notes	935,300	225,000
Net cash provided by financing activities	<u>935,300</u>	<u>8,765,700</u>
Net (Decrease)/Increase in cash	(4,964,754)	6,832,509
Cash, beginning of period	5,601,878	144,953
<b>Cash, end of period</b>	<u><u>\$ 637,124</u></u>	<u><u>\$ 6,977,462</u></u>
Supplemental disclosures:		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -
Supplemental disclosures of non-cash Items:		
Discount on convertible notes	\$ 587,541	\$ 225,000
Conversion of convertible notes and accrued interest	\$ 50,000	\$ 1,726,079

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

**ENDRA Life Sciences Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2018 and 2017**  
**(Unaudited)**

**Note 1 – Nature of the Business**

ENDRA Life Sciences Inc. (“ENDRA” or the “Company”) is developing a medical imaging technology based on the thermoacoustic effect that improves the sensitivity and specificity of clinical ultrasound.

On May 8, 2017, the Company effected a 1-for-3.5 reverse stock split (the “Reverse Split”) of the Company’s common stock, with no reduction in authorized capital stock. In the Reverse Split, every 3.5 outstanding shares of common stock became one (1) share of common stock. All common stock and stock incentive plan information in these financial statements reflect the Reverse Split.

ENDRA was incorporated on July 18, 2007 as a Delaware corporation.

ENDRA Life Sciences Canada Inc. was organized under the laws of Ontario, Canada on July 6, 2017, and is wholly owned by the Company.

**Note 2 – Summary of Significant Accounting Policies**

Use of Estimates

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

Management makes estimates that affect certain accounts including deferred income tax assets, accrued expenses, fair value of equity instruments and reserves for any other commitments or contingencies. Any adjustments applied to estimates are recognized in the period in which such adjustments are determined.

Principles of Consolidation

The Company’s unaudited condensed consolidated financial statements include all accounts of the Company and its consolidated subsidiary for the reporting period(s) then ended. All inter-company balances and transactions have been eliminated.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and related notes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ended December 31, 2018. The balance sheet at December 31, 2017 has been derived from the audited financial statements at such date. For further information, refer to the financial statements and footnotes thereto included in ENDRA Life Sciences Inc. annual financial statements for the year ended December 31, 2017 included in the Company’s Annual Report on Form 10-K filed with the SEC on March 20, 2018.

Cash and Cash Equivalents

The Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of one year or less, when purchased, to be cash. As of September 30, 2018 and December 31, 2017, the Company had no cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and periodically evaluates the credit worthiness of the financial institutions and has determined the credit exposure to be negligible.

## Inventory

The Company's inventory is stated at the lower of cost or estimated net realizable value, with cost primarily determined on a weighted-average cost basis on the first-in, first-out method. The Company periodically determines whether a reserve should be taken for devaluation or obsolescence of inventory. As of September 30, 2018 the Company determined it should take a reserve equal to the full amount of its available inventory. As of December 31, 2017, no such reserve was taken.

## Capitalization of Fixed Assets

The Company capitalizes expenditures related to property and equipment, subject to a minimum rule, that have a useful life greater than one year for: (1) assets purchased; (2) existing assets that are replaced, improved or the useful lives have been extended; or (3) all land, regardless of cost. Acquisitions of new assets, additions, replacements and improvements (other than land) costing less than the minimum rule in addition to maintenance and repair costs, including any planned major maintenance activities, are expensed as incurred.

## Capitalization of Intangible Assets

The Company records the purchase of intangible assets not purchased in a business combination in accordance with the ASC Topic 350.

## Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" ("ASC Topic 606"). This standard provides a single set of guidelines for revenue recognition to be used across all industries and requires additional disclosures. The updated guidance introduces a five-step model to achieve its core principal of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted the updated guidance effective January 1, 2018 using the full retrospective method. The new standard did not have a material impact on its financial position and results of operations, as it did not change the manner or timing of recognizing revenue.

Under ASC Topic 606, in order to recognize revenue, the Company is required to identify an approved contract with commitments to perform respective obligations, identify rights of each party in the transaction regarding goods to be transferred, identify the payment terms for the goods transferred, verify that the contract has commercial substance and verify that collection of substantially all consideration is probable. The adoption of ASC Topic 606 did not have an impact on the Company's operations or cash flows.

## Research and Development Costs

The Company follows ASC Subtopic 730-10, "Research and Development". Research and development costs are charged to the statement of operations as incurred. During the three and nine months ended September 30, 2018 and September 30, 2017, the Company incurred \$1,162,911 and \$3,671,490, and \$300,527 and \$571,066, of expenses related to research and development costs, respectively.

## Net Earnings (Loss) Per Common Share

The Company computes earnings per share under ASC Subtopic 260-10, "Earnings Per Share" ("ASC 260-10"). Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to the common stockholders (the numerator) by the weighted average number of shares of common stock outstanding (the denominator) during the reporting periods. Diluted loss per share is computed by increasing the denominator by the weighted average number of additional shares that could have been outstanding from securities convertible into common stock (using the "treasury stock" method), unless their effect on net loss per share is anti-dilutive. There were 3,238,737 and 3,208,262 potentially dilutive shares, which include outstanding common stock options, warrants, and convertible notes, as of September 30, 2018 and December 31, 2017, respectively.

The potential shares, which are excluded from the determination of basic and diluted net loss per share as their effect is anti-dilutive, are as follows:

	September 30, 2018	December 31, 2017
Options to purchase common stock	978,911	940,121
Warrants to purchase common stock	2,259,826	2,268,141
Potential equivalent shares excluded	<u>3,238,737</u>	<u>3,208,262</u>

## Fair Value Measurements

Disclosures about fair value of financial instruments require disclosure of the fair value information, whether or not recognized in the balance sheet, where it is practicable to estimate that value.

In accordance with ASC Topic 820, "Fair Value Measurements and Disclosures," the Company measures certain financial instruments at fair value on a recurring basis. ASC Topic 820 defines fair value, established a framework for measuring fair value in accordance with accounting principles generally accepted in the United States, and expands disclosures about fair value measurements.

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. ASC Topic 820 established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts of the Company's financial assets and liabilities, including cash, accounts receivable, prepaid expenses, accounts payable, accrued expenses, and other current liabilities, approximate their fair values because of the short maturity of these instruments. The fair value of notes payable and convertible notes approximates their fair values since the current interest rates and terms on these obligations are the same as prevailing market rates.

## Share-based Compensation

The Company's 2016 Omnibus Incentive Plan (the "Omnibus Plan") permits the grant of stock options and other share-based awards to its employees, consultants and non-employee members of the board of directors covering up to 1,345,074 shares of common stock, of which approximately 350,000 remain available to be granted. Each January 1 the pool of shares available for issuance under the Omnibus Plan will automatically increase by an amount equal to the lesser of (i) the number of shares necessary such that the aggregate number of shares available under the Omnibus Plan equals 25% of the number of fully-diluted outstanding shares on the increase date (assuming the conversion of all outstanding shares of preferred stock and other outstanding convertible securities and exercise of all outstanding options and warrants to purchase shares) and (ii) if the board of directors takes action to set a lower amount, the amount determined by the board.

The Company records share-based compensation in accordance with the provisions of the Share-based Compensation Topic of the FASB Codification. The guidance requires the use of option-pricing models that require the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying stock. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option valuation model, and the resulting charge is expensed using the straight-line attribution method over the vesting period. The Company has elected to use the calculated value method to account for the options it issued in 2017 (prior to commencement on June 28, 2017 of public trading in the Company's common stock). Under the Share-based Compensation Topic of the FASB Codification, a nonpublic entity that is unable to estimate the expected volatility of the price of its underlying shares may measure awards based on a "calculated value," which substitutes the volatility of appropriate public companies (representative of the company's size and industry) as a benchmark for the volatility of the entity's own share price. The Company has used the historical closing values of these companies to estimate volatility, which was calculated to be 90%, for periods prior to June 28, 2017, when there was no active market for the Company's common stock.

Stock compensation expense recognized during the period is based on the value of share-based awards that were expected to vest during the period adjusted for estimated forfeitures. The estimated fair value of grants of stock options and warrants to non-employees of the Company is charged to expense, if applicable, in the financial statements. These options vest in the same manner as the employee options granted under the stock incentive plan as described above.

### Beneficial Conversion Feature

If the conversion feature of conventional convertible debt provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature ("BCF"). A BCF is recorded by the Company as a debt discount pursuant to ASC Topic 470-20 "Debt with Conversion and Other Options." In those circumstances, the convertible debt is recorded net of the discount related to the BCF and the Company amortizes the discount to interest expense over the life of the debt using the effective interest method.

### Debt Discount

The Company determines if the convertible promissory notes should be accounted for as liability or equity under ASC Topic 480, Liabilities — Distinguishing Liabilities from Equity. ASC Topic 480 applies to certain contracts involving a company's own equity, and requires that issuers classify the following freestanding financial instruments as liabilities: mandatorily redeemable financial instruments, obligations that require or may require repurchase of the issuer's equity shares by transferring assets (e.g., written put options and forward purchase contracts), and certain obligations where at inception the monetary value of the obligation is based solely or predominantly on:

- A fixed monetary amount known at inception (for example, a payable settleable with a variable number of the issuer's equity shares with an issuance date fair value equal to a fixed dollar amount);
- Variations in something other than the fair value of the issuer's equity shares (for example, a financial instrument indexed to the S&P 500 and settleable with a variable number of the issuer's equity shares); or
- Variations inversely related to changes in the fair value of the issuer's equity shares (for example, a written put that could be net share settled).

If the Company determines the instrument meets the guidance under ASC Topic 480, the instrument is accounted for as a liability with a respective debt discount. The Company has previously recorded debt discounts in connection with raising funds through the issuance of promissory notes. These costs are amortized to noncash interest expense over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed. See Note 6, Convertible Notes, for further discussion on the Company's accounting treatment for the outstanding notes.

### Going Concern

The Company's financial statements are prepared using accounting principles generally accepted in the United States ("U.S. GAAP") applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has limited commercial experience and had a cumulative net loss from inception to September 30, 2018 of \$25,326,086. The Company had working capital deficit of \$750,911 as of September 30, 2018. The Company has not established an ongoing source of revenue sufficient to cover its operating costs and to allow it to continue as a going concern. The accompanying financial statements for the period ended September 30, 2018 have been prepared assuming the Company will continue as a going concern. The Company's cash resources will likely be insufficient to meet its anticipated needs during the next twelve months. The Company will require additional financing to fund its future planned operations, including research and development and commercialization of its products.

The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it establishes a revenue stream and becomes profitable. Management's plans to continue as a going concern include raising additional capital through sales of equity securities and borrowing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. If the Company is not able to obtain the necessary additional financing on a timely basis, the Company will be required to delay, reduce the scope of or eliminate one or more of the Company's research and development activities or commercialization efforts or perhaps even cease the operation of its business. The ability of the Company to continue as a going concern is dependent upon its ability to successfully secure other sources of financing and attain profitable operations. There is substantial doubt about the ability of the Company to continue as a going concern for one year from the issuance of the accompanying financial statements. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

### Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 is a comprehensive revenue recognition standard that supersedes nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. Under ASU 2014-09, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has recently issued ASU 2016-08, ASU 2016-10, ASU 2016-11, ASU 2016-12, and ASU 2016-20, all of which clarify certain implementation guidance within ASU 2014-09. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. The standard can be adopted either retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Company has reviewed ASU 2014-09 and using the full retrospective method has determined that its adoption has had no impact on its financial position, results of operations or cash flows. The Company adopted the provisions of this statement in the first quarter of fiscal 2018.

In February 2016, the FASB issued ASU No. 2016-02, Leases. ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for all interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest period presented in the financial statements. The Company is currently evaluating the expected impact that the standard could have on its consolidated financial statements and related disclosures.

In May 2017, the FASB issued ASU No. 2017-09, Compensation – Stock Compensation (Topic 718) Scope of Modification Accounting. The amendments in ASU 2017-09 provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The adoption of ASU 2017-09, which is effective for annual periods beginning after December 15, 2017 and for interim periods within those annual periods, did not have any impact on the Company's consolidated financial statement presentation or disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or in management's opinion will not have a material impact on the Company's present or future consolidated financial statements.

### Note 3 – Inventory

As of September 30, 2018 and December 31, 2017, inventory consisted of raw materials to be used in the assembly of a Nexus 128 system. As of September 30, 2018 and December 31, 2017 the Company had no orders pending for the sale of a Nexus 128 system. On June 15, 2018, the Company reported that it would explore strategic alternatives with respect to its pre-clinical business, including a potential sale. As of September 30, 2018 the Company took a full reserve against its available inventory of parts for the Nexus 128 system.

### Note 4 – Fixed Assets

As of September 30, 2018 and December 31, 2017, fixed assets consisted of the following:

	September 30, 2018	December 31, 2017
Computer equipment and fixtures	\$ 679,179	\$ 579,179
Accumulated depreciation	(385,876)	(337,630)
Fixed assets, net	<u>\$ 293,303</u>	<u>\$ 241,549</u>

Depreciation expense for the three and nine months ended September 30, 2018 and 2017 was \$18,042 and \$48,246, and \$15,157 and \$46,121, respectively.

### Note 5 – Accounts Payable and Accrued Liabilities

As of September 30, 2018 and December 31, 2017, current liabilities consisted of the following:

	September 30, 2018	December 31, 2017
Accounts payable	\$ 750,580	\$ 780,262
Accrued payroll	8,843	40,578
Accrued bonuses	197,623	-
Accrued employee benefits	64,920	27,375
Insurance premium financing	46,088	-
Accrued interest on senior secured convertible promissory notes	283	-
<b>Total</b>	<u>\$ 1,068,337</u>	<u>\$ 848,215</u>

## **Note 6 – Convertible Notes**

On June 28, 2018, the Company conducted a private placement offering in which the Company sold \$1,077,000 aggregate principal amount of senior secured convertible promissory notes (the “Notes”) to accredited investors and National Securities Corporation, which served as placement agent in the offering. Certain of the Company’s officers and directors participated in the offering.

The Notes are convertible into common stock at a conversion price equal to the lesser of (a) the lowest per share price at which common stock is sold in a Qualified Financing (as defined below), as applicable, less a discount of 20%, or (b) \$2.016, but in any event no less than a conversion price floor of \$1.40.

Each Note bears interest at a rate of 10% per annum until maturity on December 31, 2018 (the “Maturity Date”). Interest will be paid in arrears on the outstanding principal amount on the three month anniversary of the issuance of the Notes and each three month period thereafter and on the Maturity Date or on the date of conversion in full of each such Note. The principal amount of the Notes will automatically convert into shares of common stock (i) upon the consummation of a sale by the Company of common stock resulting in aggregate gross cash proceeds of at least \$7.0 million (a “Qualified Financing”) or (ii) if the holders of a majority of the aggregate principal amount of outstanding Notes elect to convert the Notes at any time until three days prior to a Qualified Financing. Additionally, noteholders are entitled to convert the principal amount of Notes into common stock (i) at any time until three days prior to the consummation of a Qualified Financing or (ii) if a material Event of Default (as defined in the Notes) shall have occurred and be continuing. In each case, conversion is subject to the terms and provisions of the Notes.

The Notes provide for customary events of default. In the case of an event of default with respect to the Notes, each Noteholder may declare its Note to be due and payable immediately without further action or notice. If such an event of default occurs and be continuing, the rate of interest on the Notes will automatically be increased to 15% until the default is cured.

In addition, on June 28, 2018, the Company issued warrants exercisable for 267,113 shares of the Company’s common stock to accredited investors and issued to National Securities Corporation, which served as placement agent in the offering, and its designees warrants exercisable for 53,423 shares of common stock. Each warrant will entitle the holder to purchase shares of Common Stock for an exercise price per share equal to \$2.52, which was the closing bid price of shares of Common Stock on the NASDAQ Capital Market on June 27, 2018. The warrants are exercisable commencing six months after the date of issuance and expire June 28, 2021. The fair value of these warrants was determined to be \$587,541 using the Black-Scholes-Merton option-pricing model based on the following assumptions: (i) volatility rate of 99%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 3 years. The value of the warrants of \$587,541 was considered as debt discount upon issuance and was being amortized as interest over the term of the notes or in full upon the conversion of the corresponding notes. During three and nine months ended September 30, 2018, the Company amortized \$5,822 and \$377,606 of such discount to interest expense, and the unamortized discount as of September 30, 2018 was \$345,813.

## **Note 7 – Capital Stock**

At September 30, 2018, the authorized capital of the Company consisted of 60,000,000 shares of capital stock, consisting of 50,000,000 shares of common stock with a par value of \$0.0001 per share, and 10,000,000 shares of preferred stock with a par value of \$0.0001 per share. As of September 30, 2018, there were 3,947,828 shares of common stock issued and outstanding and no preferred stock outstanding.

During the nine months ended September 30, 2018, the Company issued 24,801 shares of common stock for the conversion of \$50,000 of Notes.

During the year ended December 31, 2017, the Company issued 16,000 shares of common stock for services valued at \$57,440, \$47,865 of which was expensed during the nine months ended September 30, 2018, based on the duration of the contract. The certificates for these shares were issued in January 2018.

## **Note 8 – Stock Options and Warrants**

Stock options are awarded to the Company’s employees, consultants and non-employee members of the board of directors under the 2016 Omnibus Incentive Plan and are generally granted with an exercise price equal to the market price of the Company’s common stock at the date of grant. The fair value of these stock options granted by the Company during the three and nine months ended September 30, 2018 was determined to be \$0 and \$206,096, respectively, using the Black-Scholes-Merton option-pricing model based on the following assumptions: (i) volatility rate of 120% to 127%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 8 years. A summary of option activity under the Company’s stock options as of September 30, 2018, and changes during the nine months then ended is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance outstanding at December 31, 2017	940,121	\$ 5.65	6.46
Granted	49,790	4.44	8
Exercised	-	-	-
Forfeited	-	-	-
Cancelled or expired	(2,000)	2.50	-
Balance outstanding at September 30, 2018	987,911	\$ 5.60	5.79
Exercisable at September 30, 2018	455,080	\$ 6.44	4.82

On January 16, 2018, the Company granted warrants to purchase 20,000 shares of common stock with an exercise price of \$5.50 per share for services. The warrants vest in six monthly installments beginning on February 16, 2018. The fair value of these warrants was determined to be \$40,384 using the Black-Scholes-Merton option-pricing model based on the following assumptions: (i) volatility rate of 126%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 3 years. During the three and nine months ended September 30, 2018, \$3,365 and \$40,384, respectively, was expensed.

On June 28, 2018, the Company conducted a private placement offering (see note 6) in which the Company issued warrants exercisable for 267,113 shares of the Company's common stock to accredited investors and issued to National Securities Corporation, which served as placement agent in the offering, and its designees warrants exercisable for 53,423 shares of common stock. Each warrant will entitle the holder to purchase shares of Common Stock for an exercise price per share equal to \$2.52, which was the closing bid price of shares of Common Stock on the NASDAQ Capital Market on June 27, 2018. The warrants are exercisable commencing six months after the date of issuance and expire June 28, 2021. The fair value of these warrants was determined to be \$587,541 using the Black-Scholes-Merton option-pricing model based on the following assumptions: (i) volatility rate of 99%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 3 years.

The following table summarizes all stock warrant activity of the Company for the nine months ended September 30, 2018:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance outstanding at December 31, 2017	2,268,141	\$ 7.09	4.21
Granted	340,536	\$ 2.70	2.97
Exercised	-	-	-
Forfeited	-	-	-
Expired	(24,982)	-	-
Balance outstanding at September 30, 2018	2,583,695	\$ 6.38	3.39
Exercisable at September 30, 2018	2,259,826	\$ 7.93	3.49

## Note 9 – Commitments & Contingencies

### Office Lease

Effective January 1, 2015, the Company entered into an office lease agreement with Green Court, LLC, a Michigan limited liability company, for approximately 3,657 rentable square feet of space, for the initial monthly rent of \$5,986, which commenced on January 1, 2015 for an initial term of 60 months. On October 10, 2017 this lease was amended increasing the rentable square feet of space to 3,950, and the monthly rent to \$7,798. Under the terms of the lease the Company has an option on the same space for an additional 60-month term. Future minimum payments under this lease are as follows:

2018	23,814
2019	95,906
<b>Total</b>	<b>\$ 119,720</b>

For the three and nine months ended September 30, 2018 and 2017, the Company incurred rent expenses of \$27,332 and \$79,580, and \$20,758 and \$52,457, respectively.

#### *Employment and Consulting Agreements*

**Francois Michelin.** Effective May 12, 2017, the Company entered into an amended and restated employment agreement with Francois Michelin, the Company's Chief Executive Officer and Chairman of the board of directors. The term of the employment agreement runs through December 31, 2019. The employment agreement provides for an annual base salary that is subject to adjustment at the board of directors' discretion. The annual base salary in effect during the period covered by this Form 10-Q was \$345,000. Under the employment agreement, Mr. Michelin is eligible for an annual cash bonus based upon achievement of performance-based objectives established by the board of directors. Pursuant to Mr. Michelin's employment agreement, in connection with the closing of the Company's initial public offering he was granted options to purchase an aggregate 339,270 shares of common stock. The options have a weighted average exercise price of \$4.96 per share of common stock and vest in three equal annual installments beginning on May 12, 2018. Upon termination without cause, any portion of Mr. Michelin's options scheduled to vest within 12 months will automatically vest, and upon termination without cause within 12 months following a change of control, the entire unvested portion of the options will automatically vest. Upon termination for any other reason, the entire unvested portion of the options will terminate.

If Mr. Michelin's employment is terminated by the Company without cause, Mr. Michelin will be entitled to receive 12 months' continuation of his current base salary and a lump sum payment equal to 12 months of continued healthcare coverage (or 24 months' continuation of his current base salary and a lump sum payment equal to 24 months of continued healthcare coverage if such termination occurs within one year following a change in control).

Under his employment agreement, Mr. Michelin is eligible to receive benefits that are substantially similar to those of the Company's other senior executive officers.

**Michael Thornton.** Effective May 12, 2017, the Company entered into an amended and restated employment agreement with Michael Thornton, the Company's Chief Technology Officer. The term of the employment agreement runs through December 31, 2019. The employment agreement provides for an annual base salary that is subject to adjustment at the board of directors' discretion. The annual base salary in effect during the period covered by this Form 10-Q was \$260,000. Under the employment agreement, Mr. Thornton is eligible for an annual cash bonus based upon achievement of performance-based objectives established by the board of directors. Pursuant to Mr. Thornton's employment agreement, in connection with the closing of the Company's initial public offering he was granted options to purchase an aggregate 345,298 shares of common stock. The options have a weighted average exercise price of \$4.96 per share of common stock and vest in three equal annual installments beginning on May 12, 2018. Upon termination without cause, any portion of Mr. Thornton's option scheduled to vest within 12 months will automatically vest, and upon termination without cause within 12 months following a change of control, the entire unvested portion of the options will automatically vest. Upon termination for any other reason, the entire unvested portion of the options will terminate.

If Mr. Thornton's employment is terminated by the Company without cause, Mr. Thornton will be entitled to receive 12 months' continuation of his current base salary and a lump sum payment equal to 12 months of continued healthcare coverage (or 24 months' continuation of his current base salary and a lump sum payment equal to 24 months of continued healthcare coverage if such termination occurs within one year following a change in control).

Under his employment agreement, Mr. Thornton is eligible to receive benefits that are substantially similar to those of the Company's other senior executive officers.

**David R. Wells.** On May 12, 2017, the Company entered into a consulting agreement with StoryCorp Consulting ("StoryCorp"), pursuant to which David R. Wells provides services to the Company as its Chief Financial Officer. Pursuant to the consulting agreement, the Company pays to StoryCorp a monthly fee of \$9,000. Additionally, pursuant to the consulting agreement, the Company granted to Mr. Wells a stock option to purchase 15,000 shares of common stock in connection with the closing of the Company's initial public offering, having an exercise price per share equal to \$5.00 and vesting in twelve equal quarterly installments, and, for so long as the consulting agreement is in place, will grant to Mr. Wells a stock option to purchase the same number of shares of common stock with the same terms on each annual anniversary of the date of the consulting agreement. In May, 2018 Mr. Wells and the Company agreed to renegotiate the annual stock option provision in the agreement of May 12, 2017. The parties are continuing their negotiations in good faith.

#### *Litigation*

From time to time the Company may become a party to litigation in the normal course of business. There are currently no legal matters that management believes would have a material effect on the Company's financial position or results of operations.

**Note 10 –Subsequent Events**

On October 11, 2018, the Company entered into an underwriting agreement with National Securities Corporation (the "Underwriter"), relating to an underwritten public offering for the issuance and sale of 1,477,750 shares of the Company's common stock, par value \$0.0001 per share (the "Common Stock"), which amount includes the Underwriter's option to purchase up to an additional 192,750 shares of Common Stock to cover over-allotments. The Underwriter exercised in full its option to purchase the additional over-allotment shares on October 12, 2018. The offering, including the issuance of the shares of Common Stock sold pursuant to the Underwriter's over-allotment option, closed on October 15, 2018. The net proceeds to the Company from the offering were approximately \$2.7 million, after deducting underwriting discounts and commissions, and other offering expenses.

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

### Forward-Looking Statements

As used in this Quarterly Report on Form 10-Q (this "Form 10-Q"), unless the context otherwise requires, the terms "we," "us," "our," "ENDRA" and the "Company" refer to ENDRA Life Sciences Inc., a Delaware corporation, and its wholly-owned subsidiary. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our historical financial statements and related notes thereto in this Form 10-Q. This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the "safe harbor" created by those sections. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as "believe," "expect," "may," "will," "should," "could," "seek," "intend," "plan," "estimate," "anticipate" or other comparable terms. All statements other than statements of historical facts included in this Form 10-Q regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expectations for revenues, cash flows and financial performance, the anticipated results of our development efforts and the timing for receipt of required regulatory approvals and product launches. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: our limited commercial experience, limited cash and history of losses; our ability to obtain adequate financing to fund our business operations in the future; our ability to achieve profitability; our ability to develop a commercially feasible application based on our Thermo-Acoustic Enhanced Ultrasound ("TAEUS") technology; market acceptance of our technology; results of our human studies, which may be negative or inconclusive; our ability to find and maintain development partners; our reliance on collaborations and strategic alliances and licensing arrangements; the amount and nature of competition in our industry; our ability to protect our intellectual property; potential changes in the healthcare industry or third-party reimbursement practices; delays and changes in regulatory requirements, policy and guidelines including potential delays in submitting required regulatory applications for CE mark certification or Food and Drug Administration ("FDA") approval; our ability to obtain CE mark certification and secure required FDA and other governmental approvals for our TAEUS applications; our ability to comply with regulation by various federal, state, local and foreign governmental agencies and to maintain necessary regulatory clearances or approvals; and the other risks and uncertainties described in the Risk Factors section of our Annual Report on Form 10-K for the period ended December 31, 2017, as filed with the SEC on March 20, 2018, and in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this Form 10-Q. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

### Overview

We are leveraging experience with pre-clinical enhanced ultrasound devices to develop technology for increasing the capabilities of clinical diagnostic ultrasound, to broaden patient access to the safe diagnosis and treatment of a number of significant medical conditions in circumstances where expensive X-ray computed tomography ("CT") and magnetic resonance imaging ("MRI") technology is unavailable or impractical.

In 2010, we began marketing and selling our Nexus 128 system, which combined light-based thermoacoustics and ultrasound to address the imaging needs of researchers studying disease models in pre-clinical applications. Building on this expertise in thermoacoustics, we have developed a next-generation technology platform — Thermo Acoustic Enhanced Ultrasound, or TAEUS — which is intended to enhance the capability of clinical ultrasound technology and support the diagnosis and treatment of a number of significant medical conditions that currently require the use of expensive CT or MRI imaging or where imaging is not practical using existing technology.

Unlike the near-infrared light pulses used in our legacy Nexus 128 system, our TAEUS technology uses radio frequency ("RF") pulses to stimulate tissues, using a small fraction of the energy that would be transmitted into the body during an MRI scan. The use of RF energy allows our TAEUS technology to penetrate deep into tissue, enabling the imaging of human anatomy at depths equivalent to those of conventional ultrasound. The RF pulses are absorbed by tissue and converted into ultrasound signals, which are detected by an external ultrasound receiver and a digital acquisition system that is part of the TAEUS system. The detected ultrasound is processed into images using our proprietary algorithms and displayed to complement conventional gray-scale ultrasound images.

We expect that the first-generation TAEUS application will be a standalone ultrasound accessory designed to cost-effectively quantify fat in the liver and stage progression of non-alcoholic fatty liver disease, or ("NAFLD"), which can only be achieved today with impractical surgical biopsies or MRI scans. Subsequent TAEUS offerings are expected to be implemented via a second generation hardware platform that can run multiple clinical software applications that we will offer TAEUS users for a one-time licensing fee – adding ongoing customer value to the TAEUS platform and a growing software revenue stream for our Company.

Each of our TAEUS platform applications will require regulatory approvals before we are able to sell or license the application. Based on certain factors, such as the installed base of ultrasound systems, availability of other imaging technologies, such as CT and MRI, economic strength and applicable regulatory requirements, we intend to seek initial approval of our applications for sale in the European Union, followed by the United States and China.

In April 2016, we entered into a Collaborative Research Agreement with General Electric Company, acting through its GE Healthcare business unit and the GE Global Research Center (collectively, "GE Healthcare"). Under the terms of the agreement, GE Healthcare has agreed to assist us in our efforts to commercialize our TAEUS technology for use in a fatty liver application by, among other things, providing equipment and technical advice, and facilitating introductions to GE Healthcare clinical ultrasound customers. In return for this assistance, we have agreed to afford GE Healthcare certain rights of first offer with respect to manufacturing and licensing rights for the target application. More specifically, we have agreed that, prior to commercially releasing our NAFLD TAEUS application, we will offer to negotiate an exclusive ultrasound manufacturer relationship with GE Healthcare for a period of at least one year of commercial sales. The commercial sales would involve, within our sole discretion, either our Company commercially selling GE Healthcare ultrasound systems as the exclusive ultrasound system with our TAEUS fatty liver application embedded, or GE Healthcare being the exclusive ultrasound manufacturer to sell ultrasound systems with our TAEUS fatty liver application embedded. The agreement is subject to termination by either party upon not less than 60 days' notice. On January 30, 2018, we and GE Healthcare entered into an amendment to our agreement, extending its term by 21 months to January 22, 2020.

In November 2017 we engaged two firms that specialize in medical device software development to commence productization of our TAEUS device targeting NAFLD. The agreements call for these vendors to provide us with the specialized engineering resources necessary to translate our current prototype TAEUS device into a clinical product meeting CE regulatory requirements required for commercial launch in the European Union followed by FDA submission for the U.S. market.

In November 2017, we contracted with the Centre for Imaging Technology Commercialization (CIMTEC) to initiate human studies with our TAEUS device targeting NAFLD. In October 2018 we received approval from Health Canada to initiate these studies which are expected to provide key insights into clinical work flow and quantitative methodologies for the device and are now underway. We anticipate announcing results from these studies during the fourth quarter of 2018.

In June 2018, we reported that, in order to focus our resources on developing our TAEUS technology for clinical use, we are exploring strategic alternatives with respect to our pre-clinical business, including a potential sale.

## **Financial Operations Overview**

### Revenue

To date our revenue has been generated by the placement and sale of our discontinued Nexus 128 thermoacoustic imaging systems for use in pre-clinical applications, and related service revenue. No revenue has been generated by our TAEUS technology, which is in development.

### Cost of Goods Sold

Our cost of goods sold is related to our direct costs associated with the development and shipment of our discontinued Nexus 128 systems placed in pre-clinical settings.

### Research and Development Expenses

Our research and development expenses primarily include wages, fees and equipment for the development of our TAEUS technology platform and the proposed applications. Additionally, we incur certain costs associated with the protection of our products and inventions through a combination of patents, licenses, applications and disclosures.

### Sales and Marketing Expenses

Sales and marketing expenses consist primarily of advertising, marketing and consulting expenses and headcount. Currently, our marketing efforts are through our website and attendance of key industry meetings. In connection with the commercialization of our TAEUS applications, we expect to build a small sales and marketing team to train and support global ultrasound distributors, as well as execute traditional marketing activities such as promotional materials, electronic media and participation in industry conferences.

### General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related expenses for our management and personnel, and professional fees, such as accounting, consulting and legal.

## Critical Accounting Policies and Estimates

### Use of Estimates

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

Management makes estimates that affect certain accounts including deferred income tax assets, accrued expenses, fair value of equity instruments and reserves for any other commitments or contingencies. Any adjustments applied to estimates are recognized in the period in which such adjustments are determined.

### Share-based Compensation

Our 2016 Omnibus Incentive Plan permits the grant of share options and shares to our employees, consultants and non-employee members of our board of directors for up to 1,345,074 shares of common stock. Each January 1 the pool of shares available for issuance under the Omnibus Plan will automatically increase by an amount equal to the lesser of (i) the number of shares necessary such that the aggregate number of shares available under the Omnibus Plan equals 25% of the number of fully-diluted outstanding shares on the increase date (assuming the conversion of all outstanding shares of preferred stock and other outstanding convertible securities and exercise of all outstanding options and warrants to purchase shares) and (ii) if the board of directors takes action to set a lower amount, the amount determined by the board.

We record share-based compensation in accordance with the provisions of the Share-based Compensation Topic of the FASB Codification. The guidance requires the use of option-pricing models that require the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying stock. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option valuation model which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the common stock options, and future dividends, and the resulting charge is expensed using the straight-line attribution method over the vesting period.

Stock compensation expense recognized during the period is based on the value of share-based awards that were expected to vest during the period adjusted for estimated forfeitures. The estimated fair value of grants of stock options and warrants to non-employees is charged to expense, if applicable, in the financial statements.

### Recent Accounting Pronouncements

See Note 2 of the accompanying financial statements for a discussion of recently issued accounting standards.

## Results of Operations

### Three Months Ended September 30, 2018 and 2017

#### *Revenues*

We had revenue of \$0 for the three months ended September 30, 2018, as compared to \$287,000 for the three months ended September 30, 2017. The revenue in 2017 was a result of service activity on our installed base of Nexus 128 pre-clinical systems. On June 15, 2018, we reported that would explore strategic alternatives with respect to our pre-clinical business, comprised of the assembly and sale of our Nexus 128 system, including a potential sale. We will continue to honor our commitments under current contracts relating to Nexus 128 systems, but we do not expect to generate substantial revenue from this business in the future.

#### *Cost of Goods Sold*

There was no cost of goods sold for the three months ended September 30, 2018. Cost of goods sold for the three months ended September 30, 2017 was \$118,270. The cost of goods sold was a result of costs associated with the sale of a Nexus 128 system. Gross margin was approximately 59% for the three months ended September 30, 2017.

#### *Research and Development*

Research and development expenses were \$1,162,911 for the three months ended September 30, 2018, as compared to \$300,527 for the three months ended September 30, 2017, an increase of \$862,384, or 287%. The costs include primarily wages, fees and equipment for the development of our TAEUS product line. Research and development expenses increased from the same period for the prior year due primarily to increased efforts to develop TAEUS applications with proceeds from our May 2017 initial public offering (the "IPO"), including by our contracted development vendors.

### *Sales and Marketing*

Sales and marketing expenses were \$72,179 for the three months ended September 30, 2018, as compared to \$47,375 for the three months ended September 30, 2017, an increase of \$24,804, or 52%. The increase was primarily due to spending for initial commercialization efforts for our TAEUS product line. Currently our marketing efforts are through our website and attendance of key industry meetings. Our future clinical business will involve hiring and training additional staff to support our sales efforts. As we seek to complete the development and commercialization of our TAEUS applications, we intend to build a small sales and marketing team to train and support global ultrasound distributors, as well as execute traditional marketing activities such as promotional materials, electronic media and participation in industry conferences.

### *General and Administrative*

Our general and administrative expenses for the three months ended September 30, 2018 were \$832,883, an increase of \$101,121, or 14%, compared to \$731,762 for the three months ended September 30, 2017. General and administrative expenses increased due to additional headcount and related costs. Our wage and related expenses for the three months ended September 30, 2018 were \$355,041, compared to \$376,810 for the three months ended September 30, 2017. Wage and related expenses in the three months ended September 30, 2018, included \$43,125 for bonuses, \$142,674 of stock compensation expense related to the issuance and vesting of options, compared to \$183,473 of stock compensation expense for the same period in 2017. Our professional fees for the three months ended September 30, 2018 were \$332,636, compared to \$253,811 for the three months ended September 30, 2017.

### *Impairment of Inventory*

During the three months ended September 30, 2018, we had a one time write down of inventory available for our Nexus 128 product of \$287,541. There was no such expense during the three months ended September 30, 2017.

### *Net Loss*

As a result of the foregoing, for the three months ended September 30, 2018, we recorded a net loss of \$2,758,575 compared to a net loss of \$908,908 for the three months ended September 30, 2017.

### **Nine Months Ended September 30, 2018 and 2017**

#### *Revenue*

We had revenue of \$6,174 for the nine months ended September 30, 2018, as compared to \$344,772 for the nine months ended September 30, 2017. The revenue was a result of service activity on our installed base of Nexus 128 pre-clinical systems. On June 15, 2018, we reported that would explore strategic alternatives with respect to our pre-clinical business, comprised of the assembly and sale of its Nexus 128 system, including a potential sale. We will continue to honor our commitments under current contracts relating to Nexus 128 systems but we do not expect to generate substantial revenue from this business in the future.

#### *Cost of Goods Sold*

There was no cost of goods sold for the nine months ended September 30, 2018. Cost of goods sold was \$169,697 for the nine months ended September 30, 2017. The cost of goods sold was a result of both direct costs to build a Nexus 128 pre-clinical system, and product service materials required for the service of a Nexus 128 system. Gross margin was approximately 51% for the nine months ended September 30, 2017.

#### *Research and Development*

Research and development expenses were \$3,671,490 for the nine months ended September 30, 2018, as compared to \$571,066 for the nine months ended September 30, 2017, an increase of \$3,100,424, or 543%. The costs include primarily wages, fees and equipment for the development of our TAEUS product line. Research and development expenses increased from the same period for the prior year due primarily to increased spending developing TAEUS applications with proceeds from the IPO, which included expenses for our contracted development vendors.

#### *Sales and Marketing*

Sales and marketing expenses were \$220,713 for the nine months ended September 30, 2018, as compared to \$55,403 for the nine months ended September 30, 2017, an increase of \$165,310, or 298%. The increase was primarily due to spending for initial commercialization efforts for our TAEUS product line. Currently our marketing efforts are through our website and attendance of key industry meetings. Our future clinical business will involve hiring and training additional staff to support our sales efforts. As we seek to complete the development and commercialization of our TAEUS applications, we intend to build a small sales and marketing team to train and support global ultrasound distributors, as well as execute traditional marketing activities such as promotional materials, electronic media and participation in industry conferences.

## *General and Administrative*

Our general and administrative expenses for the nine months ended September 30, 2018 were \$2,842,631, an increase of \$964,538, or 51%, compared to \$1,878,093 for the nine months ended September 30, 2017. General and administrative expenses increased due to an increase in headcount and as a result of being a public company. Our wage and related expenses for the nine months ended September 30, 2018 were \$1,271,744, compared to \$876,016 for the nine months ended September 30, 2017. Wage and related expenses in the nine months ended September 30, 2018, included \$221,075 for bonuses, \$468,716 of stock compensation expense related to the issuance and vesting of options, compared to \$422,698 of stock compensation expense for the same period in 2017. Our professional fees for the nine months ended September 30, 2018 were \$1,185,775, compared to \$767,875 for the nine months ended September 30, 2017.

## *Impairment of Inventory*

During the nine months ended September 30, 2018, we had a one time write down of inventory available for our Nexus 128 product of \$287,541. There was no such expense during the nine months ended September 30, 2017.

## *Net Loss*

As a result of the foregoing, for the nine months ended September 30, 2018, we recorded a net loss of \$7,430,651 compared to a net loss of \$3,082,322 for the nine months ended September 30, 2017.

## **Liquidity and Capital Resources**

To date we have funded our operations through private and public sales of our securities. As of September 30, 2018, we had approximately \$640,000 in cash. In May 2017, we completed the IPO, raising net proceeds of approximately \$8.6 million after deducting offering expenses of approximately \$0.8 million in underwriting discounts, commissions and expenses and approximately \$0.3 million in offering expenses payable by us. In June 2018, we completed the placement of senior secured convertible promissory notes and warrants, raising net proceeds of approximately \$935,000 after deducting offering expenses of approximately \$142,000 payable by us. The promissory notes bear interest at a rate of 10% per annum until maturity on December 31, 2018. On October 15, 2018, we completed an underwritten public offering with National Securities Corporation for the issuance and sale of 1,477,750 shares of our common stock. The net proceeds from this offering were approximately \$2.7 million, after deducting underwriting discounts and commissions and other offering expenses.

We believe that cash on hand at September 30, 2018, together with the net proceeds from our October 2018 underwritten public offering, will be sufficient to fund our current operations into the second quarter of 2019. If we do not raise additional capital in the next several months we will need to significantly slow or pause our business activities until such time as we are able to raise additional capital. We continue to evaluate and manage our capital needs to support our clinical, regulatory and operational activities and prepare for the results of our human studies data and EU commercialization. We are currently exploring potential financing options that may be available to us, including additional sales of our common stock. However, we have no commitments to obtain any additional funds, and there can be no assurance such funds will be available on acceptable terms or at all. If we are unable to obtain additional financing in a timely fashion and on terms acceptable to us, our financial condition and results of operations may be materially adversely affected and we may not be able to continue operations or execute our stated commercialization plan.

The financial statements included in this Form 10-Q have been prepared assuming we will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, during the nine months ended September 30, 2018, we incurred net losses of approximately \$7.4 million, and used cash in operations of approximately \$5.8 million. These and other factors raise substantial doubt about our ability to continue as a going concern for one year from the issuance of the accompanying financial statements. The financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

## **Operating Activities**

During the nine months ended September 30, 2018, we used \$5,800,054 of cash in operating activities primarily as a result of our net loss of \$7,430,651 offset by share-based compensation of \$1,060,012, depreciation and amortization expenses of \$48,246, amortization of debt discount of \$383,428, impairment of inventory of \$287,541 and net changes in operating assets and liabilities of \$(148,630).

During the nine months ended September 30, 2017, we used \$1,925,329 of cash in operating activities primarily as a result of our net loss of \$3,082,322, offset in part by \$711,472 for the amortization of discount of convertible debt, \$600,514 in non-cash stock compensation expense, \$46,121 in depreciation and amortization expense, imputed interest of \$1,480, and net changes in operating assets and liabilities of \$(202,594).

## **Investing Activities**

During the nine months ended September 30, 2018, the Company used \$100,000 in investing activities related to purchase of equipment.

During the nine months ended September 30, 2017, the Company used \$7,862 in investing activities related to purchase of equipment.

## **Financing Activities**

During the nine months ended September 30, 2018, financing activities provided \$935,300 in proceeds from the placement of senior secured convertible promissory notes.

During the nine months ended September 30, 2017, financing activities provided \$8,590,700 in proceeds from the IPO and \$225,000 in proceeds from convertible notes. The Company used \$50,000 in repayments of notes payable.

## **Funding Requirements**

We have not completed development of our TAEUS technology platform applications. We expect to continue to incur significant expenses for the foreseeable future. We anticipate that our expenses will increase substantially as we:

- advance the engineering design and development of our NAFLD TAEUS application;
- prepare regulatory filings required for marketing approval of our NAFLD TAEUS application in the European Union and the United States;
- seek to hire a small internal marketing team to engage and support channel partners and clinical customers for our NAFLD TAEUS application;
- commence marketing of our NAFLD TAEUS application;
- advance development of our other TAEUS applications; and
- add operational, financial and management information systems and personnel, including personnel to support our product development, planned commercialization efforts and our operation as a public company.

It is possible that we will not achieve the progress that we expect because the actual costs and timing of completing the development and regulatory approvals for a new medical device are difficult to predict and are subject to substantial risks and delays. We have no committed external sources of funds. We do not expect that our existing cash will be sufficient for us to complete the commercialization of our NAFLD TAEUS application or to complete the development of any other TAEUS application and we will need to raise substantial additional capital for those purposes. As a result, we will need to finance our future cash needs through public or private equity offerings, debt financings, corporate collaboration and licensing arrangements or other financing alternatives. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed in the section of our Annual Report on Form 10-K for the year ended December 31, 2017, entitled "Risk Factors" and elsewhere in this Form 10-Q. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect.

Until we can generate a sufficient amount of revenue from our TAEUS platform applications, if ever, we expect to finance future cash needs through public or private equity offerings, debt financings or corporate collaborations and licensing arrangements. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate one or more of our research or development programs or our commercialization efforts or perhaps even cease the operation of our business. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience additional dilution, and debt financing, if available, may involve restrictive covenants. To the extent that we raise additional funds through collaborations and licensing arrangements, it may be necessary to relinquish some rights to our technologies or applications or grant licenses on terms that may not be favorable to us. We may seek to access the public or private capital markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time.

## **NASDAQ Capital Market Listing**

Our common stock is currently traded on the Nasdaq Capital Market. The Nasdaq Capital Market imposes, among other requirements, listing maintenance standards including minimum bid price and stockholders' equity requirements. In particular, Nasdaq rules require us to maintain a minimum stockholders' equity of \$2,500,000. On August 16, 2018, we received a notification letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC notifying us that, based on our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, we no longer maintained the minimum \$2.5 million stockholders' equity required for continued listing on The Nasdaq Capital Market under Marketplace Rule 5550(b)(1) (the "Equity Rule").

The notification letter has no immediate effect on the listing of the Company's common stock on the Nasdaq Capital Market. The notification letter stated that, under Nasdaq rules, we had 45 calendar days, or until October 1, 2018, to submit a plan to regain compliance with the Equity Rule. In accordance with the notification letter, we submitted a plan to regain compliance and on October 23, 2018 Nasdaq notified us that it had accepted the plan and granted us an extension until February 15, 2019 to regain compliance with the Equity Rule. We expect to be able to regain compliance with the Equity Rule by on or before February 15, 2019 but there can be no assurance that we will be able to do so, or that we will be able to maintain compliance with Nasdaq's other continued listing requirements or remain listed on the Nasdaq Capital Market.

## **Off-Balance Sheet Transactions**

At September 30, 2018, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

## **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

As a smaller reporting company, we are not required to provide the information required by this Item 3.

## **Item 4. Controls and Procedures**

### ***Evaluation of Disclosure Controls and Procedures***

As of the end of the period covered by this Form 10-Q, management performed, with the participation of our principal executive officer and principal financial officer, an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosures. Based on the evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2018, our disclosure controls and procedures were not effective.

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. We identified the following material weakness as of September 30, 2018: insufficient personnel resources within the accounting function to segregate the duties over financial transaction processing and reporting.

To remediate our internal control weaknesses, management intends to implement the following measures, as finances allow:

- Adding sufficient accounting personnel or outside consultants to properly segregate duties and to effect a timely, accurate preparation of the financial statements.
- Developing and maintaining adequate written accounting policies and procedures, once we hire additional accounting personnel or outside consultants.

The additional hiring is contingent upon our efforts to obtain additional funding and the results of our operations. Management expects to secure funds in the coming fiscal year but provides no assurances that it will be able to do so.

### ***Changes in Internal Control over Financial Reporting***

There was no change to our internal controls or in other factors that could affect these controls during the three month period ended September 30, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. However, our management is currently seeking to improve our controls and procedures in an effort to remediate the deficiency described above.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

We are not currently a party to any pending legal proceedings that we believe will have a material adverse effect on our business or financial condition. We may, however, be subject to various claims and legal actions arising in the ordinary course of business from time to time.

### Item 1A. Risk Factors

*In addition to the risk factor and uncertainties described below and the other information set forth in this report, you should carefully consider the factors discussed under “Risk Factors” in our Annual Report on Form 10-K for the period ended December 31, 2017, as filed with the Securities and Exchange Commission on March 20, 2018. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by any forward-looking statements contained in this report.*

***We will need to raise additional capital to meet our business requirements in the future, including obligations relating to outstanding indebtedness, and such capital raising may be costly or difficult to obtain and could dilute current stockholders’ ownership interests.***

We have a history of losses from operations and expect to continue to incur losses until we are able to significantly grow our revenues. In our June 2018 private placement transaction, we issued senior secured convertible promissory notes in the aggregate principal amount of \$1,077,000 with a maturity date of December 31, 2018. Although we completed a public offering of our common stock in October 2018 for net proceeds of approximately \$2.7 million, we will need additional financing to maintain and expand our business along with repaying the promissory notes at maturity. Such financing may not be available on favorable terms, if at all.

If we are unable to obtain such additional financing on a timely basis, we may have to curtail our development activities and growth plans and/or be forced to sell assets, perhaps on unfavorable terms, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately could be forced to discontinue our operations and liquidate, in which event it is unlikely that stockholders would receive any distribution on their shares. See “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” above. Further, we may not be able to continue operating if we do not generate sufficient revenues from operations needed to stay in business.

Any additional capital raised through the sale of equity or equity-linked securities may dilute current stockholders’ ownership percentages and could also result in a decrease in the market value of our equity securities. Additionally, the terms of any securities issued by us in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of our securities then outstanding.

In addition, we may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible promissory notes and warrants, which may adversely impact our financial results.

***If we fail to satisfy applicable listing standards, including maintenance of at least \$2.5 million of stockholders’ equity, our common stock may be delisted from the NASDAQ Capital Market.***

Our common stock is currently traded on the Nasdaq Capital Market. The Nasdaq Capital Market imposes, among other requirements, listing maintenance standards including minimum bid price and stockholders’ equity requirements. In particular, Nasdaq rules require us to maintain a minimum stockholders’ equity of \$2,500,000. On August 16, 2018, we received a notification letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC notifying us that, based on our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, we no longer maintained the minimum \$2.5 million stockholders’ equity required for continued listing on The Nasdaq Capital Market under Marketplace Rule 5550(b)(1) (the “Equity Rule”).

The notification letter has no immediate effect on the listing of the Company’s common stock on the Nasdaq Capital Market. The notification letter stated that, under Nasdaq rules, we had 45 calendar days, or until October 1, 2018, to submit a plan to regain compliance with the Equity Rule. In accordance with the notification letter, we submitted a plan to regain compliance and on October 23, 2018 Nasdaq notified us that it had accepted the plan and granted us an extension until February 15, 2019 to regain compliance with the Equity Rule. We expect to be able to regain compliance with the Equity Rule by on or before February 15, 2019 but there can be no assurance that we will be able to do so, or that we will be able to maintain compliance with Nasdaq’s other continued listing requirements or remain listed on the Nasdaq Capital Market.

If our common stock were delisted from NASDAQ, among other things, it could lead to a number of negative implications, including reduced liquidity in our common stock, the loss of federal preemption of state securities laws and greater difficulty in obtaining financing.

***We cannot be certain that results from limited animal and human studies of any of our TAEUS applications will be indicative of future studies or that any of our TAEUS applications will be successfully commercialized.***

To successfully commercialize any application based on our TAEUS platform technology, we expect it will be necessary to conduct various pre-clinical and human studies to demonstrate that the product is safe and effective for human use. In October 2018 we initiated certain human studies of our TAEUS device targeting NAFLD which are expected to provide key insights into clinical work flow and quantitative methodologies for the device. There can be no assurance that results from this or any other study will be favorable. Favorable results in this or any other pre-clinical study or early clinical trial do not guarantee that favorable results will ultimately be obtained in future studies or clinical trials. We cannot make any assurance that results of limited animal and human studies are indicative of results that would be achieved in future animal studies or human clinical studies, which may be required in order for our applications incorporating our technology to obtain regulatory approval. Even if clinical trials or other studies demonstrate safety and effectiveness of any of product candidates incorporating our technology for a specific disease or condition and the necessary regulatory approvals are obtained, the commercial success of any of such product candidates will depend upon their acceptance by patients, the medical community, and third-party payers and on our partners' ability to successfully manufacture and commercialize such product candidates.

## **Item 2. Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities**

On May 8, 2017, our Registration Statement on Form S-1, as amended (File No. 333-193522), was declared effective by the SEC and, on May 8, 2017, our Registration Statement on Form S-1 (File No. 333-217788) became effective upon filing with the SEC. Each such Registration Statement was filed in connection with our initial public offering, as a result of which we raised net proceeds of approximately \$8.6 million.

We estimate that we have used all of the net proceeds from our initial public offering in the manner described in the final prospectus relating to the offering filed with the SEC pursuant to Rule 424(b) under the Securities Act on May 10, 2017.

## **Item 3. Defaults Upon Senior Securities**

Not applicable.

## **Item 4. Mine Safety Disclosures**

Not applicable.

## **Item 5. Other Information**

On November 5, 2018, we issued an earnings release reporting our results of operations for the three and nine months ended September 30, 2018. A copy of that earnings release is furnished herewith as Exhibit 99.1 pursuant to Item 2.02 of Form 8-K. This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">3.1</a>	Fourth Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 12, 2017)
<a href="#">3.2</a>	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form S-1 (File No. 333-214724), as amended, originally filed on November 21, 2016)
<a href="#">4.1</a>	Specimen Certificate representing shares of common stock of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-214724), as amended, originally filed on November 21, 2016)
<a href="#">4.2</a>	Form of Warrant Agreement and Warrant comprising a part of the Company's units issued in its initial public offering (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1 (File No. 333-214724), as amended, originally filed on November 21, 2016)
<a href="#">4.3</a>	Form of Underwriters' Warrant issued to certain designees of the underwriters in the Company's 2017 initial public offering (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 (File No. 333-214724), as amended, originally filed on November 21, 2016)
<a href="#">4.4</a>	Form of Convertible Promissory Note issued in June 2018 Private Placement (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 2, 2018)
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<a href="#">31.1</a>	Certification of Periodic Report by Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14a and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<a href="#">31.2</a>	Certification of Periodic Report by Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14a and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<a href="#">32.1</a>	Certification of Periodic Report by Chief Executive Officer and Chief Financial Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<a href="#">99.1</a>	Earnings release issued November 5, 2018 (furnished herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Schema (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (filed herewith)

**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.

**ENDRA LIFE SCIENCES INC.**

(Registrant)

Date: November 5, 2018

By: /s/ Francois Michelin  
Name: Francois Michelin  
Title: Chief Executive Officer and Chairman  
(Principal Executive Officer)

Date: November 5, 2018

By: /s/ David Wells  
Name: David Wells  
Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)

**EXHIBIT INDEX**

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## WARRANT

## To Purchase Shares of Common Stock of

## ENDRA LIFE SCIENCES INC.

October 15, 2018

This **WARRANT** (this "**Warrant**") of ENDRA Life Sciences Inc., a corporation duly organized and validly existing under the laws of the State of Delaware (the "**Company**"), is being issued on the date hereof (the "**Base Date**") pursuant to that certain Underwriting Agreement, dated as of October 11, 2018, by and among the Company and National Securities Corp., relating to a firm commitment public offering (the "**Offering**") of up to 1,285,000 shares of the Company's common stock, par value \$0.0001 per share (each a "**Common Share**" and collectively, the "**Common Shares**").

**FOR VALUE RECEIVED**, the Company hereby grants to [●] and its permitted successors and assigns (collectively, the "**Holder**") the right to purchase from the Company up to [●] Common Shares (such Common Shares underlying this Warrant, the "**Warrant Shares**"), at a per share purchase price equal to \$2.625 (the "**Exercise Price**"), subject to the terms, conditions and adjustments set forth below in this Warrant.

1. Vesting of Warrant. This Warrant shall vest and become exercisable on the six-month anniversary of the Base Date (the "**Vesting Date**"). Except as otherwise provided for herein or as permitted by applicable rules of the Financial Industry Regulatory Authority ("**FINRA**"), this Warrant shall not be sold, transferred, assigned, pledged, or hypothecated prior to the Vesting Date.

2. Expiration of Warrant. This Warrant shall expire on the five (5) year anniversary of the Base Date (the "**Expiration Date**").

3. Exercise of Warrant. This Warrant shall be exercisable pursuant to the terms of this Section 3.

3.1 Manner of Exercise.

(a) This Warrant is exercisable in whole or in part at any time and from time to time from the Vesting Date to the Expiration Date. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by facsimile transmission as provided in Section 12 hereof) a completed and duly executed Notice of Exercise (substantially in the form attached as Exhibit A hereto) as provided in this paragraph. The date such Notice of Exercise is faxed or delivered to the Company shall be the "**Exercise Date**," provided that the Holder of this Warrant tenders this Warrant Certificate to the Company within five (5) Business Days thereafter. As used in this Warrant, "**Business Day**" shall mean any day other than a Saturday, Sunday, or any day on which the major stock exchanges in New York, New York are not open for business. The Notice of Exercise shall be executed by the Holder of this Warrant and shall indicate the number of Warrant Shares then being purchased pursuant to such exercise. Upon surrender of this Warrant Certificate, together with appropriate payment of the Exercise Price for the Warrant Shares purchased, the Holder shall be entitled to receive a certificate or certificates for the Common Shares so purchased. The Exercise Price may be paid in a "cashless" or "cash" exercise or a combination thereof pursuant to Section 3.1(b) and Section 3.1(c) below; *provided, however*, that, if at any time during the term of this Warrant there is no effective registration statement registering the Warrant Shares under the Securities Act, or no current prospectus available for, the issuance or resale of the Warrant Shares by the Holder, then this Warrant may only be exercised at such time by means of a "cashless" exercise. Notwithstanding anything herein to the contrary, the Company shall not be required to make any cash payments or net cash settlement to the Holder in lieu of delivery of the Warrant Shares. If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised.

(b) If the Notice of Exercise form elects a "cashless" exercise, the Holder shall thereby be entitled to receive a number of Common Shares determined as follows:

$$X = Y [(A - B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder.

Y = the number of Warrant Shares with respect to which this Warrant is being exercised.

A = the Fair Market Value

B = the Exercise Price.

For purposes of this Section 3.1(b), "**Fair Market Value**" shall be the closing price of the Common Shares as reported by the Nasdaq Capital Market, or if listed on another national securities exchange or quoted on an automated quotation service, such national securities exchange or automated quotation service, on the date immediately prior to the Exercise Date. If the Common Shares are not then listed on a national stock exchange or quoted on any other quotation system or association, the Fair Market Value of one Common Share as of the date of determination, shall be as determined in good faith by the Board of Directors of the Company and the Holder. If the Common Shares are not then listed on a national securities exchange, the OTC Bulletin Board or such other quotation system or association, the Board of Directors of the Company shall respond promptly, in writing, to an inquiry by the Holder prior to the exercise hereunder as to the fair market value of a Common Share as determined by the Board of Directors of the Company. In the event that the Board of Directors of the Company and the Holder are unable to agree upon the fair market value, the Company and the Holder shall jointly select an appraiser, who is experienced in such matters. The decision of such appraiser shall be final and conclusive, and the cost of such appraiser shall be borne equally by the Company and the Holder. Such adjustment shall be made successively whenever such a payment date is fixed.

(c) If the Notice of Exercise form elects a "cash" exercise, the Exercise Price per Common Share for the shares then being exercised shall be payable in cash or by certified or official bank check.

3.2 When Exercise Effective. Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the Business Day on which this Warrant shall have been duly surrendered to the Company and, at such time, the Holder in whose name any certificate or certificates for Warrant Shares shall be issuable upon exercise as provided in Section 3.3 hereof shall be deemed to have become the Holder or Holders of record thereof of the number of Warrant Shares purchased upon exercise of this Warrant.

3.3 Delivery of Common Share Certificates and New Warrant. As soon as reasonably practicable after each exercise of this Warrant, in whole or in part, and in any event within three (3) Business Days thereafter, the Company, at its expense (including the payment by it of any applicable issue taxes), will cause to be issued in the name of and delivered to the Holder hereof or, subject to Sections 9 and 10 hereof, as the Holder (upon payment by the Holder of any applicable transfer taxes) may direct:

(a) a certificate or certificates (with appropriate restrictive legends, as applicable) for the number of duly authorized, validly issued, fully paid, and nonassessable Common Shares to which the Holder shall be entitled upon exercise. and

(b) in case exercise is in part only, a new Warrant document of like tenor, dated the date hereof, for the remaining number of Warrant Shares issuable upon exercise of this Warrant after giving effect to the partial exercise of this Warrant (including the delivery of any Warrant Shares as payment of the Exercise Price for such partial exercise of this Warrant).

4. Certain Adjustments. For so long as this Warrant is outstanding:

4.1 Mergers or Consolidations. If at any time after the date hereof there shall be a capital reorganization (other than a combination or subdivision of the Common Shares otherwise provided for herein) resulting in a reclassification to or change in the terms of securities issuable upon exercise of this Warrant (a "**Reorganization**"), or a merger or consolidation of the Company with another corporation, association, partnership, organization, business, individual, government or political subdivision thereof or a governmental agency (a "**Person**" or the "**Persons**") (other than a merger with another Person in which the Company is a continuing corporation and which does not result in any reclassification or change in the terms of securities issuable upon exercise of this Warrant or a merger effected exclusively for the purpose of changing the domicile of the Company) (a "**Merger**"), then, as a part of such Reorganization or Merger, lawful provision and adjustment shall be made so that the Holder shall thereafter be entitled to receive, upon exercise of this Warrant, the number of shares of stock or any other equity or debt securities or property receivable upon such Reorganization or Merger by a holder of the number of Common Shares which might have been purchased upon exercise of this Warrant immediately prior to such Reorganization or Merger. In any such case, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the Reorganization or Merger to the end that the provisions of this Warrant (including adjustment of the Exercise Price then in effect and the number of Warrant Shares) shall be applicable after that event, as near as reasonably may be, in relation to any shares of stock, securities, property or other assets thereafter deliverable upon exercise of this Warrant. The provisions of this Section 4.1 shall similarly apply to successive Reorganizations and Mergers.

4.2 Splits and Subdivisions; Dividends. In the event the Company should at any time or from time to time effectuate a split or subdivision of the outstanding Common Shares or pay a dividend in or make a distribution payable in additional Common Shares or other securities or rights convertible into, or entitling the holder thereof to receive, directly or indirectly, additional Common Shares (hereinafter referred to as the "**Common Share Equivalents**") without payment of any consideration by such holder for the additional Common Shares or Common Shares Equivalents (including the additional Common Shares issuable upon conversion or exercise thereof), then, as of the applicable record date (or the date of such distribution, split or subdivision if no record date is fixed), the per share Exercise Price shall be appropriately decreased and the number of Warrant Shares shall be appropriately increased in proportion to such increase (or potential increase) of outstanding shares. provided, however, that no adjustment shall be made in the event the split, subdivision, dividend or distribution is not effectuated. Notwithstanding the foregoing or anything else to the contrary herein, in no event shall the per share Exercise Price be reduced below the par value of one Common Share or of such other securities as may be issued upon exercise of the Warrant.

Pursuant to the anti-dilution terms of this Section 4.2, provided that the shareholders are proportionally affected by such split or subdivision, dividend, distribution, or other similar event, the Holder may receive a greater number of Warrant Shares or the per share Exercise Price may be lower than originally contemplated by this Warrant. Additionally, the Holder shall not have the right to accrue cash dividends prior to the exercise or conversion of the Warrant.

4.3 Combination of Shares. If the number of Common Shares outstanding at any time after the date hereof is decreased by a combination of the outstanding Common Shares, the per share Exercise Price shall be appropriately increased and the number of shares of Warrant Shares shall be appropriately decreased in proportion to such decrease in outstanding shares.

4.4 Adjustments for Other Distributions. In the event the Company shall declare a distribution payable in securities of other Persons, evidences of indebtedness issued by the Company or other Persons, assets (excluding cash dividends or distributions to the holders of Common Stock paid out of current or retained earnings and declared by the Company's Board of Directors) or options or rights not referred to in Sections 4.1, 4.2, or 4.3, then, in each such case for the purpose of this Section 4.4, upon exercise of this Warrant, the Holder shall be entitled to a proportionate share of any such distribution as though the Holder was the actual record holder of the number of Warrant Shares as of the record date fixed for the determination of the holders of Common Shares of the Company entitled to receive such distribution.

5. No Impairment. The Company will not, by amendment of its certificate of incorporation or bylaws or through any consolidation, Merger, Reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all of the terms and in the taking of all actions necessary or appropriate to protect the rights of the Holder against impairment.

6. Chief Financial Officer's Report as to Adjustments. With respect to each adjustment pursuant to Section 4 of this Warrant, the Company, at its expense, will promptly compute the adjustment or re-adjustment in accordance with the terms of this Warrant and cause its Chief Financial Officer to certify the computation (other than any computation of the fair value of property of the Company) and prepare a report setting forth, in reasonable detail, the event requiring the adjustment or re-adjustment and the amount of such adjustment or re-adjustment, the method of calculation thereof and the facts upon which the adjustment or re-adjustment is based, and the Exercise Price and the number of Warrant Shares or other securities purchasable hereunder after giving effect to such adjustment or re-adjustment, which report shall be mailed by first class mail, postage prepaid to the Holder. The Company will also keep copies of all reports at its office maintained pursuant to Section 10.2(a) hereof and will cause them to be available for inspection at the office during normal business hours upon reasonable notice by the Holder or any prospective purchaser of the Warrant designated by the Holder thereof.

7. Reservation of Shares. The Company shall, solely for the purpose of effecting the exercise of this Warrant, at all times during the term of this Warrant, reserve and keep available out of its authorized Common Shares, free from all taxes, liens, and charges with respect to the issue thereof and not subject to preemptive rights or other similar rights of shareholders of the Company, such number of its Common Shares as shall from time to time be sufficient to effect in full the exercise of this Warrant. If at any time the number of authorized but unissued Common Shares shall not be sufficient to effect in full the exercise of this Warrant, in addition to such other remedies as shall be available to Holder, the Company will promptly take such corporate action as may, in the opinion of its counsel, be necessary to increase the number of authorized but unissued Common Shares to such number of shares as shall be sufficient for such purposes, including without limitation, using its best efforts to obtain the requisite shareholder approval necessary to increase the number of authorized Common Shares. The Company hereby represents and warrants that all Common Shares issuable upon exercise of this Warrant shall be duly authorized and, when issued and paid for upon exercise, shall be validly issued, fully paid and nonassessable.

#### 8. Registration and Listing.

8.1 Definition of Registrable Securities; Majority. As used herein, the term "**Registrable Securities**" means any Common Shares issuable upon the exercise of this Warrant, until the date (if any) on which such shares shall have been transferred or exchanged and new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force. For purposes of this Warrant, the term "**Majority**," in reference to the holders of Registrable Securities, shall mean in excess of fifty percent (50%) of the then outstanding Registrable Securities (assuming the exercise of the entire Warrant) that (i) are not held by the Company, an affiliate, officer, creditor, employee or agent thereof or any of their respective affiliates, members of their family, Persons acting as nominees or in conjunction therewith, and (ii) have not be resold to the public pursuant to a registration statement filed under the Securities Act.

## 8.2 Required Registration.

(a) At any time on or after the date hereof and on or before the five (5) year anniversary of the Base Date, but in no event on not more than two (2) occasions (the Registration Expenses associated with a second required registration effected (as described in Section 8.2(c)) pursuant to this Section 8.2(a) shall be payable by the Holder pursuant to Section 8.5 hereto), upon the written request of the holders of the Registrable Securities representing a Majority of such securities, the Company will use its best efforts to effect the registration of the respective shares of the holders of Registrable Securities under the Securities Act to the extent requisite to permit the disposition thereof as expeditiously as reasonably possible, but in no event later than one hundred twenty (120) days from the date of such request.

(b) Registration of Registrable Securities under this Section 8.2 shall be on such appropriate registration form: (i) as shall be selected by the Company; and (ii) as shall permit the disposition of such Registrable Securities in accordance with this Section 8.2. The Company agrees to include in any such registration statement all information which the requesting holders of Registrable Securities shall reasonably request, which is required to be contained therein. The Company will pay all Registration Expenses in connection with the first, and only the first, required registration of Registrable Securities effected (as described in Section 8.2(c)) pursuant to this Section 8.2. The Registration Expenses associated with the second required registration of Registrable Securities pursuant to this Section 8.2 shall be payable by the Holder pursuant to Section 8.5 hereto.

(c) A registration requested pursuant to this Section 8.2 shall not be deemed to have been effected: (i) unless a registration statement with respect thereto has become effective; or (ii) if, after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court of competent jurisdiction for any reason, other than by reason of some act or omission by a holder of Registrable Securities.

**8.3 Registration Procedures.** Whenever the holders of Registrable Securities have properly requested that any Registrable Securities be registered pursuant to the terms of this Warrant, the Company shall use its best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective.

(b) notify such holders of the effectiveness of each registration statement filed hereunder and prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to (i) keep such registration statement effective and the prospectus included therein usable for a period commencing on the date that such registration statement is initially declared effective by the SEC and ending on the date when all Registrable Securities covered by such registration statement have been sold pursuant to the registration statement or cease to be Registrable Securities, and (ii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement.

(c) furnish to such holders such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such seller may reasonably request to facilitate the disposition of the Registrable Securities owned by such holders.

(d) use its best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as such holders reasonably request and do any and all other acts and things which may be reasonably necessary or advisable to enable such holders to consummate the disposition in such jurisdictions of the Registrable Securities owned by such holders. *provided, however*, that the Company shall not be required to: (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph; (ii) subject itself to taxation in any such jurisdiction; or (iii) consent to general service of process in any such jurisdiction.

(e) notify such holders, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances in which they are made, not materially misleading, and, at the reasonable request of such holders, the Company shall prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances in which they are made, not materially misleading.

(f) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement.

(g) make available for inspection by any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by any such underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors, managers, employees and independent accountants to supply all information reasonably requested by any such underwriter, attorney, accountant or agent in connection with such registration statement.

(h) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC.

(i) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Registrable Securities included in such registration statement for sale in any jurisdiction, the Company shall use its best efforts promptly to obtain the withdrawal of such order.

(j) use its best efforts to cause any Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities.

(k) if the offering is underwritten, use its best efforts to furnish on the date that Registrable Securities are delivered to the underwriters for sale pursuant to such registration, an opinion dated such date of counsel representing the Company for the purposes of such registration, addressed to the underwriters covering such issues as are customarily addressed in opinions to underwriters in public offerings and reasonably required by such underwriters.

8.4 Expenses. The Company shall pay all Registration Expenses relating to the registration and listing obligations set forth in this Section 8, except that the Holder, to the extent applicable, shall be responsible for the Registration Expenses for the second required registration effected pursuant to Section 8.2(a). For purposes of this Warrant, the term "**Registration Expenses**" means: (a) all registration, filing and FINRA fees; (b) all reasonable fees and expenses of complying with securities or blue sky laws; (c) all word processing, duplicating and printing expenses; (d) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance; (e) premiums and other costs of policies of insurance (if any) against liabilities arising out of the public offering of the Registrable Securities being registered if the Company desires such insurance, if any; and (f) fees and disbursements of one counsel for all of the selling holders of Registrable Securities. Registration Expenses shall not include any underwriting discounts and commissions which may be incurred in the sale of any Registrable Securities and transfer taxes of the selling holders of Registrable Securities.

8.5 Information Provided by Holders. Any holder of Registrable Securities included in any registration shall furnish to the Company such information as the Company may reasonably request in writing to enable the Company to comply with the provisions hereof in connection with any registration referred to in this Warrant. In the event that a holder of Registrable Securities fails to provide such information on a timely basis, and in any event within seven (7) Business Days of the Company's written request, then the Company shall be entitled to exclude the Registrable Securities of such holder from such registration and the Company shall nevertheless be deemed to have satisfied its obligations hereunder with respect to such registration.

#### 9. Restrictions on Transfer

9.1 Restrictive Legends. This Warrant and each Warrant issued upon transfer or in substitution for this Warrant pursuant to Section 10 hereof, each certificate for Common Shares issued upon the exercise of the Warrant and each certificate issued upon the transfer of any such Common Shares shall be transferable only upon satisfaction of the conditions specified in this Section 9. Each of the foregoing securities shall be stamped or otherwise imprinted with a legend reflecting the restrictions on transfer set forth herein and any restrictions required under the Securities Act or other applicable securities laws.

9.2 Notice of Proposed Transfer. Prior to any transfer of any securities which are not registered under an effective registration statement under the Securities Act ("**Restricted Securities**"), which transfer may only occur if there is an exemption from the registration provisions of the Securities Act and all other applicable securities laws, the Holder will give written notice to the Company of the Holder's intention to effect a transfer (and shall describe the manner and circumstances of the proposed transfer). The following provisions shall apply to any proposed transfer of Restricted Securities:

(a) If in the opinion of counsel for the Holder reasonably satisfactory to the Company the proposed transfer may be effected without registration of the Restricted Securities under the Securities Act (which opinion shall state in detail the basis of the legal conclusions reached therein), the Holder shall, upon delivery of an executed original of such opinion, be entitled to transfer the Restricted Securities in accordance with the terms of the notice delivered by the Holder to the Company. Each certificate representing the Restricted Securities issued upon or in connection with any transfer shall bear the restrictive legends required by Section 9.1 hereof.

(b) If the opinion called for in (i) above is not delivered, the Holder shall not be entitled to transfer the Restricted Securities until either (x) receipt by the Company of a further notice from such Holder pursuant to the foregoing provisions of this Section 9.2 and fulfillment of the provisions of clause (i) above, or (y) such Restricted Securities have been effectively registered under the Securities Act.

9.3 Certain Other Transfer Restrictions. Notwithstanding any other provision of this Section 9: (i) prior to the Vesting Date this Warrant or the Restricted Securities thereunder may only be transferred or assigned to the persons permitted under FINRA Rule 5110(g)(1); and (ii) no opinion of counsel shall be necessary for a transfer of Restricted Securities by the Holder to any Person employed by or owning equity in the Holder, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if the transferee were the original holder hereof and such transfer is permitted under applicable securities laws. Additionally, pursuant to FINRA Rule 5110(g), this Warrant shall not be sold during the Offering, or sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of this Warrant or the Shares acquirable upon exercise hereof, by any person for a period of 180 days immediately following the effective date of the Offering, except as provided in paragraph (g)(2) of Rule 5110(g) of the FINRA.

9.4 Termination of Restrictions. The restrictions imposed by this Section 9 upon the transferability of Restricted Securities shall cease and terminate as to any particular Restricted Securities: (a) which shall have been effectively registered under the Securities Act; or (b) when, in the opinions of both counsel for the Holder and counsel for the Company, such restrictions are no longer required to insure compliance with the Securities Act. Whenever such restrictions shall cease and terminate as to any Restricted Securities, the Holder shall be entitled to receive from the Company, without expense (other than applicable transfer taxes, if any), new securities of like tenor not bearing the applicable legends required by Section 9.1 hereof.

#### 10. Ownership, Transfer and Substitution of Warrant.

10.1 Ownership of Warrant. The Company may treat any Person in whose name this Warrant is registered in the Warrant Register maintained pursuant to Section 10.2(b) hereof as the owner and Holder for all purposes, notwithstanding any notice to the contrary, except that, if and when any Warrant is properly assigned in blank, the Company may (but shall not be obligated to) treat the bearer thereof as the owner of such Warrant for all purposes, notwithstanding any notice to the contrary. Subject to Sections 9 and 10 hereof, this Warrant, if properly assigned, may be exercised by a new Holder without a new Warrant first having been issued.

#### 10.2 Office; Exchange of Warrant.

(a) The Company will maintain its principal office at the location identified in the prospectus relating to the Offering or at such other offices as set forth in the Company's most current filing under the Securities Exchange Act of 1934, as amended, or as the Company otherwise notifies the Holder.

(b) The Company shall cause to be kept at its office a Warrant Register for the registration and transfer of the Warrant. The name and address of the Holder of the Warrant, the transfers thereof and the name and address of the transferee of the Warrant shall be registered in such Warrant Register.

(c) Upon the surrender of this Warrant, properly endorsed, for registration of transfer or for exchange at the office of the Company maintained pursuant to Section 10.2(a) hereof, the Company at its expense will (subject to compliance by the Holder with Section 9 hereof, if applicable) execute and deliver to or upon the order of the Holder thereof a new Warrant of like tenor, in the name of such Holder or as such Holder (upon payment by such holder of any applicable transfer taxes) may direct, calling in the aggregate on the face thereof for the number of Common Shares called for on the face of the Warrant so surrendered (after giving effect to any previous adjustment(s) to the number of Warrant Shares).

10.3 Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, upon delivery of indemnity reasonably satisfactory to the Company in form and amount or, in the case of any mutilation, upon surrender of this Warrant for cancellation at the office of the Company maintained pursuant to Section 10.2(a) hereof, the Company, at its expense, will execute and deliver, in lieu thereof, a new Warrant of like tenor and dated the date hereof.

11. No Rights or Liabilities as Stockholder. Except as provided in Section 4.4, no Holder shall be entitled to vote or receive dividends or be deemed the holder of any Common Shares or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, Merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the Common Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. The Holder will not be entitled to share in the assets of the Company in the event of a liquidation, dissolution or the winding up of the Company.

12. Notices. Any notice or other communication in connection with this Warrant shall be given in writing and directed to the parties hereto as set forth in the Underwriting Agreement. *provided*, that the exercise of the Warrant shall also be effected in the manner provided in Section 3 hereof. Notices shall be deemed properly delivered and received when delivered to the notice party (i) if personally delivered, upon receipt or refusal to accept delivery, (ii) if sent via facsimile, upon mechanical confirmation of successful transmission thereof generated by the sending telecopy machine, (iii) if sent by a commercial overnight courier for delivery on the next Business Day, on the first Business Day after deposit with such courier service, or (iv) if sent by registered or certified mail, five (5) Business Days after deposit thereof in the U.S. mail.

13. Payment of Taxes. The Company will pay all documentary stamp taxes attributable to the issuance of Common Shares underlying this Warrant upon exercise of this Warrant. *provided, however*, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the transfer or registration of this Warrant or any certificate for Common Shares underlying this Warrant in a name other than that of the Holder. The Holder is responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Common Shares underlying this Warrant upon exercise hereof.

14. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. This Warrant shall be construed and enforced in accordance with and governed by the laws of the State of New York. The section headings in this Warrant are for purposes of convenience only and shall not constitute a part hereof.

***[Signature Page Follows]***

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the date first above written.

Very truly yours,

**ENDRA LIFE SCIENCES INC.**

By:

Name:

Title:

**EXHIBIT A**

**FORM OF EXERCISE NOTICE**

[To be executed only upon exercise of Warrant]

To ENDRA Life Sciences Inc.:

The undersigned registered holder of the within Warrant hereby irrevocably exercises the Warrant pursuant to Section 3.1 of the Warrant with respect to \_\_\_\_\_ Warrant Shares, at an exercise price per share of \$ \_\_\_\_\_, and requests that the certificates for such Warrant Shares be issued, subject to Sections 9 and 10, in the name of, and delivered to:

The undersigned is hereby making payment for the Warrant Shares in the following manner: [describe desired payment method as provided for in 3.1 of the Warrant].

The undersigned hereby represents and warrants that it is, and has been since its acquisition of the Warrant, the record and beneficial owner of the Warrant.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the face of Warrant )

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(State)

\_\_\_\_\_  
(Zip Code)

**EXHIBIT B**

**FORM OF ASSIGNMENT**

[To be executed only upon transfer of Warrant]

For value received, the undersigned registered holder of the within Warrant hereby sells, assigns, and transfers unto \_\_\_\_\_ [include name and addresses] the rights represented by the Warrant to purchase \_\_\_\_\_ Common Shares of ENDRA Life Sciences Inc. to which the Warrant relates, and appoints Attorney to make such transfer on the books of ENDRA Life Sciences Inc. maintained for the purpose, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the face of Warrant)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(State)

\_\_\_\_\_  
(Zip Code)

Signed in the presence of: \_\_\_\_\_  
(Signature of Transferee)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(State)

\_\_\_\_\_  
(Zip Code)

Signed in the presence of: \_\_\_\_\_

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Francois Michelin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ENDRA Life Sciences 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.

Date: November 5, 2018

/s/ Francois Michelin

Name: Francois Michelin

Title: Chief Executive Officer and Chairman

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**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David R. Wells, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ENDRA Life Sciences 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.

Date: November 5, 2018

/s/ David R. Wells

Name: David R. Wells

Title: Chief Financial Officer

*(Principal Financial and Accounting Officer)*

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

In connection with the Quarterly Report of ENDRA Life Sciences Inc. (the "Company") on Form 10-Q for the period ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Francois Michelin, Chief Executive Officer and Chairman of the Company, and David Wells, 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.

A signed original of this written statement required by Section 906 has been provided to ENDRA Life Sciences Inc. and will be retained by ENDRA Life Sciences Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Francois Michelin

Name: Francois Michelin  
Title: Chief Executive Officer and  
Chairman  
Date: November 5, 2018

/s/ David R. Wells

Name: David R. Wells  
Title: Chief Financial Officer  
Date: November 5, 2018

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**ENDRA Life Sciences Reports Third Quarter 2018 Financial Results****Management to Host Conference Call Today at 4:30 p.m. ET**

**ANN ARBOR, MI / ACCESSWIRE / November 5, 2018 / [ENDRA Life Sciences Inc.](#) ("ENDRA") ([NDRA](#)), a developer of enhanced ultrasound technologies, reported its financial and operational results for the three and nine months ended September 30, 2018.**

**Key Third Quarter 2018 and Subsequent Highlights:**

- Issued an Investigational Testing Authorization ("ITA") by Health Canada, allowing ENDRA to initiate human studies with its Thermo-Acoustic Enhanced Ultrasound ("TAEUSTM") clinical system targeting Non-Alcoholic Fatty Liver Disease ("NAFLD").
- Showcased TAEUS™ NAFLD application at the EASL Non-Alcoholic Fatty Liver Disease Summit in Geneva, Switzerland in September 2018.
- Granted three U.S. patents supporting the TAEUS™ clinical product, bringing ENDRA's total current intellectual property portfolio to 40 assets in preparation, filed, issued or licensed, encompassing a range of device and method-focused IP in targeted global markets, including:
- Commenced pre-commercialization activities to raise industry awareness in anticipation of the commercial launch in Europe in 2019, including 1) securing exhibit space at notable liver disease and ultrasound industry events in Basel, San Francisco and Chicago in November 2018 and 2) publishing educational animations through social media and ENDRA's website ([endrainc.com](#)).
- In October 2018, strengthened balance sheet with a public offering of approximately 1.5 million shares of common stock, generating gross proceeds of approximately \$3.1 million.

**Management Commentary**

"The third quarter of 2018 was highlighted by continued progress towards the commercialization of our proprietary Thermo-Acoustic Enhanced Ultrasound system," said Francois Michelon, CEO of ENDRA Life Sciences.

"During the quarter we advanced product development, expanded our intellectual property portfolio, anchored by the granting of three new U.S. patents, and ramped up pre-commercialization activities to raise awareness of our TAEUS clinical product at key industry events within the hepatology, radiology and ultrasound medical communities."

"While ENDRA's first TAEUS application will focus on the quantification of fat in the liver for early detection and monitoring of Non-Alcoholic Fatty Liver Disease, which affects over 1 billion people globally, TAEUS is a highly scalable platform with multiple potential clinical applications and revenue streams beyond liver disease. We believe that our formal attendance at these events will allow us to gather valuable insights from clinical thought leaders while simultaneously generating leads for potential future early adopters," continued Michelon.

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"Most importantly Health Canada issued ENDRA an Investigational Testing Authorization to commence human studies with our Thermo-Acoustic Enhanced Ultrasound, or TAEUS™, clinical system. The ITA application was reviewed under a Class II designation and the study will be conducted in collaboration with Imaging Laboratories at Robarts Research in London, Canada. We received this approval subsequent to the closing of the third quarter."

"Volunteer recruitment has been strong and we expect initial studies to be completed in the coming weeks with preliminary data expected sometime in December 2018. This study will provide key insights into clinical workflow and TAEUS' quantitative methodologies, an important step towards our commercialization goals. It's also important to note that the Canadian study is only the first of several planned clinical studies for our fatty liver application," stated Michelin.

"On the financial front, we completed a public offering of common stock generating approximately \$3.1 million in gross proceeds to strengthen our balance sheet and extend our operational runway towards commercialization of the first TAEUS clinical product. This offering was completed subsequent to the closing of the third quarter and therefore it is not represented in our financial statements as of September 30, 2018.

"As we now move towards the close of the fourth quarter of 2018, we believe ENDRA is positioned to deliver key milestones for ENDRA's Fatty Liver application in 2018 and 2019, including:

- First human study completed by December 2018, yielding insights into TAEUS' quantitative methodologies, and supportive safety and human factor data for its CE application;
- Pre-commercialization awareness building at key industry tradeshows in Q4 2018;
- Quality management system implementation to support applications to receive ISO certification and CE mark in the first half of 2019; and
- Commercial launch of TAEUS liver device in Europe in the first half of 2019.

"As evidenced by the recent positive developments in the liver disease and therapy landscape, and based upon our conversations at industry tradeshows, we continue to believe a diagnostic tool at the earliest stage of liver disease (NAFLD) strategically positions ENDRA for substantial adoption of its TAEUS clinical product once human data is obtained and CE mark is granted. We look forward to speaking with investors and analysts at upcoming investor and industry events in the months ahead," concluded Michelin.

### **Third Quarter 2018 Financial Results**

We had no revenue in Q3 2018, compared to \$0.3 million in Q3 2017. The revenue in 2017 was a result of the sale of one of our Nexus 128 pre-clinical systems.

Operating expenses increased to \$2.4 million in Q3 2018 as compared to \$1.1 million in Q3 2017. The increase in operating expenses was primarily due to increased expenditures on research and development of ENDRA's TAEUS technology, and the one time write down of inventory related to our Nexus 128 product line.

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Net loss in Q3 2018 totaled \$2.8 million, or (\$0.70) per basic and diluted share, as compared to a net loss of \$0.9 million, or (\$0.23) per basic and diluted share, in Q3 2017.

Cash at September 30, 2018 totaled \$0.6 million, as compared to \$2.2 million at June 30, 2018. Subsequent to the closing of the third quarter, the Company completed a public offering of common stock, generating approximately \$3.1 million in gross proceeds.

#### **Conference Call**

ENDRA CEO Francois Michelon, CFO David Wells and CTO Michael Thornton will host a conference call, followed by a question and answer period.

To access the call, please use the following information:

Date: Monday, November 5, 2018

Time: 4:30 p.m. EST, 1:30 p.m. PST

Toll-free dial-in number: 1-877-407-8035

International dial-in number: 1-201-689-8035

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact MZ Group at 1-949-491-8235.

The conference call will be broadcast live and available for replay at <http://www.investorcalendar.com/event/39475> and via the investor relations section of the Company's website at [www.endrainc.com](http://www.endrainc.com).

A replay of the conference call will be available after 4:30 p.m. Eastern time through November 19, 2018.

Toll-free replay number: 1-877-481-4010

International replay number: 1-919-882-2331

Replay ID: 39475

#### **About ENDRA Life Sciences Inc.**

ENDRA Life Sciences Inc. ("ENDRA") ([NDRA](http://www.endrainc.com)) is a developer of enhanced ultrasound technologies. ENDRA is developing a next generation Thermo-Acoustic Enhanced UltraSound (TAEUS™) platform to enable clinicians to visualize human tissue composition, function and temperature in ways previously possible only with CT & MRI - at a fraction of the cost, and at the point-of-care. ENDRA's first TAEUS application will focus on the quantification of fat in the liver, for early detection and monitoring of Non-Alcoholic Fatty Liver Disease (NAFLD). ENDRA's goal is to bring new capabilities to ultrasound - thereby broadening access to better healthcare. For more information, please visit [www.endrainc.com](http://www.endrainc.com).

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## **About Non-Alcoholic Fatty Liver Disease (NAFLD)**

NAFLD is a condition closely associated with obesity, diabetes, hepatitis-C and certain genetic predispositions in which fat accumulates in the liver. NAFLD affects over 1 billion people globally and is estimated to cost the U.S healthcare system over \$100 billion annually. NAFLD is often asymptomatic and if left untreated, NAFLD can progress to inflammation (NASH), tissue scarring (fibrosis), cell death (cirrhosis) and liver cancer. By 2025, NAFLD is forecast to be the greatest root cause of liver transplants. The only tools currently available for diagnosing and monitoring NAFLD are impractical: expensive Magnetic Resonance Imaging (MRI) or an invasive surgical biopsy.

## **Forward-Looking Statements**

All statements in this release that are not based on historical fact are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as "believe," "expect," "may," "will," "should," "could," "seek," "intend," "plan," "goal," "estimate," "anticipate," or other comparable terms. Examples of forward-looking statements include, among others, statements we make regarding the results of pending human studies and nature of the data obtained from such trials; the adequacy of protections afforded to us by the patents that we own and the success we may have in, and the cost to us of, maintaining, enforcing and defending those patents; expectations concerning ENDRA's ability to secure regulatory approvals; anticipated product pricing; expectations with respect to current and future partnerships; estimates of the timing of future events and achievements; and expectations concerning ENDRA's business strategy. Forward-looking statements involve inherent risks and uncertainties which could cause actual results to differ materially from those in the forward-looking statements, as a result of various factors including, among others, the following: our ability to develop a commercially feasible technology; receipt of necessary regulatory approvals; our ability to find and maintain development partners; market acceptance of our technology; the amount and nature of competition in our industry; our ability to protect our intellectual property; and the other risks and uncertainties described in ENDRA's filings with the Securities and Exchange Commission. The forward-looking statements made in this release speak only as of the date of this release, and ENDRA assumes no obligation to update any such forward-looking statements to reflect actual results or changes in expectations, except as otherwise required by law.

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**ENDRA Life Sciences Inc.**  
**Condensed Consolidated Balance Sheets**

<b>Assets</b>	<b>September 30</b>	<b>December 31,</b>
	<b>2018</b>	<b>2017</b>
<b>Assets</b>	<b>(unaudited)</b>	
Cash	\$ 637,124	\$ 5,601,878
Accounts receivable	12,275	6,850
Prepaid expenses	328,046	67,496
Inventory	-	191,680
Other current assets	21,166	14,249
<b>Total Current Assets</b>	<b>998,611</b>	<b>5,882,153</b>
<b>Other Assets</b>		
Fixed assets, net	293,303	241,549
<b>Total Assets</b>	<b>\$ 1,291,914</b>	<b>\$ 6,123,702</b>
<b>Liabilities and Stockholders' (Deficit) Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,068,337	\$ 848,214
Convertible notes payable, net of discount	681,187	-
<b>Total Liabilities</b>	<b>1,749,524</b>	<b>848,214</b>
<b>Stockholders' (Deficit) Equity</b>		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.0001 par value; 50,000,000 shares authorized; 3,947,828 and 3,923,027 shares issued and outstanding	394	392
Additional paid in capital	24,868,082	23,170,531
Accumulated deficit	(25,326,086)	(17,895,435)
<b>Total Stockholders' (Deficit) Equity</b>	<b>(457,610)</b>	<b>5,275,488</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,291,914</b>	<b>\$ 6,123,702</b>

**ENDRA Life Sciences Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>Revenue</b>	\$ -	\$ 287,000	\$ 6,174	\$ 344,772
Cost of Goods Sold	-	118,270	-	169,697
<b>Gross Profit</b>	\$ -	\$ 168,730	\$ 6,174	\$ 175,075
<b>Operating Expenses</b>				
Research and development	1,162,911	300,527	3,671,490	571,066
Sales and marketing	72,179	47,375	220,713	55,403
General and administrative	832,883	731,762	2,842,631	1,878,093
Impairment of inventory	287,541	-	287,541	-
Total operating expenses	<u>2,355,514</u>	<u>1,079,664</u>	<u>7,022,375</u>	<u>2,504,562</u>
Operating loss	<u>(2,355,514)</u>	<u>(910,934)</u>	<u>(7,016,201)</u>	<u>(2,329,487)</u>
<b>Other Expenses</b>				
Other income (expense)	(403,061)	2,026	(414,450)	(752,835)
Total other expenses	<u>(403,061)</u>	<u>2,026</u>	<u>(414,450)</u>	<u>(752,835)</u>
Loss from operations before income taxes	(2,758,575)	(908,908)	(7,430,651)	(3,082,322)
Provision for income taxes	-	-	-	-
<b>Net Loss</b>	<u>\$ (2,758,575)</u>	<u>\$ (908,908)</u>	<u>\$ (7,430,651)</u>	<u>\$ (3,082,322)</u>
<b>Net loss per share – basic and diluted</b>	<u>\$ (0.70)</u>	<u>\$ (0.23)</u>	<u>\$ (1.89)</u>	<u>\$ (1.30)</u>
<b>Weighted average common shares – basic and diluted</b>	<u>3,927,933</u>	<u>3,907,027</u>	<u>3,924,662</u>	<u>2,367,452</u>

**ENDRA Life Sciences Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (7,430,651)	\$ (3,082,322)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	48,246	46,121
Common stock, options and warrants issued for services	1,060,012	600,514
Interest on discount of convertible debt	-	711,472
Imputed interest on promissory notes	-	1,480
Amortization of debt discount	383,428	-
Impairment of inventory	287,541	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	(5,425)	-
Increase in prepaid expenses	(260,550)	(101,254)
Increase in inventory	(95,861)	(91,574)
Increase in other asset	(6,918)	(1,887)
Increase/(decrease) in accounts payable and accrued liabilities	220,124	(7,879)
Net cash used in operating activities	<u>(5,800,054)</u>	<u>(1,925,329)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of fixed assets	(100,000)	(7,862)
Net cash used in investing activities	<u>(100,000)</u>	<u>(7,862)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of common stock	-	8,590,700
Repayment of notes payable	-	(50,000)
Proceeds from convertible notes	935,300	225,000
Net cash provided by financing activities	<u>935,300</u>	<u>8,765,700</u>
Net (Decrease)/Increase in cash	(4,954,754)	6,832,509
Cash, beginning of period	5,601,878	144,953
<b>Cash, end of period</b>	<u>\$ 637,124</u>	<u>\$ 6,977,462</u>
Supplemental disclosures:		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -
Supplemental disclosures of non-cash Items:		
Discount on convertible notes	\$ 587,541	\$ 225,000
Conversion of convertible notes and accrued interest	<u>\$ 50,000</u>	<u>\$ 1,726,079</u>