SECURITIES & EXCHANGE COMMISSION EDGAR FILING

ENDRA Life Sciences Inc.

Form: 10-Q

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2020

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	**26-0579295**
(State of incorporation)	*(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)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	NDRA	The Nasdaq Stock Market LLC
Warrants, each to purchase one share of Common Stock	NDRAW	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 May 14, 2020, there were 14,504,764 shares of our common stock, par value $0.0001 per share, outstanding.

ENDRA LIFE SCIENCES INC.
FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 2020

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

ENDRA Life Sciences Inc.
Condensed Consolidated Balance Sheets

Assets	March 31, 2020	December 31, 2019
Assets	(unaudited)	
Cash	$ 3,102,728	$ 6,174,207
Prepaid expenses	373,254	116,749
Inventory	174,935	113,442
Other current assets	121,951	130,701
Total Current Assets	3,772,868	6,535,099
Other Assets		
Fixed assets, net	237,015	236,251
Right of use assets	389,004	404,919
Total Assets	$ 4,398,887	$ 7,176,269
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,444,035	$ 1,708,525
Convertible notes payable, net of discount	38,402	298,069
Lease liabilities, current portion	68,608	66,193
Total Current Liabilities	1,551,045	2,072,787
Long Term Debt		
Lease liabilities	325,804	342,812
Total Long Term Debt	325,804	342,812
Total Liabilities	1,876,849	2,415,599
Stockholders' Equity		
Preferred stock series A, $0.0001 par value; 10,000 shares authorized; 2,441.92 shares issued and outstanding	1	1
Preferred stock series B, $0.0001 par value; 1,000 shares authorized; 121.58 shares issued and outstanding	-	-
Common stock, $0.0001 par value; 50,000,000 shares authorized; 13,553,005 and 8,421,401shares issued and outstanding	1,355	842
Additional paid in capital	50,982,080	49,933,736
Stock payable	78,836	43,528
Accumulated deficit	(48,540,234)	(45,217,437)
Total Stockholders' Equity	2,522,038	4,760,670
Total Liabilities and Stockholders' Equity	$ 4,398,887	$ 7,176,269

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 March 31, 2020	Three Months Ended March 31, 2019
Operating Expenses		
Research and development	$ 1,518,146	$ 1,773,498
Sales and marketing	114,955	56,818
General and administrative	1,467,745	916,903
Total operating expenses	3,100,846	2,747,219
Operating loss	(3,100,846)	(2,747,219)
Other Expenses		
Amortization of debt discount	(228,568)	-
Other income (expense)	6,617	(1,517)
Total other expenses	(221,951)	(1,517)
Loss from operations before income taxes	(3,322,797)	(2,748,736)
Provision for income taxes	-	-
Net Loss	$ (3,322,797)	$ (2,748,736)
Net loss per share – basic and diluted	$ (0.29)	$ (0.37)
Weighted average common shares – basic and diluted	11,508,843	7,422,642

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

ENDRA Life Sciences Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

Three Months Ended March 31, 2019	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid in Capital	Stock Payable	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2018	-	$ -	-	$ -	7,422,642	$ 742	$33,939,162	$ -	$(27,691,696)	$ 6,248,208
Fair value of vested stock options	-	-	-	-	-	-	302,268	-	-	302,268
Net loss	-	-	-	-	-	-	-	-	(2,748,736)	(2,748,736)
Balance as of March 31, 2019	-	$ -	-	$ -	7,422,642	$ 742	$34,241,430	$ -	$(30,440,432)	$ 3,801,740

Three Months Ended March 31, 2020	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid in Capital	Stock Payable	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2019	6,338.490	$ 1	351.711	$ -	8,421,401	$ 842	$49,933,736	$ 43,528	$(45,217,437)	$ 4,760,670
Series A Convertible Preferred Stock converted to common stock	(3,896.570)	-	-	-	4,520,982	452	37,471	(37,923)	-	-
Series B Convertible Preferred Stock converted to common stock	-	-	(230.133)	-	234,080	23	811	(835)	-	-
Common stock issued for note conversions	-	-	-	-	331,441	33	493,814	-	-	493,847
Common stock issued for warrant exercise	-	-	-	-	45,101	5	39,233	-	-	39,238
Fair value of vested stock options	-	-	-	-	-	-	511,080	-	-	511,080
Stock to be issued, Preferred Dividend	-	-	-	-	-	-	(34,066)	34,066	-	-
Stock to be issued, Consultant	-	-	-	-	-	-	-	40,000	-	40,000
Net loss	-	-	-	-	-	-	-	-	(3,322,797)	(3,322,797)
Balance as of March 31, 2020	2,441.920	$ 1	121.578	$ -	13,553,005	$ 1,355	$50,982,080	$ 78,836	$(48,540,234)	$ 2,522,038

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)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash Flows from Operating Activities		
Net loss	$ (3,322,797)	$ (2,748,736)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	21,586	19,632
Common stock, options and warrants issued for services	511,080	302,268
Amortization of debt discount	228,568	-
Amortization of right of use assets	15,915	-
Stock payable for investor relations	40,000	-
Changes in operating assets and liabilities:		
Decrease (increase) in prepaid expenses	(256,505)	40,354
Decrease in lease liability	(14,593)	-
Increase in inventory	(61,493)	(14,831)
Increase in other asset	8,750	-
Increase in accounts payable and accrued liabilities	(256,878)	(139,349)
Net cash used in operating activities	(3,088,367)	(2,540,662)
Cash Flows from Investing Activities		
Purchases of fixed assets	(22,350)	(5,239)
Net cash used in investing activities	(22,350)	(5,239)
Cash Flows from Financing Activities		
Proceeds from warrant exercise	39,238	-
Net cash provided by financing activities	39,238	-
Net decrease in cash	(3,071,479)	(2,545,901)
Cash, beginning of period	6,174,207	6,471,375
Cash, end of period	$ 3,102,728	$ 3,925,474
Supplemental disclosures of cash items		
Interest paid	$ 1,920	$ -
Income tax paid	$ -	$ -
Supplemental disclosures of non-cash items		
Conversion of convertible notes and accrued interest	$ 493,814	$ -
Conversion of Series A Convertible Preferred Stock	$ (452)	$ -
Conversion of Series B Convertible Preferred Stock	$ (23)	$ -
Stock dividend payable	$ 34,066	$ -
Right of use asset	$ 389,004	$ -
Lease liability	$ 394,412	$ -

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

Note 1 – Nature of the Business

ENDRA Life Sciences Inc. ("ENDRA" or the "Company") has developed and is continuing 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.

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 consolidated financial statements include all accounts of the Company and its consolidated subsidiary and/or entities as of reporting period ending date(s) and 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 months ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ended December 31, 2020. The balance sheet at December 31, 2019 has been derived from the audited financial statements at that date. For further information, refer to the financial statements and footnotes thereto included in ENDRA Life Sciences Inc. annual financial statements for the twelve months ended December 31, 2019 included in the Company's Annual Report on Form 10-K filed with the SEC on March 26, 2020.

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 March 31, 2020 and December 31, 2019, 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.

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.

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 FASB Accounting Standards Codification ("ASC") Subtopic 730-10, "Research and Development". Research and development costs are charged to the statement of operations as incurred. During the three months ended March 31, 2020 and 2019, the Company incurred $1,518,146 and $1,773,498 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". 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 19,992,774 and 24,949,725 potentially dilutive shares, which include shares of common stock issuable upon the exercise or conversion of outstanding preferred stock, stock options, warrants, and convertible notes, as of March 31, 2020 and December 31, 2019, respectively.

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

	March 31, 2020	December 31, 2019
Options to purchase common stock	3,579,737	3,449,319
Warrants to purchase common stock	13,451,823	13,496,924
Shares issuable upon conversion of notes	31,603	362,568
Shares issuable upon conversion of Series A Preferred Stock	2,806,805	7,285,651
Shares issuable upon conversion of Series B Preferred Stock	122,806	355,263
Potentially dilutive shares excluded	**19,992,774**	**24,949,725**

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. Each January 1 the pool of shares available for issuance under the Omnibus Plan automatically increases 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. On January 1, 2020, the pool of shares issuable under the Omnibus Plan automatically increased by 3,202,280 shares from 2,649,378 shares to 5,861,658. As of March 31, 2020, there were 2,281,921 shares of common stock remaining available for issuance under the Omnibus Plan.

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.

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.

Debt Discount

The Company determines if its outstanding 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).

Beneficial Conversion Feature

If the conversion feature of conventional convertible debt provides for a rate of conversion that is below market value on the date of issuance, 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.

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 convertible 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 March 31, 2020 of $48,540,234. The Company had working capital of $2,221,823 as of March 31, 2020. 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 March 31, 2020 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. As described further below under "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" the COVID-19 pandemic has impacted our business operations to some extent and is expected to continue to do so and, in light of the effect of such pandemic on financial markets, these impacts may include reduced access to capital. 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 consolidated financial statements. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

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 superseded nearly all previous revenue recognition guidance under U.S. GAAP and replaced 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 since 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 standard 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 evaluated the impact that the application of the new standard has on its consolidated financial statements and related disclosures, and determined that it should record a total lease liability of $431,363, with a corresponding right of use asset valued at $430,681. The Company adopted the provisions of this standard in the first quarter of fiscal 2019.

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 March 31, 2020 and December 31, 2019, inventory consisted of raw materials and subassemblies to be used in the assembly of a TAEUS system. As of March 31, 2020, the Company had no orders pending for the sale of a TAEUS system. As of March 31, 2020 and December 31, 2019, the Company had inventory valued at $174,935 and $113,442, respectively.

Note 4 – Fixed Assets

As of March 31, 2020 and December 31, 2019, fixed assets consisted of the following:

	March 31, 2020	December 31, 2019
Property, leasehold and capitalized software	$ 684,418	$ 679,179
TAEUS development and testing	60,708	43,596
Accumulated depreciation	(508,111)	(486,524)
Fixed assets, net	**$ 237,015**	**$ 236,251**

Depreciation expense for the three months ended March 31, 2020 and 2019 was $21,586 and $19,632, respectively.

Note 5 – Accounts Payable and Accrued Liabilities

As of March 31, 2020 and December 31, 2019, current liabilities consisted of the following:

	March 31, 2020	December 31, 2019
Accounts payable	$ 1,240,687	$ 1,278,431
Accrued payroll	95,656	94,862
Accrued bonuses	97,114	295,794
Accrued employee benefits	5,750	5,750
Accrued interest	4,828	9,738
Insurance premium financing	-	23,950
Total	**$ 1,444,035**	**$ 1,708,525**

Note 6 – Convertible Notes

July 2019 Notes

On July 26, 2019 the Company conducted a private placement offering in which the Company sold senior secured convertible promissory notes (the “July 2019 Notes”) and warrants exercisable for shares of the Company’s common stock (the “July 2019 Warrants”) to accredited investors for a purchase price approximately $2.8 million. The purchase price covered the purchase of $2,587,895 aggregate principal amount of July 2019 Notes and July 2019 Warrants exercisable for an aggregate of 1,736,843 shares of common stock. The net proceeds to the Company were approximately $2.5 million, after deducting placement agent fees and other offering expenses.

The Company sold the July 2019 Notes and July 2019 Warrants pursuant to a Securities Purchase Agreement, dated July 26, 2019, between the Company and each purchaser. The July 2019 Notes bore interest at a rate of 10% per annum until maturity on April 26, 2020. Interest was paid in arrears on the outstanding principal amount on the three month anniversary of the issuance of the July 2019 Notes, and each three month period thereafter, and finally on the maturity date. Holders of July 2019 Notes were entitled to convert principal and accrued, unpaid interest on the July 2019 Notes into shares of common stock. The July 2019 Notes were convertible into common stock at a conversion price per share equal to $1.49 and were initially convertible into 1,736,843 shares of common stock.

Each July 2019 Warrant entitles the holder to purchase one share of common stock for an exercise price per share equal to $1.49. The July 2019 Warrants are exercisable for an aggregate of 1,736,843 shares of common stock commencing immediately upon issuance and expire July 26, 2022. The July 2019 Warrants provide for cashless exercise and customary anti-dilution protection. The terms of the Placement Agent Warrant (as defined below) are the same as those of the July 2019 Warrants.

National Securities Corporation (the “Placement Agent”) acted as placement agent in the offering pursuant to a Placement Agent Agreement, dated July 9, 2019 (the “Placement Agent Agreement”). Pursuant to the Placement Agent Agreement, the Company paid to the Placement Agent a commission of 10% of the gross proceeds from the offering, reimbursed $30,000 of the Placement Agent’s expenses and issued to the Placement Agent a warrant exercisable for 173,685 shares of common stock (the “Placement Agent Warrant”).

The July 2019 Notes and July 2019 Warrants include embedded derivatives that require bifurcation from the host contract under the provisions of ASC 815-40, "Derivatives and Hedging." The estimated fair value of the derivative warrant instruments was calculated using a Black-Scholes valuation model. At inception, the aggregate relative fair value of the 1,910,538 warrants issued to the investors and the Placement Agent in July 2019 was determined to be $1,993,714 using the Black-Scholes-Merton Option Pricing model with the following average assumptions: (i) volatility rate of 111%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of three years. Out of such amount, $1,126,138 was recorded as debt discount upon issuance using allocation of proceeds. At the issuance of the July 2019 Notes, the effective conversion price was analyzed at $0.84 per share of common stock and the market price of the shares on the date of conversion was $1.54 per share. As a result, the Company recognized aggregate beneficial conversion features of $1,440,638. $1,147,257 was recorded as debt discount upon issuance of the July 2019 Notes using allocation of proceeds. As a result, the Company recorded a note discount of $2,587,895 to account for the funding cost of $314,500 and the relative fair values of the warrants' and the notes' beneficial conversion features, which will be amortized as interest over the terms of the warrants and the notes or in full upon exercise of the warrants and conversion of the notes. During the three months ended March 31, 2020, the Company amortized $228,568 of such discount to interest expense, and the unamortized discount as of March 31, 2020 was $3,858.

On December 11, 2019, the Company completed an offering of its Series A Convertible Preferred Stock ("Series A Preferred Stock"), described below under Note 7. In connection with the offering, the Company retired $1,919,008 aggregate principal amount of the July 2019 Notes and $24,184 in accrued interest, which amounts were used by the noteholders to purchase an aggregate of 1,690.58 shares of Series A Preferred Stock.

As of March 31, 2020, the Company had a total of $42,260 in principal amount of July 2019 Notes outstanding, and unamortized debt discount of $3,858, for a net balance of $38,402 amount of the July 2019 Notes remaining outstanding.

Note 7 – Capital Stock

At March 31, 2020, 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. The Company has designated 10,000 shares of its preferred stock as Series A Preferred Stock and 1,000 shares of its preferred stock as Series B Preferred Stock, and the remainder of 9,989,000 shares remain authorized but undesignated.

As of March 31, 2020, there were 13,553,005 shares of common stock, 2,441.92 shares of Series A Preferred Stock, and 121.578 shares of Series B Preferred Stock issued and outstanding, and a stock payable balance of $78,836.

During the three months ended March 31, 2020, the Company issued 4,520,982 shares of its common stock upon the conversion of 3,896.570 shares of its Series A Preferred Stock, and 234,080 shares of its common stock upon the conversion of 230.133 shares of its Series B Preferred Stock.

During the three months ended March 31, 2020, the Company issued 331,441 shares of its common stock upon the conversion of $493,847 principal amount of, and in respect of accrued interest on, July 2019 Notes.

During the three months ended March 31, 2020, the Company issued 45,101 shares of its common stock upon warrant exercises valued at $39,238.

December 2019 Offering of Series A Preferred Stock, Common Stock and Warrants

On December 11, 2019, the Company completed a private placement offering in which the Company sold 6,338.49 shares of its Series A Preferred Stock and 904,526 shares of its common stock, along with warrants (the "December 11, 2019 Warrants") exercisable for an aggregate of 8,190,225 shares of common stock, for approximately $7.9 million of gross proceeds. The offering was made pursuant to a Securities Purchase Agreement (the "Purchase Agreement"), dated as of December 5, 2019, between the Company and the investors. Pursuant to the Purchase Agreement, each investor elected whether to receive shares of Series A Preferred Stock or shares of common stock in the offering. The Company used approximately $1.9 million of the net proceeds from the offering to repay debt represented by July 2019 Notes and plans to use the remaining net proceeds for working capital and general corporate purposes.

In connection with the closing of the offering, the Company filed a Certificate of Designations of Series A Convertible Preferred Stock (the “Series A Certificate of Designations”) with the Secretary of State of the State of Delaware setting forth the rights and preferences of the Series A Preferred Stock. Each share of Series A Preferred Stock has a $1,000 issue price (the “Issue Price”). Dividends accrue on the Issue Price at a rate of 6.0% per annum and are payable to holders of Series A Preferred Stock as, when and if declared by the Company’s Board of Directors. Shares of Series A Preferred Stock, including accrued but unpaid dividends, are convertible into common stock at a conversion price of $0.87 per share. The conversion price is subject to proportional adjustment for certain transactions relating to the Company’s capital stock, including stock splits, stock dividends and similar transactions. Holders of shares of Series A Preferred Stock vote with the holders of common stock and are entitled to a number of votes equal to the number of shares of common stock into which such holder’s shares of Series A Preferred Stock are then convertible. Holders of Series A Preferred Stock are entitled to a liquidation preference in the event of any liquidation, dissolution or winding up of the Company based on their shares’ aggregate Issue Price and accrued and unpaid dividends thereon. Holders may convert their shares of Series A Preferred Stock into common stock at any time and the Company has the right to cause each holder to convert their shares of Series A Preferred Stock if at any time (i) the simple average of the daily volume-weighted average price of Common Stock for 10 consecutive trading days is greater than $1.74 (as adjusted for stock splits, stock dividends and similar transactions) and (ii) there is then an effective registration statement registering under the Securities Act of 1933, as amended (the “Securities Act”), the resale of the shares of common stock issuable upon such conversion of Series A Preferred Stock (the “Series A Forced Conversion Conditions”).

The simple average of the Daily VWAP (as defined in the Series A Certificate of Designations) for the 10 consecutive trading days from January 8, 2020 to January 22, 2020, inclusive, was $1.82, satisfying the first Forced Conversion Condition. On January 27, 2020, the SEC declared effective the Company’s Registration Statement on Form S-3 (File No. 333-235883) registering under the Securities Act the resale of the shares of common stock issuable upon the conversion of Series A Preferred Stock, shares of common stock issued in the offering, and shares of common stock issuable upon the exercise of December 11, 2019 Warrants and December 11, 2019 Warrants.

Each December 11, 2019 Warrant entitles the holder to purchase a share of common stock for an exercise price equal to $0.87. The December 11, 2019 Warrants are exercisable commencing immediately upon issuance and expire on the date five years after the date of issuance, unless earlier terminated pursuant to the terms of the December 11, 2019 Warrant. If, during the term of the December 11, 2019 Warrants, the Series A Forced Conversion Conditions are met, the Company may deliver notice thereof to the holders of the December 11, 2019 Warrants and, after a 30-day period following such notice, any unexercised December 11, 2019 Warrants will be forfeited. The December 11, 2019 Warrants provide for cashless exercise only if there is no effective registration statement registering under the Securities Act the resale of the shares of Common Stock issuable upon exercise of the December 11, 2019 Warrants. As described in the preceding paragraph, the Series A Forced Conversion Conditions have been met with respect to the December 11, 2019 Warrants.

The Securities Purchase Agreement, dated December 5, 2019, includes customary representations, warranties and covenants. In connection with the offering, the Company paid to the placement agent a commission of 8.0% of the gross proceeds from the offering, will reimburse up to $35,000 of the placement agent’s documented expenses and issued to the placement agent and its designees warrants exercisable for an aggregate of 327,606 shares of Common Stock (the “Series A Placement Agent Warrant”). The terms of the Series A Placement Agent Warrant are the same as those of the December 11, 2019 Warrants.

Series A Preferred Stock Deemed Dividend, Beneficial Conversion Calculation

After factoring in the relative fair value of the warrants issued in conjunction with the Series A Preferred Stock, the effective conversion price is $0.45 per share, compared to the market price of $0.90 per share on the date of issuance. As a result, a $4,208,612 beneficial conversion feature was recorded as a deemed dividend in the consolidated statement of operations because the Series A Preferred Stock is immediately convertible, with a credit to additional paid-in capital. The relative fair value of the warrants issued with the Series A Preferred Stock of $2,766,941 was recorded as a reduction to the carrying amount of the preferred stock in the consolidated balance sheet. The value of the warrants was determined utilizing the binomial option pricing model using a term of 5 years, a volatility of 114%, a risk-free interest rate of 1.64%, a 6% rate of dividends, and a call multiple of 2.

December 2019 Offering of Series B Preferred Stock and Warrants

On December 19, 2019, the Company completed a private placement offering in which the Company sold 351.711 shares of its Series B Preferred Stock and warrants (the “December 19, 2019 Warrants”) exercisable for an aggregate of 426,316 shares of the Company’s common stock to the investors for approximately $405,000 of gross proceeds. The Company plans to use the net proceeds from the offering for working capital and general corporate purposes.

In connection with the closing of the offering, the Company filed a Certificate of Designations of Series B Convertible Preferred Stock (the "Series B Certificate of Designations") with the Secretary of State of the State of Delaware setting forth the rights and preferences of the Series B Preferred Stock. The Series B Preferred Stock has substantially the same rights and preferences as the Series A Preferred Stock, except for a different conversion price and trading price of common stock at which the Series B Preferred Stock becomes subject to automatic conversion. Each share of Series B Preferred Stock has a $1,000 issue price (the "Issue Price"). Dividends accrue on the Issue Price at a rate of 6.0% per annum and are payable to holders of Preferred Stock as, when and if declared by the Company's Board of Directors. Shares of Series B Preferred Stock, including accrued but unpaid dividends, are convertible into Common Stock at a conversion price of $0.99 per share of common stock. The conversion price is subject to proportional adjustment for certain transactions relating to the Company's capital stock, including stock splits, stock dividends and similar transactions. Holders of shares of Series B Preferred Stock vote with the holders of common stock and are entitled to a number of votes equal to the number of shares of common stock into which such holder's shares of Series A Preferred Stock are then convertible. Holders of Series B Preferred Stock are entitled to a liquidation preference in the event of any liquidation, dissolution or winding up of the Company based on their shares' aggregate Issue Price and accrued and unpaid dividends. Such liquidation preference of Series B Preferred Stock holders is on a pari passu basis with holders of Series A Preferred Stock. Holders may convert their shares of Series B Preferred Stock into common stock at any time and the Company has the right to cause each holder to convert their shares of Series B Preferred Stock in the event that (i) the average of the daily volume-weighted average price of Common Stock over any 10 consecutive trading days is greater than $1.98 (as adjusted for stock splits, stock dividends and similar transactions) and (ii) there is then an effective registration statement registering under the Securities Act the resale of the shares of Common Stock issuable upon such conversion of Preferred Stock (together, the "Series B Forced Conversion Conditions").

The average daily VWAP requirement of the Series B Forced Conversion Conditions relating to daily volume-weighted average price of our Common Stock has not yet been satisfied. On January 27, 2020, the SEC declared effective the Company's Registration Statement on Form S-3 (File No. 333-235883) registering under the Securities Act the resale of the shares of common stock issuable upon the conversion of Series B Preferred Stock and upon the exercise of December 19, 2019 Warrants.

Each December 19, 2019 Warrant entitles the holder to purchase a share of common stock for an exercise price equal to $0.99. The December 19, 2019 Warrants are exercisable commencing immediately upon issuance and expire on the date five years after the date of issuance, unless earlier terminated pursuant to the terms of the December 19, 2019 Warrant. If, during the term of the December 19, 2019 Warrants, the Series B Forced Conversion Conditions are met, the Company may deliver notice thereof to the holders of the December 19, 2019 Warrants and, after a 30-day period following such notice, any unexercised December 19, 2019 Warrants will be forfeited. The December 19, 2019 Warrants provide for cashless exercise in the event there is no effective registration statement registering under the Securities Act the resale of the shares of common stock issuable upon exercise of such December 19, 2019 Warrants.

The Securities Purchase Agreement, dated December 19, 2019, includes customary representations, warranties and covenants. In connection with the closing of the offering, the Company paid to the placement agent in the offering a commission of approximately 8.0% of the gross proceeds from the offering and issued to the placement agent and its designees warrants exercisable for an aggregate of 14,211 shares of common stock (the "Series B Placement Agent Warrant"). The terms of the Series B Placement Agent Warrant are the same as those of the Warrants.

Series B Preferred Stock Deemed Dividend, Beneficial Conversion Calculation

After factoring in the relative fair value of the warrants issued in conjunction with the Series B Preferred Stock, the effective conversion price is $0.03 per share, compared to the market price of $1.36 per share on the date of issuance. As a result, a $11,165 beneficial conversion feature was recorded as a deemed dividend in the consolidated statement of operations because the Series B Preferred Stock is immediately convertible, with a credit to additional paid-in capital. The relative fair value of the warrants issued with the Series B Preferred Stock of $364,355 was recorded as a reduction to the carrying amount of the preferred stock in the consolidated balance sheet. The value of the warrants was determined utilizing the binomial option pricing model using a term of 5 years, a volatility of 118%, a risk-free interest rate of 1.75%, a 0% rate of dividends, and a call multiple of 2.

Note 8 – Common Stock Options

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 (the "Omnibus 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 aggregate fair value of these stock options granted by the Company during the three months ended March 31, 2020 was determined to be $185,602 using the Black-Scholes-Merton option-pricing model based on the following assumptions: (i) volatility rate of 116% to 119%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 10 years. A summary of option activity under the Company's Omnibus Plan as of March 31, 2020, and changes during the year then ended, is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance outstanding at December 31, 2019	3,449,319	$ 2.32	8.26
Granted	130,418	0.24	2.01
Exercised	-	-	-
Forfeited	-	-	-
Cancelled or expired	-	-	-
Balance outstanding at March 31, 2020	3,579,737	$ 2.24	7.79
Exercisable at March 31, 2020	856,172	$ 4.77	5.20

Note 9 – Common Stock Warrants

During the three months ended March 31, 2020, the Company issued an aggregate of 45,101 shares of its common stock upon warrant exercises valued at $39,238.

The following table summarizes all stock warrant activity of the Company for the three months ended March 31, 2020:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance outstanding at December 31, 2019	13,496,924	$ 2.02	4.07
Granted	-	-	-
Exercised	(45,101)	0.87	4.70
Forfeited		-	-
Expired	-	-	-
Balance outstanding at March 31, 2020	13,451,823	$ 2.03	3.82
Exercisable at March 31, 2020	13,451,823	$ 2.03	3.82

Note 10 – 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. On July 16, 2019, the Company exercised its option to extend the lease for an additional 5 years past the initial term originally expiring on December 31, 2019, such that the lease now expires on December 31, 2024.

The Company records the lease asset and lease liability at the present value of lease payments over the lease term. The lease typically does not provide an implicit rate; therefore, the Company uses its estimated incremental borrowing rate at the time of lease commencement to discount the present value of lease payments. The Company's discount rate for operating leases at March 31, 2020 was 10%. Lease expense is recognized on a straight-line basis over the lease term to the extent that collection is considered probable. As a result, the Company has been recognizing rents as they become payable based on the adoption of ASC Topic 842. The weighted-average remaining lease term is 4.67 years.

As of March 31, 2020, the maturities of operating lease liabilities are as follows:

	Operating Lease
2020	$ 74,092
2021	101,752
2022	104,793
2023	107,954
2024 and beyond	111,192
Total	$ 499,784
Less: amount representing interest	(105,371)
Present value of future minimum lease payments	394,412
Less: current obligations under leases	68,608
Long-term lease obligations	$ 325,804

For the three months ended March 31, 2020 and 2019, the Company incurred rent expenses of $30,288 and $23,188, respectively.

Employment and Consulting Agreements

Francois Michelon – Effective May 12, 2017, the Company entered into an amended and restated employment agreement with Francois Michelon, the Company's Chief Executive Officer and Chairman of the board of directors. The term of the employment agreement runs through December 31, 2019 and continues on a year-to-year basis thereafter. 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 $355,350. Under the employment agreement, Mr. Michelon is eligible for an annual cash bonus based upon achievement of performance-based objectives established by the board of directors. Pursuant to Mr. Michelon'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. Michelon's option award 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 option award will automatically vest. Upon termination for any other reason, the entire unvested portion of the option award will terminate.

If Mr. Michelon's employment is terminated by the Company without cause, Mr. Michelon 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. Michelon is eligible to receive benefits that are substantially similar to those of the Company's other senior executive officers.

On December 27, 2019, the Company entered into an amendment to Mr. Michelon's employment agreement to provide that (i) Mr. Michelon's employment with the Company will continue until terminated under the terms the employment agreements, and (ii) Mr. Michelon will each receive certain payments if he is terminated by the Company without Cause (as defined in the employment agreement amendment) or he resigns for Good Reason (as defined in the employment agreement amendment).

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 and continues on a year-to-year basis thereafter. 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 $267,800. 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 award 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 option award will automatically vest. Upon termination for any other reason, the entire unvested portion of the option award 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.

On December 27, 2019, the Company entered into an amendment to Mr. Thornton's employment agreement to provide that (i) Mr. Thornton's employment with the Company will continue until terminated under the terms the employment agreements, and (ii) Mr. Thornton will each receive certain payments if he is terminated by the Company without Cause (as defined in the employment agreement amendment) or he resigns for Good Reason (as defined in the employment agreement amendment).

David Wells – On May 12, 2017, the Company entered into a consulting agreement with StoryCorp Consulting ("StoryCorp"), pursuant to which David Wells provided services to the Company as its Chief Financial Officer. Pursuant to the consulting agreement, the Company paid to StoryCorp a monthly fee of $9,000, and in May 2018 this monthly fee was increased to $9,540. 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 was in place, granted 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, the annual stock option amount was increased and on December 13, 2018, Mr. Wells was granted options to purchase an additional 35,000 shares of common stock.

On May 13, 2019, the Company entered into an employment agreement with David Wells that supersedes the consulting agreement between the Company and StoryCorp. The employment agreement provides for an annual base salary of $230,000 and eligibility for an annual cash bonus to be paid based on attainment of Company and individual performance objectives to be established by the Company's board of directors (in 2019, the amount of such cash bonus if all goals were achieved would be 30% of the base salary plus base fees paid to StoryCorp under the consulting agreement). The employment agreement also provides for eligibility to receive benefits substantially similar to those of the Company's other senior executive officers.

Pursuant to the employment agreement, on May 13, 2019 Mr. Wells was granted stock options to purchase 56,000 shares of the Company's common stock. The stock options have an exercise price of $1.38 per share, and vest in three equal annual installments beginning on the first anniversary of the grant date.

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 12 – Subsequent Events

COVID-19

The COVID-19 outbreak, which the World Health Organization has classified as a pandemic, has prompted governments and regulatory bodies throughout the world to issue “stay-at-home” or similar orders, and enact restrictions on the performance of “non-essential” services, public gatherings and travel.

Beginning in March 2020, we undertook temporary precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring most employees to work remotely, pausing all non-essential travel worldwide for our employees, and limiting employee attendance at industry events and in-person work-related meetings, to the extent those events and meetings are continuing. To date we do not believe these actions have had a significant negative impact on our operations. However, these actions or additional measures we may undertake may ultimately delay progress our developmental goals or otherwise negatively affect our business. In addition, third-party actions taken to contain its spread and mitigate its public health effects of COVID-19 may negatively affect our business.

Paycheck Protection Program

Subsequent to the period ended Mach 31, 2020, the Company issued a U.S. Small Business Administration (“SBA”) Paycheck Protection Program Note (the “Note”) to First Republic Bank (the “Lender”) for a loan in the amount of $308,600.00 (the “Loan”) under the Paycheck Protection Program (“PPP”) promulgated under the Coronavirus Aid, Relief and Economic Security Act of 2020. The Loan bears interest at a rate per annum of 1.00%. The term of the Loan is two years, ending April 22, 2022 (the “Maturity Date”). No payments are due on the Loan until seven months from April 22, 2020, the date of first disbursement of the Loan (the “Deferment Period”), but interest will accrue during the Deferment Period. Following the Deferment Period, the Company must pay monthly principal and interest payments on the outstanding principal balance of the Loan amortized over the term of the Loan (the “Loan Payments”), unless forgiven in whole or in part in accordance with the PPP regulations. These repayments will begin following the Deferment Period and until the Maturity Date.

The Company may apply to the Lender for the Loan to be forgiven partially or fully if the funding received is used during the 8-week period following disbursement for payroll costs, covered rent, and covered utilities, provided that at least 75% of the forgiven amount has been used for payroll costs. Forgiveness is based on the Company’s maintaining, or quickly rehiring, employees and maintaining applicable salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. No assurance is provided that the Company will obtain forgiveness of the Loan in full or in part.

The Company may prepay the principal of the Loan at any time without incurring any prepayment charges. The Company may prepay 20% or less of the unpaid principal balance at any time without notice. If the Company prepays more than 20% and the Loan has been sold on the secondary market, the Company must provide the Lender with written notice, pay all accrued interest and comply with the other requirements described in the Note for such repayment.

The Company did not provide any collateral or personal guarantees for the Loan, nor did the Company pay any facility charge to the government or to the Lender.

The Note also provides for customary events of default, including, among others, events of default relating to failure to make payment or comply with the covenants contained in the Note and related loan documents, defaults on any other loan with the Lender, defaults on any loan or agreement with another creditor (if the Lender believes the default may materially affect the Company’s ability pay the Note), failure to pay any taxes when due, bankruptcy, breaches of representations, judgment, reorganization, merger, consolidation or other changes in ownership or business structure without the Lender’s prior written consent, and material adverse changes in financial condition or business operation. Upon an event of default the Lender may require immediate payment of all amounts owing under the Note, collect all amounts owing from the Company, or file suit and obtain judgment.

Common Stock Issued

Subsequent to the period ended March 31, 2020, the Company issued a total of 929,650 shares of common stock upon the conversion of an aggregate of 808.796 shares of Series A Convertible Preferred Stock at the request of its holder.

Subsequent to the period ended March 31, 2020 the Company issued a total of 22,099 shares of common stock to a vendor for services which were valued at $40,000.

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; uncertainties associated with COVID-19 or coronavirus, including its possible effects on our operations; 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, 2019, as filed with the SEC on March 26, 2020, 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.

From time to time, we use press releases, Twitter (@endralifesci) and LinkedIn (www.linkedin.com/company/endra-inc) to distribute material information. Our press releases and financial and other material information are routinely posted to and accessible on the Investors section of our website, www.endrainc.com. Accordingly, investors should monitor these channels, in addition to our SEC filings and public conference calls and webcasts. In addition, investors may automatically receive e-mail alerts and other information about the Company by enrolling their e-mail addresses by visiting the "Email Alerts" section of our website at investors.endrainc.com. Information that is contained in and can be accessed through our website, Twitter posts and LinkedIn are not incorporated into, and do not form a part of, this Quarterly Report or any other report or document we file with the SEC.

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, or other diagnostic technologies such as surgical biopsy, are 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. We ceased production of our Nexus 128 system as of January 1, 2019 and stopped providing service support and parts for all existing Nexus 128 systems as of July 1, 2019 in order to focus our resources on the development of our TAEUS 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 (less than 1%) 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 and other forms of data 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 nonalcoholic fatty liver disease ("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.

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. On January 13, 2020, we and GE Healthcare entered into an amendment to our agreement, extending its term by 12 months to January 14, 2021 and modifying GE Healthcare's rights of first offer.

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 that meets CE regulatory requirements required for commercial launch in the European Union followed by FDA submission for the U.S. market.

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 and the United States, followed by China.

In March, 2020, we received Conformité Européene ("CE") mark approval for our TAEUS FLIP (Fatty Liver Imaging Probe) System. The CE marking indicates that TAEUS FLIP System complies with all applicable European Directives and Regulations in the European Union and other CE mark geographies, including the 27 EU member states. We next intend to submit to the FDA an application for approval of the TAEUS FLIP.

Financial Operations Overview

Revenue

No revenue has been generated by our TAEUS technology, which we have not yet commercially sold.

Cost of Goods Sold

No cost of goods sold has been generated by our TAEUS technology, which we have not yet commercially sold.

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 headcount and consulting costs, and marketing and tradeshow expenses. Currently, our marketing efforts are through our website and attendance of key industry meetings and conferences. 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 events and 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 (the "Omnibus Plan") permits the grant of stock options and other stock awards to our employees, consultants and non-employee members of our board of directors. Each January 1 the pool of shares available for issuance under the Omnibus Plan automatically increases 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. On January 1, 2020, the pool of shares issuable under the Omnibus Plan automatically increased by 3,202,280 shares from 2,649,378 shares to 5,861,658. As of March 31, 2020, there were 2,281,921 shares of common stock remaining available for issuance under the Omnibus Plan.

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.

Debt Discount and Detachable Debt-Related Warrants

The Company accounts for debt discounts originating in connection with conversion features that are embedded in the notes related warrants in accordance with ASC Subtopic 470-20, *Debt with Conversion and Other Options*. These costs are classified on the consolidated balance sheet as a direct deduction from the debt liability. The Company amortizes these costs over the term of the securities as interest expense-debt discount in the consolidated statement of operations. Debt discounts relate to the relative fair value of warrants issued in conjunction with the debt and are also recorded as a reduction to the debt balance and accreted over the expected term of the securities to interest expense.

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 March 31, 2020 and 2019

Revenue

We had no revenue during the three months ended March 31, 2020 and 2019.

Cost of Goods Sold

There was no cost of goods sold for each of the three months ended March 31, 2020 and 2019.

Research and Development

Research and development expenses were $1,518,146 for the three months ended March 31, 2020, as compared to $1,773,498 for the three months ended March 31, 2019, a decrease of $255,352, or 14%. The costs include primarily wages, fees and equipment for the development of our TAEUS product line. Research and development expenses decreased from the same period for the prior year as we completed development of the TAEUS product and began focusing our spending on commercialization of the product that has been developed.

Sales and Marketing

Sales and marketing expenses were $114,955 for the three months ended March 31, 2020, as compared to $56,818 for the three months ended March 31, 2019, an increase of $58,137, or 102%. The increase was primarily due to additional headcount and pre-selling activities for our TAEUS product line. Currently, our marketing efforts are through our website and attendance of key industry meetings. We expect that 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 March 31, 2020 were $1,467,745, compared to $916,903 for the three months ended March 31, 2019, an increase of $550,842, or 60%. Our wage and related expenses for the three months ended March 31, 2020 were $647,442, compared to $408,345 for the three months ended March 31, 2019. Wage and related expenses in the three months ended March 31, 2020 included $66,193 for bonuses and $249,585 of stock compensation expense related to the issuance and vesting of options, compared to $34,372 for bonuses, $171,837 of stock compensation expense related to the issuance and vesting of options for the three months ended March 31, 2019. Our professional fees, which include legal, audit, and investor relations, for the three months ended March 31, 2020 were $669,275, compared to $357,837 for the three months ended March 31, 2019.

Amortization of Debt Discount

During the three months ended March 31, 2020, we incurred non-cash expenses of $228,568 related to the amortization of debt discount incurred as result of our issuance of our convertible notes and warrants issued in July 2019. There were no such expenses during the three months ended March 31, 2019.

Net Loss

As a result of the foregoing, for the three months ended March 31, 2020, we recorded a net loss of $3,322,797, compared to a net loss of $2,748,736 for the three months ended March 31, 2019.

Liquidity and Capital Resources

To date we have funded our operations through private and public sales of our securities. As of March 31, 2020, we had $3,102,728 in cash. We have completed the following financing events from January 2019 through March 31, 2020:

- In July 2019, we completed a private placement of senior secured convertible promissory notes and warrants, raising net proceeds of approximately $2.5 million after deducting offering expenses of approximately $314,500 payable by us. The promissory notes accrued interest at a rate of 10% per annum until maturity on April 26, 2020.

- In December 2019, we completed private placements of shares of Series A Preferred Stock, shares of Series B Preferred Stock, shares of common stock and warrants, raising net proceeds of approximately $5.8 million after using approximately $1.9 million to repay debt represented by convertible promissory notes issued in July 2019 and deducting offering expenses of approximately $766,000 payable by us.

- In March 2020, we entered into an at-the-market equity offering sales agreement (the “ATM Agreement”) with H.C. Wainwright & Co., LLC (“Wainwright”) to sell shares of our common stock for aggregate gross proceeds of up to $7.2 million, from time to time, through an “at-the-market” equity offering program under which Wainwright acts as sales agent. Pursuant to the ATM Agreement, Wainwright may sell the shares in sales deemed to be “at-the-market” equity offerings as defined in Rule 415 under the Securities Act, including sales made directly on or through the Nasdaq Capital Market. If agreed to in a separate terms agreement, we may sell shares to Wainwright as principal at a purchase price agreed upon by Wainwright and the Company. Wainwright may also sell shares in negotiated transactions with our prior approval. The offer and sale of the shares pursuant to the ATM Agreement will terminate upon the earlier of (a) the issuance and sale of all of the shares subject to the ATM Agreement or (b) the termination of the ATM Agreement by Wainwright or us pursuant to its terms. As of March 31, 2020, we had not sold any shares of common stock under the ATM Agreement.

We believe that cash on hand at March 31, 2020 will only be sufficient to fund our current operations into the third quarter of 2020. We will need additional capital to execute our commercialization plan and 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 through the ATM Agreement and by causing the mandatory exercise of our warrants issued on December 11, 2019 for cash. However, we have no commitments to obtain any additional funds, and there can be no assurance funds will be available in sufficient amounts or on acceptable terms. If we are unable to obtain sufficient 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 three months ended March 31, 2020, we incurred net losses of $3,322,797 and used cash in operations of $3,088, 295. 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 three months ended March 31, 2020, we used $3,088,367 of cash in operating activities primarily as a result of our net loss of $3,322,797, offset by share-based compensation of $511,080, amortization of debt discount of $228,568, depreciation expense of $21,586, amortization of Right of Use assets of $15,915, stock payable for investor relations of $40,000, and net changes in operating assets and liabilities of $(582,719).

During the three months ended March 31, 2019, we used $2,540,662 of cash in operating activities primarily as a result of our net loss of $2,748,736, which included non-cash charges for share-based compensation of $302,268, depreciation expenses of $19,632, and net changes in operating assets and liabilities of $113,826.

Investing Activities

During the three months ended March 31, 2020, the Company used $22,350 in investing activities related to purchases of equipment.

During the three months ended March 31, 2019, the Company used $5,239 in investing activities related to purchases of equipment.

Financing Activities

During the three months ended March 31, 2020, financing activities provided $39,238, in proceeds from warrant exercises.

During the three months ended March 31, 2019, there were no cash flows from financing activities.

Funding Requirements

We have not completed the commercialization of any 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;
- acquire parts and build finished goods inventory of the TAEUS FLIP system;
- prepare regulatory filings required for marketing approval of our NAFLD TAEUS application in 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 this Quarterly Report on Form 10-Q entitled “Risk Factors” and such section of our most recently filed Annual Report on Form 10-K. 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. As described above, the COVID-19 pandemic has impacted our business operations to some extent and is expected to continue to do so and, in light of the effect of such pandemic on financial markets, these impacts may include reduced access to capital. 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.

Coronavirus (“COVID-19”) Pandemic

The COVID-19 outbreak, which the World Health Organization has classified as a pandemic, has prompted governments and regulatory bodies throughout the world to issue “stay-at-home” or similar orders, and enact restrictions on the performance of “non-essential” services, public gatherings and travel.

Beginning in March 2020, we undertook temporary precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring most employees to work remotely, pausing all non-essential travel worldwide for our employees, and limiting employee attendance at industry events and in-person work-related meetings, to the extent those events and meetings are continuing. As a cash-conserving measure taken in light of the adverse economic conditions caused by the COVID-19 pandemic, in April 2020 we reduced the cash salaries of members of management by 33% for the remainder of 2020, including the salaries of our executive officers. In lieu of cash, the Company is paying this portion of management salaries in the form of restricted stock units that vest over the remainder of the year. Additionally, we amended our Non-Employee Director Compensation Policy to provide that our non-employee directors’ annual retainers for the second, third and fourth fiscal quarters of 2020 shall be paid in in the form of restricted stock units rather than cash. To date we do not believe these actions have had a significant negative impact on our operations. However, these actions or additional measures we may undertake may ultimately delay progress on our developmental goals or otherwise negatively affect our business. In addition, third-party actions taken to contain its spread and mitigate its public health effects of COVID-19 may negatively affect our business.

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 a listed company’s primary equity securities to have a minimum bid price of at least $1.00 per share. On April 24, 2020, we received a notification letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC (“Nasdaq”) notifying us that, because the closing bid price for our common stock listed on Nasdaq was below $1.00 for 30 consecutive trading days, we no longer met the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2).

The notification has no immediate effect on the listing of our common stock. In accordance with Nasdaq Marketplace Rule 5810(c)(3)(A) and the rule change filed by Nasdaq with the Securities and Exchange Commission on April 16, 2020, we have a period of 180 calendar days from July 1, 2020, or until December 28, 2020, to regain compliance with the minimum bid price requirement. The notification letter also stated that, in the event we do not regain compliance with the minimum bid price requirement by December 28, 2020, we may be eligible for additional time. To qualify for additional time, we would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and would need to provide written notice of our intention to cure the deficiency during the second compliance period, by effecting a reverse stock split, if necessary. If we meet these requirements, Nasdaq will inform us that we have been granted an additional 180 calendar days to regain compliance. However, if it appears to the staff of Nasdaq (the “Staff”) that we will not be able to cure the deficiency, or if we are otherwise not eligible, the Staff would notify us that our securities will be subject to delisting. In the event of such notification, we may appeal the Staff’s determination to delist its securities, but there can be no assurance the Staff would grant our request for continued listing.

We intend to continue actively monitoring the bid price for our common stock between now and December 28, 2020 and will consider available options to resolve the deficiency and regain compliance with the minimum bid price requirement.

Off-Balance Sheet Transactions

At March 31, 2020, 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 March 31, 2020, 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 March 31, 2020: 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.

- Upon the hiring of additional accounting personnel or outside consultants, develop and maintain adequate written accounting policies and procedures.

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 were no changes to our internal control over financial reporting or in other factors that could affect these controls during the three months ended March 31, 2020 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 factors 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, 2019, as filed with the Securities and Exchange Commission on March 26, 2020. 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.

The outbreak of the novel strain of coronavirus, SARS-CoV-2, which causes COVID-19, could adversely impact our business, including our pre-sales activities, clinical trials and ability to obtain regulatory approvals.

Public health crises such as pandemics or similar outbreaks could adversely impact our business. In December 2019, a novel strain of coronavirus, SARS-CoV-2, which causes coronavirus disease 2019 ("COVID-19"), surfaced in Wuhan, China. Since then, COVID-19 has spread to countries around the world and has been declared a pandemic by the World Health Organization. Beginning in March 2020, we undertook temporary precautionary measures to help minimize the risk of the virus to our employees, including by temporarily requiring most employees to work remotely, pausing all non-essential travel worldwide for our employees, and limiting employee attendance at industry events and in-person work-related meetings, to the extent those events and meetings are continuing. As a cash-conserving measure taken in light of the adverse economic conditions caused by the COVID-19 pandemic, in April 2020 we reduced the cash salaries of members of management by 33% for the remainder of 2020, including the salaries of our executive officers. In lieu of cash, the Company is paying this portion of management salaries in the form of restricted stock units that vest over the remainder of the year. Additionally, we amended our Non-Employee Director Compensation Policy to provide that our non-employee directors' annual retainers for the second, third and fourth fiscal quarters of 2020 shall be paid in in the form of restricted stock units rather than cash. We may take additional measures, any of which could negatively affect our business. In addition, third-party actions taken to contain its spread and mitigate its public health effects of COVID-19 may negatively affect our business.

As a result of the COVID-19 outbreak, or similar pandemics, we have and may in the future experience disruptions that could severely impact our business, preclinical studies and clinical trials, including:

- interruption of key clinical trial activities and attendance at industry events due to limitations on travel imposed or recommended by federal or state governments, employers and others or interruption of clinical trial subject visits and study procedures;
- delays or difficulties in enrolling patients in clinical trials of our TAEUS FLIP device;
- interruption or delays in the operations of the FDA and comparable foreign regulatory agencies, which may impact approval timelines; (ISSUER DIRECT….PLEASE FORMAT BULLETS CORRECTLY, REMOVE THIS NOTE)
- absenteeism or loss of employees at the Company, or at our collaborator companies, due to health reasons or government restrictions or otherwise, that are needed to develop, validate, manufacture and perform other necessary functions for our operations;
- supply chain disruptions making it difficult for our collaborator companies to order and receive materials needed for the manufacture of our TAEUS product;
- government responses including orders that make it difficult for us, our supplier and our potential customers to remain open for business, and other seen and unforeseen actions taken by government agencies;
- equipment failures, loss of utilities and other disruptions that could impact our operations or render them inoperable; and
- effects of a local or global recession or depression that could depress economic conditions for a prolonged period and limit access to capital by the Company.

These and other factors arising from the COVID-19 pandemic could worsen in the United States or locally at the location of our offices or clinical trials, each of which could further adversely impact our business generally, and could have a material adverse impact on our operations and financial condition and results.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit Number	Description
3.1	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)
3.2	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)
4.1	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)
4.2	Form of Convertible Promissory Note (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 29, 2019)
4.3	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 29, 2019)
4.4	Certificate of Designations of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 11, 2019)
4.5	Form of Warrant issued in December 2019 Series A Convertible Preferred Stock Offering (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 11, 2019)
4.6	Certificate of Designations of Series B Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 26, 2019)
4.7	Form of Warrant issued in December 2019 Series B Convertible Preferred Stock Offering (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 26, 2019)
10.1	Amendment 3 to Collaborative Research Agreement, dated January 13, 2020, by and between the Company and General Electric Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 15, 2020)
10.2	U.S. Small Business Administration Paycheck Protection Program Note, issued by the Company to First Republic Bank (filed herewith)
31.1	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)
31.2	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)
32.1	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 (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)

* Indicates management compensatory plan, contract or arrangement.

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.

Date: May 14, 2020

By: /s/ *Francois Michelon*
Francois Michelon
Chief Executive Officer and Chairman
(Principal Executive Officer)

ENDRA LIFE SCIENCES INC.

Date: May 14, 2020

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

U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

NOTE

SBA Loan #:	37429171-08
SBA Loan Name:	Paycheck Protection Program Loan
Loan Date:	4/20/2020
Loan Amount:	$308,600.00
Interest Rate:	1.00% fixed
Borrower:	ENDRA Life Sciences Inc.
Lender:	First Republic Bank

This Note represents the Loan (as defined below) made by Lender pursuant to the Paycheck Protection Program (the "PPP"). Borrower confirms and agrees that the Loan is subject in all respects to the Coronavirus Aid, Relief, and Economic Security Act and the requirements, rules, regulations, procedures and guidance concerning the PPP in effect as of the date of this Note and as may be promulgated from time to time after the date of this Note by the U.S. Department of Treasury and/or SBA (collectively, the "PPP Regulations"), including, without limitation, all PPP Regulations applicable to permitted uses of loan proceeds and loan forgiveness.

1. PROMISE TO PAY

In return for the Loan, Borrower promises to pay to the order of Lender the amount of $308,600.00 Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this Loan signed by Borrower, including the Borrower Application Form for the Paycheck Protection Program, the Borrower Certificate executed and delivered by Borrower in connection with this Note and all other attestations, certificates, agreements and documents delivered by Borrower to Lender in connection with the Loan.

"SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

Initial Deferment Period: No payments are due on this Loan for 6 months from the date of first disbursement of this Loan. Interest will continue to accrue during the deferment period.

Loan Forgiveness: Borrower may apply to Lender for forgiveness of the amount due on this Loan in an amount equal to the sum of the following costs incurred by Borrower during the 8-week period beginning on the date of first disbursement of this Loan:

a. Payroll costs
b. Any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation)
c. Any payment on a covered rent obligation
d. Any covered utility payment

The amount of Loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the PPP, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). Not more than 25% of the amount forgiven can be attributable to non-payroll costs. If Borrower has received an EIDL advance, then that amount shall be subtracted from the loan forgiveness amount.

Maturity: This Note will mature on the date that is two years from date of first disbursement of this Loan.

Repayment Terms:

Interest Rate: The interest rate on this Note is one percent per year. The interest rate is fixed and will not be changed during the life of the Loan.

Installment Payments Following Deferment Period: Borrower must pay monthly principal and interest payments on the outstanding principal balance of the Loan amortized over the term of the Loan, unless otherwise forgiven in whole or part in accordance with the PPP Regulations, beginning 7 months from the date of the first disbursement of this Loan until the maturity date. Payments of principal and interest must be made on such date as designated by Lender in the months during which they are due. Any Loan balance remaining following forgiveness pursuant to the PPP Regulations, if any, will be fully reamortized over the remaining term of the Loan.

Application of Installment Payments: Lender will apply each installment payment first to pay interest accrued to the day Lender received the payment, then to bring principal current, and will apply any remaining balance to reduce principal.

Payment at Maturity. All remaining principal and accrued interest is due and payable two years from the date of first disbursement of this Loan.

Loan Prepayment: Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note at any time without penalty. Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must:

a. Give Lender written notice;
b. Pay all accrued interest; and
c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days interest from the date Lender receives the notice, less any interest accrued during the 21 days and paid under b. of this paragraph.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

Non-Recourse: Lender and SBA shall have no recourse against any individual shareholder, member or partner of Borrower for non-payment of the Loan, except to the extent that such shareholder, member or partner uses the Loan proceeds for an unauthorized purpose.

4. DEFAULT

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower:

A. Fails to do anything required by this Note and other Loan Documents;

B. Defaults on any other loan with Lender;

C. Does not disclose, or anyone acting on its behalf does not disclose, any material fact to Lender or SBA;

D. Makes, or anyone acting on its behalf makes, (i) a materially false or misleading representation to Lender or SBA or (ii) a false or incorrect statement or certification in any certificate, attestation or agreement included in any Loan Documents;

E. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;

F. Fails to pay any taxes when due;

G. Becomes the subject of a proceeding under any bankruptcy or insolvency law;

H. Has a receiver or liquidator appointed for any part of their business or property;

I. Makes an assignment for the benefit of creditors;

J. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;

K. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or

L. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT

Without notice or demand and without giving up any of its rights, Lender may:

A. Require immediate payment of all amounts owing under this Note;

B. Collect all amounts owing from Borrower; or

C. File suit and obtain judgment.

6. LENDER'S GENERAL POWERS

Without notice and without Borrower's consent, Lender may:

A. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance; and

B. Release anyone obligated to pay this Note.

7. WHEN FEDERAL LAW APPLIES; GOVERNING LAW AND VENUE

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

When the SBA is not the holder, this Note will be interpreted and enforced under the laws of the State of California. All judicial proceedings arising in or under or related to the Loan, this Note or any of the other Loan Documents may be brought in any state or federal court located in a state where Lender has an office (each, a "Lender's State"). By execution and delivery of this Note, Borrower generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in each Lender's State; (b) waives any objection as to jurisdiction or venue in each Lender's State; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with the Loan, this Loan or the other Loan Documents.

8. SUCCESSORS AND ASSIGNS

Under this Note, Borrower includes its successors, and Lender includes its successors and assigns.

Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Note.

9. OTHER AGREEMENTS AND GENERAL PROVISIONS

A. Borrower understands and agrees, and waives and releases Lender, as follows:

   a. Forgiveness of the Loan is only available for principal that is used for the limited purposes that qualify for forgiveness under the PPP Regulations, and that to obtain forgiveness, Borrower must request it and must provide documentation in accordance with the PPP Regulations, and certify that the amounts Borrower is requesting to be forgiven qualify under the PPP Regulations. Borrower also understands that Borrower shall remain responsible under the Loan for any amounts not forgiven, and that interest payable under the Loan will not be forgiven but that the SBA may pay the Loan interest on forgiven amounts.

   b. Forgiveness is not automatic and Borrower must request it. Borrower is not relying on Lender for its understanding of the requirements for forgiveness such as eligible expenditures, necessary records/documentation, or possible reductions due to changes in number of employees or compensation. Rather Borrower will consult the PPP Regulations and SBA's program materials.

B. All individuals and entities signing this Note are jointly and severally liable.

C. Borrower waives all suretyship defenses.

D. Borrower must sign all documents necessary at any time to comply with the Loan Documents.

E. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.

F. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.

G. If any part of this Note is unenforceable, all other parts remain in effect.

H. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee.

10. FURTHER ASSURANCES

The Loan and this Note are subject in all respects to the PPP Regulations, including any PPP Regulations promulgated after the date of this Note. If after the date of this Note, any further PPP Regulations are promulgated or if the PPP Regulations mandate a form of or the terms of the note, loan authorization or other loan documents for PPP loans, Borrower agrees to execute any further instruments and documents and to take such further actions as Lender requests, including exchanging this Note for new note, executing an amendment to this Note, or executing any other loan documents that Lender requests. In the event of any exchange of or amendment to this Note, the disbursement date applicable to the Loan (and all related time periods under the PPP Regulations and the maturity date applicable to this Loan) shall be the same as set forth in this Note.

11. BORROWER'S NAME AND SIGNATURE

By signing below, each individual or entity executing this Note as "Borrower" becomes obligated under this Note as Borrower.

BORROWER:

ENDRA Life Sciences Inc.

By: DocuSigned by: David Wells
David Wells
CFO

4/21/2020
Date

EXHIBIT 31.1

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

I, Francois Michelon, 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.

ENDRA LIFE SCIENCES INC.
(Registrant)

Date: May 14, 2020

By: /s/ *Francois Michelon*
Francois Michelon
Chief Executive Officer and Chairman
(Principal Executive Officer)

EXHIBIT 31.2

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

I, David 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.

ENDRA LIFE SCIENCES INC.

Date: May 14, 2020

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

EXHIBIT 32.1

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 March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Francois Michelon, 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 Michelon*
Francois Michelon
Chief Executive Officer and Chairman

/s/ *David Wells*
David Wells
Chief Financial Officer