0001654954-24-01467010-Q ENDRA Life Sciences Inc. 20241119202411191714151714151714150 0001654954-24-014670 10-Q 6 20240930 20241119 20241119 ENDRA Life Sciences Inc. 0001681682 3845 260579295 DE 1231 10-Q 34 001-37969 241477270 3600 GREEN COURT SUITE 350 ANN ARBOR MI 48105 734-335-0468 3600 GREEN COURT SUITE 350 ANN ARBOR MI 48105 Endra Inc. 20160805 10-Q 1 endra_10q.htm FORM 10-Q endra_10q.htm Â UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 Â FORMÂ 10-Q Â (Mark One) Â â˜' QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Â FOR THE QUARTERLY PERIOD ENDEDÂ SEPTEMBER 30, 2024 OR Â â˜ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Â COMMISSION FILE NUMBERÂ 001-37969 Â ENDRA LIFE SCIENCES INC. (Exact name of registrant as specified in its charter) Â Delaware Â 26-0579295 (State of incorporation) Â (I.R.S. Employer Identification No.) Â 3600 Green Court,Â Suite 350,Â Ann Arbor,Â MIÂ 48105-1570 (Address of principal executive office)Â (Zip code) Â (734)Â 335-0468 (Registrantâ€™s telephone number, including area code) Â Securities registered pursuant to Section 12(b) of the Act: Â Title of each class Â Trading Symbol(s) Â Name of each exchange on which registered Common Stock, par value $0.0001 per share Â NDRA Â TheÂ NasdaqÂ Stock Market LLC Â 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.Â YesÂ â˜'Â Â Â Â No â˜ Â 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 (Â§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).Â YesÂ â˜'Â Â Â Â No â˜ Â 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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting companyâ€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act: Â Large accelerated filer â˜ Accelerated filer â˜ Non-accelerated Filer â˜' Smaller reporting company â˜' Â Â Emerging growth company â˜ Â 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. â˜ Â Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YesÂ â˜Â Â Â Â No â˜' Â As of November 19, 2024, there wereÂ 536,908Â shares of our common stock, par value $0.0001 per share, outstanding. Â Â Â Â TABLE OF CONTENTS Â Â Â Â Page Â   Â Â Â 2 Table of Contents Â PART I - FINANCIAL INFORMATION Â Item 1. Financial Statements ENDRA Life Sciences Inc. Condensed Consolidated Balance Sheets Â Â Â September 30, Â Â December 31, Â Assets Â 2024 Â Â 2023 Â Current Assets Â (Unaudited) Â Â Â Â Cash Â $ 4,745,187 Â Â $ 2,833,907 Â Prepaid expenses Â Â 217,120 Â Â Â 198,905 Â Total Current Assets Â Â 4,962,307 Â Â Â 3,032,812 Â Non-Current Assets Â Â Â Â Â Â Â Â Inventory, net Â Â 2,711,923 Â Â Â 2,622,865 Â Fixed assets, net Â Â 80,281 Â Â Â 111,782 Â Right of use assets Â Â 229,771 Â Â Â 354,091 Â Prepaid expenses, long term Â Â 388,842 Â Â Â 626,610 Â Other assets Â Â 5,986 Â Â Â 5,986 Â Total Assets Â $ 8,379,110 Â Â $ 6,754,146 Â Â Â Â Â Â Â Â Â Â Â Liabilities and Stockholdersâ€™ Equity Â Â Â Â Â Â Â Â Current Liabilities Â Â Â Â Â Â Â Â Accounts payable and accrued liabilities Â $ 626,706 Â Â $ 700,754 Â Lease liabilities, current portion Â Â 187,339 Â Â Â 173,857 Â Loans Â Â - Â Â Â 28,484 Â Total Current Liabilities Â Â 814,045 Â Â Â 903,095 Â Â Â Â Â Â Â Â Â Â Long Term Debt Â Â Â Â Â Â Â Â Lease liabilities Â Â 49,823 Â Â Â 192,062 Â Warrant Liability Â Â 910,556 Â Â Â - Â Total Long Term Debt Â Â 960,379 Â Â Â 192,062 Â Â Â Â Â Â Â Â Â Â Total Liabilities Â Â 1,774,424 Â Â Â 1,095,157 Â Â Â Â Â Â Â Â Â Â Stockholdersâ€™ Equity Â Â Â Â Â Â Â Â Series A Convertible Preferred Stock, $0.0001 par value; 10,000 shares authorized; 17.488 and 141.397 shares issued and outstanding, respectively Â Â - Â Â Â 1 Â Series B Convertible Preferred Stock, $0.0001 par value; 1,000 shares authorized; no shares issued and outstanding Â Â - Â Â Â - Â Series C Convertible Preferred Stock, $0.0001 par value; 100,000 shares authorized; no shares issued and outstanding Â Â - Â Â Â - Â Common stock, $0.0001 par value; 20,000,000 shares authorized; 534,863 and 5,937 shares issued and outstanding, respectively Â Â 53 Â Â Â 1 Â Additional paid in capital Â Â 105,893,728 Â Â Â 97,583,906 Â Stock payable Â Â - Â Â Â 5,233 Â Accumulated deficit Â Â (99,289,095) Â Â (91,930,152) Total Stockholdersâ€™ Equity Â Â 6,604,686 Â Â Â 5,658,989 Â Total Liabilities and Stockholdersâ€™ Equity Â $ 8,379,110 Â Â $ 6,754,146 Â Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â Â 3 Table of Contents Â ENDRA Life Sciences Inc. Condensed Consolidated Statements of Operations (Unaudited) Â Â Â Three Months Ended Â Â Three Months Ended Â Â Nine Months Ended Â Â Nine Months Ended Â Â Â September 30, Â Â September 30, Â Â September 30, Â Â September 30, Â Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Operating Expenses Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Research and development Â $ 794,444 Â Â $ 1,632,849 Â Â $ 2,552,336 Â Â $ 4,424,345 Â Sales and marketing Â Â 83,157 Â Â Â 243,332 Â Â Â 484,769 Â Â Â 672,721 Â General and administrative Â Â 631,413 Â Â Â 1,252,881 Â Â Â 3,483,303 Â Â Â 3,965,889 Â Total operating expenses Â Â 1,509,014 Â Â Â 3,129,062 Â Â Â 6,520,408 Â Â Â 9,062,955 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Operating loss Â Â (1,509,014) Â Â (3,129,062) Â Â (6,520,408) Â Â (9,062,955) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Other Expenses Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Other income (expense) Â Â 65,528 Â Â Â 28,226 Â Â Â 72,069 Â Â Â 462,241 Â Warrant expense Â Â (7,323,685) Â Â Â Â Â Â (7,323,685) Â Â Â Â Changes in fair value of warrant liability Â Â 3,341,829 Â Â Â Â Â Â Â 3,341,829 Â Â Â Â Â Gain or Loss on settlement of warrant exercise Â Â

3,071,252 Â Â Â Â Â Â Â 3,071,252 Â Â Â Â Â Total other expenses Â Â (845,076) Â Â 28,226 Â Â Â (838,535) Â Â 462,241 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Loss from operations before income taxes Â Â (2,354,090) Â Â (3,100,836) Â Â (7,358,943) Â Â (8,600,714) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Provision for income taxes Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Net Loss Â $ (2,354,090) Â $ (3,100,836) Â $ (7,358,943) Â $ (8,600,714) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Net loss per share â€“ basic and diluted Â $ (9.54) Â $ (706.20) Â $ (82.14) Â $ (2,672.98) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Weighted average common shares â€“ basic and diluted Â Â 246,816 Â Â Â 4,391 Â Â Â 89,592 Â Â Â 3,218 Â Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â Â 4 Table of Contents Â ENDRA Life Sciences Inc. Condensed Consolidated Statements of Stockholdersâ€™ Equity (Unaudited) Â Nine Months Ended September 30,2023 Â Series A Convertible Â Â Series B Convertible Â Â Â Â Â Â Additional Â Â Â Â Â Â Total Â Â Â Preferred Stock Â Â Preferred Stock Â Â Common stock Â Â Paid in Â Â Stock Â Â Accumulated Â Â Stockholders' Â Â Â Shares Â Â Amount Â Â Shares Â Â Amount Â Â Shares Â Â Amount Â Â Capital Â Â Payable Â Â Deficit Â Â Equity Â Balance as of December 31, 2022 Â Â 141.397 Â Â $ 1 Â Â Â - Â Â Â - Â Â Â 1,811 Â Â $ 0 Â Â $ 89,068,332 Â Â $ 6,073 Â Â $ (81,869,902) Â $ 7,204,504 Â Common stock issued for cash, net of funding costs Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 2,996 Â Â Â 0 Â Â Â 5,826,582 Â Â Â - Â Â Â - Â Â Â 5,826,582 Â Warrants issued for cash, net of funding costs Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 20,053 Â Â Â - Â Â Â - Â Â Â 20,053 Â Fair value of vested stock options Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 745,873 Â Â Â - Â Â Â - Â Â Â 745,873 Â Stock payable towards preference dividend Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 4,012 Â Â Â (4,012) Â Â - Â Â Â - Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (8,600,714) Â Â (8,600,714) Balance as of September 30,2023 Â Â 141.397 Â Â $ 1 Â Â Â - Â Â $ - Â Â Â 4,807 Â Â $ 0 Â Â $ 95,664,852 Â Â $ 2,061 Â Â $ (90,470,616) Â $ 5,196,298 Â Â Nine Months Ended September 30,2024 Â Series A Convertible Â Â Series B Convertible Â Â Â Â Â Â Additional Â Â Â Â Total Â Â Â Preferred Stock Â Â Preferred Stock Â Â Common stock Â Â Paid in Â Â Stock Accumulated Stockholders' Â Â Â Shares Â Â Amount Â Â Shares Â Â Amount Â Â Shares Â Â Amount Â Â Capital Â Â Payable Â Â Deficit Â Â Equity Â Balance as of December 31, 2023 Â Â 141.397 Â Â $ 1 Â Â Â - Â Â $ - Â Â Â 5,937 Â Â $ 1 Â Â $ 97,583,906 Â Â $ 5,233 Â Â $ (91,930,152) Â $ 5,658,989 Â Preferred stock conversion to common stock Â Â (123.909) Â Â -1 Â Â Â - Â Â Â - Â Â Â 5 Â Â Â - Â Â Â 1 Â Â Â - Â Â Â - Â Â Â - Â Common stock issued for cash Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 3,671 Â Â Â - Â Â Â 1,148,470 Â Â Â - Â Â Â - Â Â Â 1,148,470 Â Common stock issued for warrant exercise Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 518,876 Â Â Â 51 Â Â Â 5,368,312 Â Â Â - Â Â Â - Â Â Â 5,368,363 Â Common stock issued for cashless warrant exercise Â Â - Â Â Â - Â Â Â - Â Â Â Â Â Â Â 6,327 Â Â Â 1 Â Â Â 1,320,567 Â Â Â - Â Â Â - Â Â Â 1,320,568 Â Fair value of vested common stock (netted off with cancellation of options for terminated employees) Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 46 Â Â Â - Â Â Â 80,000 Â Â Â - Â Â Â - Â Â Â 80,000 Â Fair value of vested stock options Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 387,239 Â Â Â - Â Â Â - Â Â Â 387,239 Â Stock payable towards preference dividend Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 5,233 Â Â Â (5,233) Â Â - Â Â Â - Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (7,358,943) Â Â (7,358,943) Balance as of September 30,2024 Â Â 17.488 Â Â $ - Â Â Â - Â Â $ - Â Â Â 534,863 Â Â $ 53 Â Â $ 105,893,728 Â Â $ - Â Â $ (99,289,095) Â $ 6,604,686 Â Â Â 5 Table of Contents Â Three Months Ended September 30,2023 Â Series A Convertible Â Â Series B Convertible Â Â Â Â Â Â Â Â Additional Â Â Â Â Â Â Â Â Total Â Â Â Preferred Stock Â Â Preferred Stock Â Â Common stock Â Â Paid in Â Â StockÂ Â Â Accumulated Â Â Stockholders' Â Â Â Shares Â Â Amount Â Â Shares Â Â Amount Â Â Shares Â Â Amount Â Â Capital Â Â Payable Â Â Deficit Â Â Equity Â Balance as of June 30,2023 Â Â 141.397 Â Â $ 1 Â Â Â - Â Â $ - Â Â Â 4,275 Â Â $ 0 Â Â $ 94,297,915 Â Â $ 2,427 Â Â $ (87,369,780) Â $ 6,930,563 Â Common stock issued for cash, net of funding costs Â Â - Â Â $ - Â Â Â - Â Â $ - Â Â Â 532 Â Â $ 0 Â Â $ 1,113,832 Â Â Â - Â Â Â - Â Â Â 1,113,832 Â Fair value of vested stock options Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 252,739 Â Â Â - Â Â Â - Â Â Â 252,739 Â Stock payable towards preference dividend Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 366 Â Â Â (366) Â Â - Â Â Â - Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (3,100,836) Â Â (3,100,836) Balance as of September 30,2023 Â Â 141.397 Â Â $ 1 Â Â Â - Â Â $ - Â Â Â 4,807 Â Â $ 0 Â Â $ 95,664,852 Â Â $ 2,061 Â Â $ (90,470,616) Â $ 5,196,298 Â Â Three Months Ended September 30,2024 Â Series A Convertible Â Â Series B Convertible Â Â Â Â Â Â Â Â AdditionalÂ Â Â Â Â Â Â Â Â Total Â Â Â Preferred Stock Â Â Preferred Stock Â Â Common stock Â Â Â Paid in Â Â StockÂ Â Â Accumulated Â Â Stockholders' Â Â Â Â Shares Â Â Amount Â Â Â Shares Â Â Amount Â Â Â Shares Â Â Amount Â Â Capital Â Â Â Payable Â Â Deficit Â Â Â Equity Â Balance as of June 30,2024 Â Â 17.488 Â Â $ - Â Â Â - Â Â $ - Â Â Â 41,394 Â Â $ 4 Â Â $ 105,928,915 Â Â $ 27 Â Â $ (96,935,005) Â $ 8,993,941 Â Common stock issued for warrant exercise Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 493,469 Â Â Â 49 Â Â Â 1,634 Â Â Â - Â Â Â - Â Â Â 1,683 Â Fair value of vested stock options (netted off with cancellation of options for terminated employees) Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (36,848) Â Â - Â Â Â - Â Â Â (36,848) Stock payable towards preference dividend Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 27 Â Â Â (27) Â Â - Â Â Â - Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (2,354,090) Â Â (2,354,090) Balance as of September 30,2024 Â Â 17.488 Â Â $ - Â Â Â - Â Â $ - Â Â Â 534,863 Â Â $ 53 Â Â $ 105,893,728 Â Â $ - Â Â $ (99,289,095) Â $ 6,604,686 Â Â Â 6 Table of Contents Â ENDRA Life Sciences Inc. Condensed Consolidated Statements of Cash Flows (Unaudited) Â Â Â Â NineÂ MonthsÂ Ended Â Â NineÂ MonthsÂ Ended Â Â Â Â September 30, Â Â September 30, Â Â Â Â 2024 Â Â 2023 Â Cash Flows from Operating Activities Â Â Â Â Â Â Â Net loss Â Â $ (7,358,943) Â $ (8,600,714) Adjustments to reconcile net loss to net cash used in operating activities: Â Â Â Â Â Â Â Â Depreciation and amortization Â Â Â 35,489 Â Â Â 101,839 Â Fixed assets write off Â Â Â 8,808 Â Â Â Â Â Inventory reserve Â Â Â 4,687 Â Â Â Â Â Stock compensation expense Â Â Â 467,240 Â Â Â 745,873 Â Amortization of right of use assets Â Â Â 124,320 Â Â Â 112,365 Â Warrant expense Â Â Â 7,323,685 Â Â Â Â Â Changes in fair value of warrant liability Â Â Â (3,341,829) Â Â Â Â Gain or Loss on settlement of warrant exercise Â Â Â (3,071,252) Â Â Â Â Changes in operating assets and liabilities: Â Â Â Â Â Â Â Â Decrease in prepaid expenses Â Â Â 219,553 Â Â Â 42,380 Â Increase in inventory Â Â Â (93,745) Â Â (112,916) Decrease in accounts payable and accrued liabilities Â Â Â (74,098) Â Â 449,350 Â Decrease in lease liability Â Â Â (128,757) Â Â (112,374) Net cash used in operating activities Â Â Â (5,884,842) Â Â (7,374,197) Â Â Â Â Â Â Â Â Â Â Cash Flows from Investing Activities Â Â Â Â Â Â Â Â Â Purchases of fixed assets Â Â Â (16,000) Â Â (27,000) Proceeds from sale of fixed assets Â Â Â 3,204 Â Â Â Â Â Net cash used in investing activities Â Â Â (12,796) Â Â (27,000) Â Â Â Â Â Â Â Â Â Â Cash Flows from Financing Activities Â Â Â Â Â Â Â Â Â Proceeds from issuance of common stock Â Â Â 1,148,470 Â Â Â 5,826,582 Â Proceeds from issuance of warrants Â Â Â 5,368,363 Â Â Â 20,053 Â Proceeds from issuance of cashless warrants Â Â Â Â Â Â Â Â Â Â 1,320,568 Â Â Â Â Â Â Â Â Â Repayment of loan Â Â Â (28,484) Â Â Â Â Net cash provided by financing activities Â Â Â 7,808,917 Â Â Â 5,846,635 Â Â Â Â Â Â Â Â Â Â Â Â Net increase (decrease) in cash Â Â Â 1,911,280 Â Â Â (1,554,562) Â Â Â Â Â Â Â Â Â Â Â Cash, beginning of period Â Â Â 2,833,907 Â Â Â 4,889,098 Â Â Â Â Â Â Â Â Â Â Â Â Cash, end of period Â Â $ 4,745,187 Â Â $ 3,334,536 Â Â Â Â Â Â Â Â Â Â Â Â Supplemental disclosures of cash items Â Â Â Â Â Â Â Â Â Interest paid Â Â $ 23,211 Â Â $ - Â Income tax paid Â Â $ - Â Â $ - Â Â Â Â Â Â Â Â Â Â Â Â Supplemental disclosures of non-cash items Â Â Â Â Â Â Â Â Â Stock dividend payable Â Â $ (5,232) Â $ (4,012) Right of use asset Â Â $ 229,771 Â Â $ 393,451 Â Lease liability Â Â $ 237,162 Â Â $ 405,773 Â Cashless warrants Â Â $ 3,071,252 Â Â $ - Â Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â Â 7 Table of Contents Â ENDRA Life Sciences Inc. Notes to Condensed Consolidated Financial Statements For the nine months ended September 30, 2024 and 2023 (Unaudited) Â Note 1 - Nature of the Business Â ENDRA Life Sciences Inc. (â€œENDRAâ€ or the â€œCompanyâ€) has developed and is continuing to develop technology for characterizing tissue non-invasively, at the point of patient care, 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 (â€œCTâ€), magnetic resonance imaging (â€œMRIâ€) or other technologies are unavailable or impractical. Â ENDRA was incorporated on July 18, 2007 as a Delaware corporation. Â Note 2 - Summary of Significant Accounting Policies Â Use of Estimates Â 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. Â 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. Â Principles of Consolidation Â The Companyâ€™s consolidated financial statements include all accounts of the Company and its consolidated subsidiaries 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. Â Basis of Presentation Â 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 â€œSECâ€). 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 nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The balance sheet at September 30, 2024 has been derived from the audited financial statements at that date. For further information, refer to the financial statements and footnotes thereto included in the Companyâ€™s annual financial statements for the twelve months ended December 31, 2023 included in the Companyâ€™s Annual Report on Form 10-K filed with the SEC on March 28, 2024. Â Cash and Cash Equivalents Â 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. Cash equivalents include investments in an institutional money market fund, which invests in U.S. Treasury bills, notes and bonds, and/or repurchase agreements, backed by such obligations. Carrying value approximates fair value. 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 creditworthiness of the financial institutions and has determined the credit exposure to be negligible. The Company maintains cash deposits at multiple banks to mitigate the risk associated with a failure of any specific bank. Â Inventory Â The Companyâ€™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. The Company assessed its inventory at September 30, 2024 and determined that certain challenges, including potential damage and a longer timeframe for initial sales, warranted the establishment of an inventory shrinkage reserve. As a result, the Company recognized an inventory reserve ofÂ 5% amounting to $142,733, which resulted in the net carrying value of inventory of $2,711,923. Â Â 8 Table of Contents Â Capitalization of Fixed Assets Â 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. Â Leases Â Accounting Standards Update (â€œASUâ€) No. 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. 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. At September 30, 2024 and December 31, 2023 the Company recorded a right of use asset of $229,771Â and $354,091, respectively. At September 30, 2024 and December 31, 2023 the Company recorded a lease liability of $237,162Â and $365,919, respectively. Â Revenue Recognition Â ASU No. 2014-09, â€œRevenue from Contracts with Customersâ€ (â€œASC Topic 606â€) 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. Â 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

Companyâ€™s operations or cash flows. Â Research and Development Costs Â The Company follows FASB Accounting Standards Codification (â€œASCâ€) Subtopic 730-10, â€œResearch and Developmentâ€. Research and development costs are charged to the statement of operations as incurred. During the three months ended September 30, 2024 and 2023, the Company incurred $794,444Â and $1,632,849 of expenses related to research and development costs, respectively. During the nine months ended September 30, 2024 and 2023, the Company incurred $2,552,336Â and $ 4,424,345 of expenses related to research and development costs, respectively. Â Net Earnings (Loss) Per Common Share Â The Company computes earnings per share under ASC Subtopic 260-10, â€œEarnings Per Shareâ€. 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 â€œtreasury stockâ€ method), unless their effect on net loss per share is anti-dilutive. There wereÂ 181,974 andÂ 788Â potentially dilutive shares, which include outstanding common stock options, and warrants, as of September 30, 2024 and December 31, 2023, respectively. Â Â Â SeptemberÂ 30, 2024 Â Â DecemberÂ 31, 2023 Â Options to purchase common stock Â Â 279 Â Â Â 290 Â Warrants to purchase common stock Â Â 181,694 Â Â Â 493 Â Shares issuable upon conversion of Series A Convertible Preferred Stock Â Â 1 Â Â Â 5 Â Potential equivalent shares excluded Â Â 181,974 Â Â Â 788 Â Â Â 9 Table of Contents Â Fair Value Measurements Â 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. Â In accordance with ASC Topic 820, â€œFair Value Measurements and Disclosures,â€ 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. Â 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: Â Â· Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets; Â Â Â· 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 Â Â Â· 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. Â 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. Â The carrying amounts of the Companyâ€™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. Â Share-based Compensation Â The Companyâ€™s 2016 Omnibus Incentive Plan (the â€œOmnibus Planâ€) 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.Â Effective January 1, 2024, the pool of shares issuable under the Omnibus Plan automatically increased by 982 shares from 756 shares to 1,738 shares. Â 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 optionâ€™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. Â 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. Â Â 10 Table of Contents Â Going Concern Â The Companyâ€™s financial statements are prepared using accounting principles generally accepted in the United States (â€œU.S. GAAPâ€) applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has limited commercial experience and had a cumulative net loss from inception to September 30, 2024 of $99,289,095. The Company had working capital of $4,148,262Â as of September 30, 2024. 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 and will require additional financing to fund its future planned operations, including research and development and commercialization of its products. These matters raise substantial doubt about the Company's ability to continue as going concern. The accompanying financial statements for the nine months ended September 30, 2024 have been prepared assuming the Company will continue as a going concern, but 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. Managementâ€™s plans to continue as a going concern include raising additional capital through sales of equity securities and borrowing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. If the Company is not able to obtain the necessary additional financing on a timely basis, the Company will be required to delay, reduce the scope of, or eliminate one or more of the Companyâ€™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. 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. Â Recent Accounting Pronouncements Â The Company considered 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 managementâ€™s opinion will not have a material impact on the Companyâ€™s present or future consolidated financial statements. Â Note 3 - Inventory Â As of September 30, 2024 and December 31, 2023, inventory consisted of raw materials, subassemblies to be used in the assembly of TAEUS systems, and finished goods. As of September 30, 2024, the Company had no orders pending for the sale of a TAEUS system. Â As of September 30, 2024, the Company recorded inventory reserve ofÂ 5% or $142,733. Â As of September 30, 2024 and December 31, 2023, the Company had inventory valued at $2,711,923Â and $2,622,865, respectively. Â Note 4 - Fixed Assets Â As of September 30, 2024 and December 31, 2023, fixed assets consisted of the following: Â Â Â SeptemberÂ 30, 2024 Â Â DecemberÂ 31, 2023 Â Property, leasehold and capitalized software Â $ 579,954 Â Â $ 587,030 Â TAEUS development and testing Â Â 125,153 Â Â Â 125,151 Â Accumulated depreciation Â Â (624,826) Â Â (600,399) Fixed assets, net Â $ 80,281 Â Â $ 111,782 Â Â Depreciation expense for the three months ended September 30, 2024 and 2023 was $11,496Â and $32,058. Â Depreciation expense for the nine months ended September 30, 2024 and 2023 was $35,489Â and $101,839. Â Note 5 - Accounts Payable and Accrued Liabilities Â As of September 30, 2024 and December 31, 2023, current liabilities consisted of the following: Â Â Â SeptemberÂ 30, 2024 Â Â DecemberÂ 31, 2023 Â Accounts payable Â $ 279,417 Â Â $ 360,401 Â Accrued payroll Â Â 133,355 Â Â Â 150,293 Â Accrued bonuses Â Â - Â Â Â 35,518 Â Accrued employee benefits Â Â 5,750 Â Â Â 5,750 Â Insurance premium financing Â Â 208,184 Â Â Â 148,792 Â Total Â $ 626,706 Â Â $ 700,754 Â Â Â 11 Table of Contents Â Note 6 - Bank Loans Â Toronto-Dominion Bank Loan Â On April 27, 2020, the Company entered into a commitment loan with TD Bank under the Canadian Emergency Business Account, in the principal aggregate amount of CADÂ 40,000, due and payable upon the expiration of the initial term on December 31, 2022, which was later extended toÂ December 31, 2023. This note bears interest on the unpaid balance at the rate of zero percent (0%) per annum during the initial term.Â Under this note no interest payments were due until January 1, 2024. Under the conditions of the loan, twenty-five percent (25%) of the loan will be forgiven if seventy-five percent (75%) is repaid prior to the initial term date. During the nine months ended September 30, 2024, the loan was repaid in full. As of September 30, 2024 and December 31, 2023, the loan had a balance of CADÂ 0Â and CADÂ 40,000, respectively. Â Note 7 - Capital Stock Â Capital Stock Â At September 30, 2024, the authorized capital of the Company consisted ofÂ 30,000,000Â shares of capital stock, comprised ofÂ 20,000,000Â shares of common stock with a par value of $0.0001Â per share, andÂ 10,000,000Â shares of preferred stock with a par value of $0.0001Â per share. The Company has designatedÂ 10,000Â shares of its preferred stock as Series A Convertible Preferred Stock (â€œSeries A Preferred Stockâ€),Â 1,000Â shares of its preferred stock as Series B Convertible Preferred Stock (â€œSeries B Preferred Stockâ€),Â 100,000Â shares of its preferred stock as Series C Preferred Stock, and the remainder of theÂ 9,889,000Â preferred shares remain authorized but undesignated. Â As of September 30, 2024, there wereÂ 534,863Â shares of common stock outstanding (which excludesÂ both theÂ 69Â unvested shares ofÂ restricted stock described in Note 8 below and the conversion of Series A Preferred Stock into 1 shares of common stock and does include 12,857 shares of common stock due to exercise of warrants),Â 17.488 shares of Series A Preferred Stock, and no shares of Series B Preferred Stock or Series C Preferred Stock issued and outstanding, and a stock payable balance of $0. Â During the nine months ended September 30, 2024, the Company issued a total ofÂ 528,926Â shares of its common stock, as follows: Â Registered offering (described below): -Â 3,490Â shares of its common stock in return for aggregate net proceeds of $728,503Â under the Placement Agreement; -Â 31,666Â shares of its common stock upon exercise of pre-funded warrants for aggregate net proceeds of $6,609,831Â under the Placement Agreement (includes net proceeds from sale and exercise of pre-funded warrants); Â Other issuances: -Â 68Â shares of its common stock upon warrant exercises for aggregate net proceeds of $77,419; -Â 181Â shares of its common stock in return for aggregate net proceeds of $419,967Â under the June 2021 ATM Agreement; -Â 5Â shares of its common stock upon conversion ofÂ 123.909 shares of its Series A Preferred Stock; and - 46Â shares of the previously issued restricted common stock vested. The shares were issued for services and valued at $80,000. Â Series B warrant exercises: - 493,469 shares of its common stock upon cashless exercise of Series B Warrants Â During the nine months ended September 30, 2023, the Company issued a total ofÂ 2,464Â shares of its common stock in return for aggregate net proceeds of $4,712,750 under the Offering.Â The company issued an additional 531 shares of its common stock in return for aggregate net proceeds of $1,113,832 under the June 2021 ATM Agreement. Â Registered Offering Â On June 4, 2024, the Company entered into a placement agency agreement (the â€œPlacement Agreementâ€) with Craig-Hallum Capital Group LLC (the â€œPlacement Agentâ€) pursuant to which the Placement Agent served, on a best efforts basis, in connection with the issuance and sale (the â€œOfferingâ€) of 3,490 shares of common stock and pre-funded warrants to purchase up to an aggregate ofÂ 31,666Â shares of common stock (the â€œpre-funded warrantsâ€), together with Series A warrants to purchase up to an aggregate ofÂ 178,255Â shares of common stock (the â€œSeries A Warrantsâ€) and Series B warrants to purchase up to an aggregate ofÂ 178,255Â shares of common stock (the â€œSeries B Warrantsâ€ and, together with the Series A Warrants, the â€œSeries Warrantsâ€). The common stock, pre-funded warrants and Series Warrants were sold in a fixed combination, with each share of common stock or pre-funded warrant accompanied by a Series A Warrant to purchase one share of common stock and a Series B Warrant to purchase one share of common stock. In connection with the Offering, the Company also issued to the Placement Agent warrants (â€œPlacement Agent Warrantsâ€) to purchase up toÂ 1,758Â shares of common stock. The Offering closed on June 5, 2024. The purchase price of each share of common stock and accompanying Series Warrants was $227.50Â and the purchase price of each pre-funded warrant and accompanying common warrants was $227.325. Â The Company received net proceeds from the Offering, after deducting offering expenses payable by the Company, of $7,338,333. Â Â 12 Table of Contents Â The Offering was made pursuant to the Companyâ€™s registration statement on Form S-1 (File No. 333-278842), declared effective by the SEC on June 4, 2024. Â The Series Warrants were first exercised in connection with the reverse stock split effective on August 20, 2024. Each Series A Warrant will expire five years from the Initial Exercise Date. Each Series B Warrant will expire two and one-half years from the Initial Exercise Date. Â Under the alternate cashless exercise option of the Series B Warrants, the holder of a Series B Warrant has the right to receive an aggregate number of shares equal to the product of (x) the aggregate number of shares of common stock that would be issuable upon a cashless exercise of the Series B Warrant using $1.75Â as the exercise price for that purpose and (y) 3.0. Â In addition, the Series Warrants include a provision that resets their respective exercise prices in the event of a reverse split of the Companyâ€™s common stock to a price equal to the lesser of (i) the then current exercise price and (ii) lowest volume weighted average price (VWAP) during the period commencing five trading days immediately preceding and the five trading days commencing on the date the Company effects a reverse stock split, (such lower price, the â€œFloor Priceâ€), provided that such Floor Price shall not be lower than $0.0434 (subject to adjustment for reverse and forward splits, recapitalizations and similar transactions), with a proportionate adjustment to the number of shares underlying the Series Warrants.Â The effect of the Companyâ€™s August 2024 and November 2024 reverse splits are that the number of shares underlying the Series A Warrants and Series B Warrants totaled 178,255 each. Â Subject to certain exceptions, the Series A Warrants provide for an adjustment to the exercise price and number of shares underlying the Series A Warrants upon the Companyâ€™s issuance of Common Stock or Common Stock equivalents at a price per share that is less than the exercise price of the Series A Warrants, provided that such adjusted price shall be no less than $75.95 (subject to adjustment for reverse and forward splits, recapitalizations and similar transactions). Â A holder does not have the right to exercise any portion of the Series A Warrants or Series B Warrants if the holder (together with its affiliates) would beneficially ownÂ in excess of 4.99% of the number of shares of the Companyâ€™s common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Series A Warrants and Series B Warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from the holder to us. Â Pursuant to the Placement Agreement, in addition to the Placement Agent Warrants described above,Â the Company paid the Placement Agent a cash placement fee equal to 7.0% of the aggregate gross proceeds raised in the Offering. The Company reimbursed expenses of the Placement Agent in connection with the Offering, including but not limited to legal fees, of $100,000. The Placement Agent Warrants have an expiration date of three and one-half years from the Initial Exercise Date and were immediately exercisable upon issuance. Â The Company has agreed, subject to certain exceptions, not to effect any issuance of Common Stock or securities convertible into Common Stock involving a Variable Rate Transaction, as defined in the Placement Agreement, for a period commencing on the date of the Placement Agreement until 180 days following the closing of the Offering. Â At-the-Market Equity Offering Programs Â On June 21, 2021, the Company entered into the At-The-Market Issuance Sales Agreement with Ascendiant (the â€œJune 2021 ATM Agreementâ€) to sell shares of common stock for aggregate gross proceeds of up to $20.0Â million, from time to time, through an â€œat-the-marketâ€ equity offering program under which Ascendiant acts as sales agent. Prior to its replacement by the February 2024 ATM Agreement (as defined below), under the June 2021 ATM Agreement the Company issued an aggregate ofÂ 1,547Â shares of common stock in return for net proceeds of $11,407,240, resulting in $354,527Â of compensation paid to Ascendiant. On February 14, 2024, the Company entered into a new At-The-Market Issuance Sales Agreement with Ascendiant (the â€œFebruary 2024 ATM Agreementâ€) to sell shares of common stock for aggregate gross proceeds of up to $6.2Â million, which replaced the June 2021 ATM Agreement. As of September 30, 2024, the Company had not sold any shares under the February 2024 ATM Agreement. Â Reverse Stock Split Â On August 16, 2024, the Company filed with the Secretary of State of the State of Delaware a certificate of amendment (the â€œCertificate of Amendmentâ€) to its certificate of incorporation, which Certificate of Amendment effectuated as of August 20, 2024 at 12:01 a.m. Eastern Time (the â€œEffective Timeâ€) a reverse splitÂ of the Companyâ€™s common stock by a ratio of one-for-50 (the â€œAugust 2024 Reverse Stock Splitâ€). All per share amounts (including exercise prices) and number of shares in the consolidated financial statements and related notes have been retroactively restated to reflect the August 2024 Reverse Stock Split and the November 2024 Reverse Stock Split (as described in Note 13 below). No fractional shares were, or shall be, issued in connection with theÂ August 2024 Reverse Stock Split. Â TheÂ August 2024 Reverse Stock Split resulted in a proportionate adjustment to the per share conversion or exercise price and the number of shares of common stock issuable upon the conversion or exercise of outstanding preferred stock, stock options and warrants, as well as the number of shares of common stock eligible for issuance under the Omnibus Plan. Â Â 13 Table of Contents Â Note 8 - Common Stock Options and Restricted Stock Â Common Stock Options Â Stock options are awarded to the Companyâ€™s employees, consultants and non-employee members of the board of directors under the Omnibus Plan and are generally granted with an exercise price equal to the market price of the Companyâ€™s common stock at the date of grant. The aggregate fair value of these stock options granted by the Company during the nine months ended September 30, 2024 was determined to be $77,418Â using the Black-Scholes-Merton option-pricing model based on the following assumptions: (i) volatility rate ofÂ 107% toÂ 111%, (ii) discount rate ofÂ 0%, (iii) zero expected dividend yield, (iv) risk free rate ofÂ 3.93% toÂ 4.21%, (v) price of $1,9777.50Â to $2,782.50, and (vi) expected life ofÂ 8-10Â years.Â A summary of option activity under the Companyâ€™s Omnibus Plan as of September 30, 2024, and changes during the year then ended, is presented below: Â Â Â Number of Options Â Â Weighted Average Exercise Price Â Â Weighted Average Remaining Contractual Term (Years) Â Balance outstanding at December 31, 2023 Â Â 290 Â Â $ 33,685.11 Â Â Â 7.25 Â Granted Â Â 27 Â Â Â 3,710.00 Â Â Â 7.26 Â Exercised Â Â - Â Â Â - Â Â Â - Â Forfeited Â Â - Â Â Â - Â Â Â - Â Cancelled or expired Â Â (38) Â Â 9,770.53 Â Â Â - Â Balance outstanding at September 30, 2024 Â Â 279 Â Â $ 30,566.79 Â Â Â 5.58 Â Exercisable at September 30, 2024 Â Â 187 Â Â $ 41,592.73 Â Â Â 4.39 Â Â Restricted Common Stock Â On November 30, 2023, the Company issued 115 shares of restricted common stock (the â€œRestricted Stockâ€) of the Company to PatentVest, Inc. (â€œPatentVestâ€) pursuant to a Restricted Stock Agreement and Consulting Services Agreement, each with PatentVest, in exchange for certain services related to the Companyâ€™s patent portfolio. The fair value of the Restricted Stock was determined to be $200,485Â using the market price of the stock on the date of the issuance. The Restricted Stock is subject to a vesting schedule pursuant to the Restricted Stock Agreement and the shares may not be sold, assigned, transferred, pledged, hypothecated, disposed of or otherwise encumbered prior to becoming vested. During the nine months ended September 30, 2024, the Company recorded as vestedÂ 46Â shares valued at $80,000. Â Note 9 - Common Stock Warrants Â As described above in â€œRegistered Offeringâ€ (Note 7), the Company issued pre-funded warrants to purchase up to an aggregate of 31,666 shares of common stock (the â€œpre-funded warrantsâ€), together withÂ Series A Warrants to purchase up to an aggregate of 178,255 shares of common stock and Series B Warrants to purchase up to an aggregate of 178,255. Â Additionally, the Series B Warrants contain an alternative cashless exercise option whereby the holder of a Series B Warrant has the right to receive an aggregate number of shares equal to the product of (x) the aggregate number of shares of common stock that would be issuable upon a cashless exercise of the Series B Warrant using $1.75 (after adjustment) as the exercise price for that purpose and (y) 3.0. Â In connection with the Offering, the Company also issued placement agent warrants (â€œPlacement Agent Warrantsâ€ and, together with the pre-funded warrants and the Series Warrants, the â€œWarrantsâ€) to purchase up toÂ 1,758Â shares of common stock. The purchase price of each share of common stock and accompanying Series Warrants was $227.50Â and the purchase price of each pre-funded warrant and accompanying Series Warrants was $227.325. Â Warrant Exercises Â On May 2, 2023, the Company conducted a registered offering in which the Company issuedÂ 1,232Â warrants to purchase shares of common stock for an exercise price per share equal to $2,450. The warrants expireÂ May 2, 2028. In December 2023, the Board approved a temporary reduction of the exercise price per share from $2,450Â to $1,225. The Company also issued to the underwriter and its designees warrants exercisable for an aggregate ofÂ 172Â shares of common stock for an exercise price per share equal to $2,625. The warrants expireÂ November 2, 2026. During the nine months ended September 30, 2024, the Company issued a total ofÂ 67Â shares of its common stock upon warrant exercises for aggregate net proceeds of $83,233. Â Â 14 Table of Contents Â Between June 4, 2024 and June 7, 2024, 31,674 pre-funded warrants were exercised. The company issued a total of 31,666 shares of its common stock upon the cash exercises of 25,339 pre-funded warrants and cashless exercises of 6,327 pre-funded warrants for aggregate net proceeds of $6,609,831 (includes net proceeds from sale and exercise of pre-funded warrants). The remaining 8 pre-funded warrants were used to satisfy the exercise price under the warrantsâ€™ cashless exercise provision. Â Between August 19, 2024 and September 3, 2024, the Company issued a total of 493,469Â shares of its common stock upon the alternate cashless exercise ofÂ 177,000Â Series B Warrants. Â The following table summarizes all warrant activity of the Company for the nine months ended September 30, 2024: Â Â Â Number of Warrants Â Â Weighted Average Exercise Price Â Â Weighted Average Contractual Term (Years) Â Balance outstanding at December 31, 2023 Â Â 493 Â Â $ 2,758.09 Â Â Â 3.80 Â Issued Â Â 389,937 Â Â Â 89.95 Â Â Â 3.48 Â Exercised Â Â (208,736) Â Â 99.69 Â Â Â 2.28 Â Forfeited Â Â - Â Â Â - Â Â Â - Â Expired Â Â - Â Â Â - Â Â Â - Â Balance outstanding at September 30, 2024 Â Â 181,694 Â Â $ 85.33 Â Â Â 4.85 Â Exercisable at September 30, 2024 Â Â 181,694 Â Â $ 85.33 Â Â Â 4.85 Â Â Common Stock Warrants Â On August 20, 2024 (the â€œIssuance Dateâ€), the Company issued 178,225 Series A Warrants and 178,225 Series B Warrants. The Company accounts for the 356,510 warrants, in the aggregate, in accordance with the guidance in ASC 815 â€œDerivative and Hedgingâ€ whereby under that provision the warrants do not meet the criteria for equity treatment and must be recorded as a liability. Accordingly, the Company classified the warrant instruments as a liability at fair value and adjusts the instruments to fair value each period. This liability will be re-measured at each balance sheet date until the warrants are exercised or expire, and any change in fair value will be recognized in the Companyâ€™s statement of operations. During the three and nine months ending September 30, 2024, the Company recognized $7,323,685 as warrant liability expense and income from the change in fair value of warrant liability of $3,341,829 in the statement of operations. For the nine month period ended September 30, 2024, the Company recognized $3,071,252 as gain on settlement for the exercise of warrants during the period, and $910,556 as a warrant liability as of September 30, 2024. Â Series A Warrants Â Each Series A Warrant entitles the holder to purchase one share of the Companyâ€™s common stock at $28.70 per share, subject to antidilution adjustments, and expires on August 19, 2029. In addition, if the Company sells or issues equity or an equity linked instrument for consideration per share less than the price equal to the exercise price then in effect, then the exercise price shall be reduced to an amount equal to the lower of (a) the new issuance price, or (b) the lowest volume weighted average price (â€œVWAPâ€) during the five consecutive trading days immediately following the dilutive issuance. The reduced share price shall not be less than $75.95. Â In addition, if there is a share price adjustment upon a split, reverse-split, share dividend, or share combination recapitalization, and the lowest VWAP during the preceding five trading days is less than the exercise price in effect (the â€œEvent Market Priceâ€), the then exercise price shall be reduced to the Event Market Price and the number of warrant issuable shall be increased such that the aggregate exercise price of the Series A Warrant on the Issuance Date then outstanding shall remain unchanged. Â Series B Warrants Â Each Series B Warrant entitles the holder to purchase one share of the Companyâ€™s common stock at $28.70 per share, subject to antidilution adjustments, and expires on February 18, 2027. In addition, if the Company sells or issues equity or an equity linked instrument for consideration per share less than the price equal to the exercise price then in effect, then the exercise price shall be reduced to an amount equal to the lower of (a) the new issuance price, or (b) the lowest volume weighted average price (â€œVWAPâ€) during the five consecutive trading days immediately following the dilutive issuance. The reduced share price shall not be less than $75.95. Â Â 15 Table of Contents Â In addition, if there is a share price adjustment upon a split, reverse-split, share dividend, or share combination recapitalization, and the lowest VWAP during the preceding five trading days is less than the exercise price in effect (the â€œEvent Market Priceâ€), the then exercise price shall be reduced to the Event Market Price and the number of warrant issuable shall be increased such that the aggregate exercise price of the Series B Warrant on the Issuance Date then outstanding shall remain unchanged. Â Alternative Cashless Exercise for Series B Warrants Â The holders of the Series B Warrants may exercise their warrants at the alternative cashless exercise price of $1.75 per share. Also, upon cashless exercise, the holder receives three underlying common shares for each warrant exercised. Â Redemption Right Â The Series A and Series B Warrants may be redeemed at the option of the Company any time after (i) the VWAP has equal or exceeded $16.50 for ten consecutive trading days and (ii) the average daily trading volume for such days exceeded $150,000. Â Recurring Fair Value Measurements Â The Companyâ€™s warrant liability for the Series A and Series B Warrants is based on the Black-Scholes option pricing model utilizing management judgement and pricing inputs from observable and unobservable markets. Significant deviations from these estimates and inputs could result in a material change in fair value. The fair value of the warrant liability is classified within Level 2 of the fair value hierarchy because the Company uses observable inputs like market prices for its common stock and risk-free interest rate, but requires estimations for factors like the Companyâ€™s own volatility, which is not directly quoted in active markets. Â Measurement Â The Company established the initial fair value for the warrant liability on August 20, 2024, the date the warrants were issued. Upon exercise, the instrument is marked to its fair value upon exercise, and the shares delivered are recorded at fair value in the Companyâ€™s statement of stockholdersâ€™ equity. The warrant liability was valued based on the following inputs for the Series A and Series B Warrants, respectively: Â Input Â August 20, 2024 (Initial Measurement) Â September 30, 2024 Exercise price Â Â $0.82 and $0.05 Â Â $0.82 Stock price Â $ 0.66 Â Â $0.20 Volatility Â Â 122% and 145% Â Â 127% and 152% Discount rate Â Â 3.70% and 3.90% Â Â 3.58% and 3.63% Expected dividend Â Â - Â Â - Expected life (years) Â Â 5 and 2.5 Â Â 4.89 and 2.39 Â Note 10 - Related Party Transactions Â On October 17, 2023, the Company entered into a consulting agreement with one of its directors, Alex Tokman, pursuant to which Mr. Tokman provided commercialization services. Under the terms of the agreement, Mr. TokmanÂ was compensated at a rate of $150Â per hour for his services.Â Â On November 30, 2023, the Company entered into a Restricted Stock Agreement and Consulting Services Agreement, each with PatentVest, in exchange for certain services related to the Companyâ€™s patent portfolio. PatentVest is a wholly-owned subsidiary of MDB Capital Holdings, LLC (â€œMDBâ€). Anthony DiGiandomenico, a member of the Companyâ€™s board of directors, is the Chief of Transactions and a director of MDB. Lou Basenese, a member of our board of directors, is PresidentÂ and Chief Market Strategist at Public Ventures LLC, a wholly-owned subsidiary of MDB. Â There were no related party transactions during the quarter ended September 30, 2024. Â Note 11 - Commitments and

ContingenciesÂ Â Office Lease Â Effective January 1, 2015, the Company entered into an office lease agreement with Green Court, LLC, a Michigan limited liability company, for approximatelyÂ 3,657Â rentable square feet of space, for the initial monthly rent of $5,986, which commenced on January 1, 2015 for an initial term ofÂ 60Â months.Â On October 10, 2017 this lease was amended increasing the rentable square feet of space toÂ 3,950Â and the monthly rent to $7,798. Â Â 16 Table of Contents Â On March 15, 2021, the Company entered into an amendment to the lease, adding approximatelyÂ 3,248Â rentable square feet, increasing the initial monthly rent to $15,452Â effective May 2021, and extending the term of the lease toÂ December 31, 2025. Â 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 Companyâ€™s discount rate for operating leases at September 30, 2024 wasÂ 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 isÂ 1.5Â years. Â As of September 30, 2024, the maturities of operating lease liabilities are as follows: Â Â Â Operating Lease Â 2024 Â Â 50,656 Â 2025 and beyond Â Â 202,624 Â Total Â $ 253,280 Â Less: amount representing interest Â Â (16,117) Present value of future minimum lease payments Â Â 237,163 Â Less: current obligations under leases Â Â (187,339) Long-term lease obligations Â $ 49,823 Â Â For the nine months ended September 30, 2024 and 2023, the Company incurred rent expenses of $164,405Â and $163,104, respectively. Â Employment and Consulting Agreements Â Alexander Tokman - Effective August 13, 2024, the Board appointed Alexander Tokman as the Companyâ€™s acting Chief Executive Officer and Chairman of the Board of Directors. In connection with his appointment, Mr. Tokman and the Company entered into an employment agreement, dated August 13, 2024 (the â€œEmployment Agreementâ€). Mr. Tokmanâ€™s employment with the Company is â€œat willâ€ and may be terminated by him or the Company at any time and for any reason. Pursuant to the Employment Agreement, Mr. Tokman will receive an annual base salary of $300,000, subject to adjustment at the Boardâ€™s discretion. Mr. Tokman is also eligible for an annual cash bonus based upon the achievement of performance-based objectives established by the Board of Directors. Â If Mr. Tokmanâ€™s employment is terminated by the Company without cause (as defined in the Omnibus Plan), if Mr. Tokman resigns for good reason (as defined in the Employment Agreement), or if Mr. Tokmanâ€™s employmentÂ ends following the hiring no later than February 13, 2026 of a replacement chief executive officer whom Mr. Tokman assists in recruiting, Mr. Tokman will be entitled to receive, subject to his execution of a standard release agreement, 12 monthsâ€™ continuation of his current base salary and a lump sum payment equal to 12 months of continued healthcare coverage (or 24 monthsâ€™ 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). Additionally, under the Employment Agreement, Mr. Tokman is eligible to receive benefits that are substantially similar to those of the Companyâ€™s other senior executive officers. Â The foregoing description of the Employment Agreement does not purport to be complete and is subject to, and qualified in its entirety by the full text of the Employment Agreement, which is filed as an exhibit with this Report. Â Michael ThorntonÂ - The Company has an employment agreement with Michael Thornton, the Companyâ€™s Chief Technology Officer, dated May 12, 2017, as amendedÂ December 27, 2019. The employment agreement provides for an annual base salary that is subject to adjustment at the board of directorsâ€™ discretion. Effective January 1, 2022, the Compensation Committee increased Mr. Thorntonâ€™s annual salary to $324,000. In September 2023, Mr. Thornton agreed to aÂ 30% reduction of his base salary received for the remainder of 2023 in order to preserve cash for the Companyâ€™s operations. 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. Upon termination without cause, any portion of Mr. Thorntonâ€™s option award scheduledÂ to vest within 12 months will automatically vest, and upon termination without cause within 12 monthsÂ 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. Â If Mr. Thorntonâ€™s employment is terminated by the Company without cause or Mr. Thornton terminates his employment for good reason,Â Mr. Thornton will be entitled to receive 12 monthsâ€™ continuation of his current base salary and a lump sum payment equal to 12 monthsÂ of continued healthcare coverage (or 24 monthsâ€™ 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). Â Under his employment agreement, Mr. Thornton is eligible to receive benefits that are substantially similar to those of the Companyâ€™s other senior executive officers. Â Â 17 Table of Contents Â Richard Jacroux - On August 7, 2024, the Companyâ€™s Board of Directors appointed Richard Jacroux as Chief Financial Officer. Mr. Jacroux works in a part-time capacity for the Company through Impact Solve, LLC (dba Impact Solutions) an accounting and chief financial officer service firm. Mr. Jacroux receives a base monthly fee of $8,650 plus expenses in respect of his services to the Company. The Companyâ€™s needs have typically required more than the base fee., averaging $11,000 a month for the three months ending September 30, 2024. Â Litigation Â From time to time the Company may become a party to litigation in the normal course of business. As of September 30, 2024, there were no legal matters that management believes would have a material effect on the Companyâ€™s financial position or results of operations. Â Note 12â€“ Subsequent Events Â Reverse Stock SplitÂ Â At a Special Meeting of Stockholders of the Company held on October 28, 2024 (the â€œSpecial Meetingâ€), the stockholders of the Company approved amendments to the Companyâ€™s Fourth Amended and Restated Certificate of Incorporation effecting reverse stock splits of the Companyâ€™s common stock, and authorized the Companyâ€™s Board of Directors, in its discretion, to effect a reverse stock split of Common Stock , whereby each issued and outstanding share of Common Stock would be reclassified and converted into a fraction of a share between Â¼ and 1/35 (the â€œRatiosâ€ and each, a â€œRatioâ€), inclusive (the â€œNovember 2024 Reverse Stock Splitâ€).Â Following the Special Meeting, the Board approved a Ratio of 1/35.Â Â TheÂ November 2024 Reverse Stock Split resulted in a proportionate adjustment to the per share conversion or exercise price and the number of shares of common stock issuable upon the conversion or exercise of outstanding preferred stock, stock options and warrants, as well as the number of shares of common stock eligible for issuance under the Omnibus Plan. All per share amounts (including exercise prices) and numbers of shares in the consolidated financial statements and related notes have been retroactively restated to reflect the November 2024 Reverse Stock Split. No fractional shares were, or shall be, issued in connection with theÂ November 2024 Reverse Stock Split.Â Â Issuance of Shares Â The company issued 2,007 shares on November 11, 2024 and an additional 38 shares on November 13, 2024, for a total ofÂ 2,045 shares, primarily due to the exercise of 988 warrants. Â Â 18 Table of Contents Â Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations Â Forward-Looking Statements Â As used in this Quarterly Report on Form 10-Q (this â€œForm 10-Qâ€), unless the context otherwise requires, the terms â€œwe,â€ â€œus,â€ â€œour,â€ â€œENDRAâ€ and the â€œCompanyâ€ refer to ENDRA Life Sciences Inc., a Delaware corporation, and its direct and indirect subsidiaries. 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 â€œsafe harborâ€ 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 â€œbelieve,â€ â€œexpect,â€ â€œmay,â€ â€œwill,â€ â€œshould,â€ â€œcould,â€ â€œwould,â€ â€œseek,â€ â€œintend,â€ â€œplan,â€ â€œestimate,â€ â€œanticipateâ€ or other comparable terms. All statements other than statements of historical facts included in this Form 10-Q, including thoseÂ 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, or implied by,Â 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 (â€œTAEUSâ€) technology; market acceptance of our technology; uncertainties associated with any future pandemic, including 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 Food and Drug Administration (â€œFDAâ€) approval; our ability to obtain and maintain CE mark certification and secure required FDA and other governmental approvals for our TAEUS applications; our ability to regain compliance with the listing standards of the Nasdaq Capital Market and maintain the listing of our common stock on such exchange; 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, 2023, as filed with the SEC on March 28, 2024, and in the Managementâ€™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. Â Available Information Â From time to time, we use press releases, X (formerly) 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 â€œEmail Alertsâ€ section of our website at investors.endrainc.com. Information that is contained in and can be accessed through our website, X 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. Â Overview Â We are leveraging experience with pre-clinical enhanced ultrasound devices to develop technology for increasing the capabilities of clinical diagnostic ultrasound and other types of capital equipment, to broaden patient access to the safe diagnosis and treatment of a number of significant medical conditions in circumstances where expensive X-ray CT and MRI technology, or other diagnostic technologies such as surgical biopsy, are unavailable or impractical. Building on our 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. Â The first-generation TAEUS application is a standalone ultrasound accessory designed to cost-effectively quantify fat in the liver and stage progression of nonalcoholic fatty liver disease (â€œNAFLDâ€), which can otherwise 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 licensing fee-adding ongoing customer value to the TAEUS platform and a growing software revenue stream for our Company. Â 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. Â In March 2020, we received CE mark approval for our TAEUS FLIP (â€œFatty Liver Imaging Probeâ€) System, enabling its marketing and sales in the European Union and other CE mark geographies, including the 27 EU member states. Â In June 2020, we submitted a 510(k) Application to the FDA for our TAEUS Fatty Liver Imaging Probe (â€œFLIPâ€) System. In February 2022, we announced that we would pursue FDA reclassification and clearance of our TAEUS FLIP System through the FDAâ€™s â€œde novoâ€ process. We subsequently voluntarily withdrew our 510(k) Application submitted a de novo request for the TAEUS system to the FDA in the third quarter of 2023. In the fourth quarter of 2023, the FDA sent us an Additional Information (â€œAIâ€) request related to our de novo application. After we received the AI request, we have had several interactions with the FDA and have provided additional information. In order to fully respond to the FDAâ€™s questions, we will need to compile additional clinical data, provide additional device test data, and respond to cybersecurity related questions in a new de novo submission. We had an in-person pre-submission meeting with the FDA on May 16, 2024. We currently anticipate completing the necessary clinical studies by the fourth quarter of 2024 or first quarter of 2025 and submitting the new de novo request to the FDA in the first half of 2025. Â Â 19 Table of Contents Â Financial Operations Overview Â Revenue Â No revenue has been generated by our TAEUS technology, which we have not commercially sold as of September 30, 2024. Â Research and Development Expenses Â 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. These costs and expenses include: Â Â· employee-related expenses, such as salaries, bonuses and benefits, consultant-related expenses such as consultant fees and bonuses, stock-based compensation, overhead related expenses and travel-related expenses for our research and development personnel; Â Â Â· expenses incurred under agreements with contract research organizations (â€œCROsâ€), contract manufacturing organizations (â€œCMOsâ€) as well as consultants that support the implementation of our clinical and non-clinical studies; Â Â Â· manufacturing and packaging costs in connection with conducting clinical trials; Â Â Â· formulation, research and development expenses related to our TAEUS technology; and Â Â Â· costs for sponsored research. Â We plan to incur research and development expenses for the foreseeable future as we expect to continue the development of TAEUS and pursue FDA approval of the NAFLD TAEUS system. At this time, due to the inherently unpredictable nature of clinical development and regulatory approvals, we are unable to estimate with certainty the costs we will incur and the timelines we will require in our continued development efforts. Â Sales and Marketing Expenses Â 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. During the second quarter, we restructured our European sales operations to better align with the Companyâ€™s near-term sales prospects.Â We expect to add to our sales representation and support headcount for operations in the EU as demand and resources permit in the future, and plan to begin staffing our sales efforts in the United States once we have obtained FDA approval for the sale of the NAFLD TAEUS device in that region. Â General and Administrative Expenses Â General and administrative expenses consist primarily of salaries and related expenses for our management and personnel, and professional fees, such as for accounting, consulting and legal services. We anticipate continued costs associated with being a public company, including expenses related to services associated with maintaining compliance with The Nasdaq Capital Market and SEC requirements, directors and officers insurance, increased legal and accounting costs and investor relations costs. Â Critical Accounting Policies and Estimates Â Warrant Liability Â The Company accounts for the liability classified warrants in accordance with the guidance contained in ASC 480,Â Distinguishing Liabilities from Equity and ASCÂ 815-40, Derivatives and Hedging. Such guidance provides criteria for instruments do not meet the criteria for equity treatment thereunder. This liability is subject toÂ re-measurementÂ at each balance sheet date. With each suchÂ re-measurement,Â the warrant liability will be adjusted to fair value, with the change in fair value recognized in the Companyâ€™s statement of operations. Â Use of Estimates Â 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. Â Â 20 Table of Contents Â 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. Â Share-based Compensation Â Our 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, 2024, the pool of shares issuable under the Omnibus Plan automatically increased by 982 shares from 756 shares to 1,737 shares. As of September 30, 2024, there were 1,458 shares of common stock remaining available for issuance under the Omnibus Plan. Â 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 optionâ€™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. Â Recent Accounting Pronouncements Â See Note 2 of the accompanying financial statements for a discussion of recently issued accounting standards. Â Results of Operations Â Three months ended September 30, 2024 and 2023 Â Revenue Â We had no revenue during the three months ended September 30, 2024 and 2023. Â Cost of Goods Sold Â We had no cost of goods sold during the three months ended September 30, 2024 and 2023. Â Research and Development Â Research and development expenses were $794,444 for the three months ended September 30, 2024, as compared to $1,632,849 for the three months ended September 30, 2023, a decrease of $838,405 or 51%. The costs include primarily wages, fees, equipment and third-party costs for the development of our TAEUS product line. Research and development expenses decreased from the prior year as we complete development of our initial TAEUS product and began focusing our spending on clinical trials and commercialization of the product that has been developed. Â Sales and Marketing Â Sales and marketing expenses were $83,157 for the three months ended September 30, 2024, as compared to $243,332 for the three months ended September 30, 2023, a decrease of $160,175, or 66%. The costs include primarily headcount and pre-selling activities for our TAEUS product line. Sales and marketing expenses decreased largely due to our restructuring in the second quarter. Currently, our marketing efforts are through our website and attendance of key industry meetings. Â General and Administrative Â Our general and administrative expenses for the three months ended September 30, 2024 were $631,413, compared to $1,252,881 for the three months ended September 30, 2023, a decrease of $621,468, or 49%. Our wage and related expenses for the three months ended September 30, 2024 were $(142,536), compared to $565,639 for the three months ended September 30, 2023. Wage and related expenses in the three months ended September 30, 2024 included $(144,445) of cancellation of equity awards in connection with the departure of an executive officer, compared to $67,932 of stock compensation expense related to the issuance and vesting of options for the three months ended September 30, 2023. Our professional fees, which include legal, audit, and investor relations, for the three months ended September 30, 2024 were $598,255, compared to $447,515 for the three months ended September 30, 2023. Â Â 21 Table of Contents Â Other Income Â Other income (expense) was $(845,076) for the three months ended September 30, 2024 was primarily due to accounting for warrants. Other income was $28,226 for the three months ended September 30, 2023, a decrease of $873,302 or 3,094%. Â Net Loss Â As a result of the foregoing, for the three months ended September 30, 2024, we recorded a net loss of $2,354,090, compared to a net loss of $3,100,836 for the three months ended September 30, 2023. Â Nine months ended September 30, 2024 and 2023 Â Revenue Â We had no revenue during the nine months ended September 30, 2024 and 2023. Â Cost of Goods Sold Â We had no cost of goods sold during the nine months ended September 30, 2024 and 2023. Â Research and Development Â Research and development expenses were $2,552,336 for the nine months ended September 30, 2024, as compared to $4,424,345 for the nine months ended September 30, 2023, a decrease of $1,872,009 or 42%. The costs include primarily wages, fees, equipment and third-party costs for the development of our TAEUS product line. Research and development expenses decreased from the prior year as we completed development of our initial TAEUS product and began focusing our spending on commercialization of the product that has been developed. Â Sales and Marketing Â Sales and marketing expenses were $484,769 for the nine months ended September 30, 2024, as compared to $672,721 for the nine months ended September 30, 2023, a decrease of $187,952, or 28%. The costs include primarily headcount and pre-selling activities for our TAEUS product line. Sales and marketing expenses decreased largely due to the decrease in consulting fees. Currently, our marketing efforts are through our website and attendance of key industry meetings. Â General and Administrative Â Our general and administrative expenses for the nine months ended September 30, 2024 were $3,483,303 compared to $3,965,889 for the nine months ended September 30, 2023, a decrease of $482,586, or 12%. Our wage and related expenses for the nine months ended September 30, 2024 were $1,079,942, compared to $1,735,526 for the nine months ended September 30, 2023. Wage and related expenses in the nine months ended September 30, 2024 included $93,545 of stock compensation expense related to the issuance and vesting of options, compared to $252,948 of stock compensation expense related to the issuance and vesting of options, for the nine months ended September 30, 2023. Our professional fees, which include legal, audit, and investor relations, for the nine months ended September 30, 2024 were $1,820,454, compared to $1,471,850 for the nine months ended September 30, 2023. Â Other Income Â Other income (expense) was $(838,535) for the nine months ended September 30, 2024 was primarily due to accounting for warrants. Other income was $462,241 for the nine months ended September 30, 2023 and resulted mostly from the completion of the Employer Retention Tax Credit for employee retention in 2021 and 2022 of $413,844. Other income (expense) decreased $1,300,776 or 281% for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. Â Net Loss Â As a result of the foregoing, for the nine months ended September 30, 2024, we recorded a net loss of $7,358,943, compared to a net loss of $8,600,714 for the nine months ended September 30, 2023. Â Â 22 Table of Contents Â Near-Term Liquidity and Capital Resources Â We are experiencing financial and operating challenges. As of September 30, 2024, we had an accumulated deficit of $99,289,095 and had $4,745,187 in cash. To date we have funded our operations through private and public sales of our securities and will need to raise additional funds in order to execute on our business plan, fully commercialize our TAEUS technology, and generate revenues.Â Â We need additional capital to allow us to continue to execute our commercialization plans. We are considering potential financing options that may be available to us, such as sales of our common stock, including through our at-the-market sales program. Except for the at-the-market sales program, 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. In addition, the Company agreed, subject to certain exceptions, not to effect any issuance of common stock or securities convertible into common stock involving a Variable Rate Transaction, as defined in the Placement Agreement and which includes sales of common stock under the at-the-market sales program, for a period commencing on the date of the Placement Agreement until 180 days following the closing of our June 2024 public offering. 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. Â The consolidated 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 consolidated financial statements, during the nine months ended September 30, 2024, we incurred net losses of $7,358,943 and used cash in operations of $5,884,842. In light of our cash balance as of September 30, 2024, we will need to raise additional capital in order to fund operations through the next twelve months, and prior to any ability to fund operations from revenue generated from the sale of our products. The financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern. Â Operating Activities Â During the nine months ended September 30, 2024, we used $5,884,842 of cash in operating activities primarily as a result of our net loss of $7,358,943, offset by share-based compensation of $467,240, amortization of right of use assets of $124,320, inventory reserve of $4,687, depreciation expense of $35,489, fixed assets write-off of $8,808, warrant expense of $7,323,685, change in fair value of warrant liability of $(3,341,829), gain on settlement of warrant exercises of $(3,071,252), and net in operating assets and liabilities of $77,047. Â During the nine months ended September 30, 2023, we used $7,374,197 of cash in operating activities primarily as a result of our net loss of $8,600,714, offset by share-based compensation of $745,873, depreciation expense of $101,839, amortization of right of use assets of $112,365, and net changes in operating assets and liabilities of $266,440. Â Investing Activities Â During the nine months ended September 30, 2024, we used $16,000 in investing activities related to purchases of fixed assets, and received $3,204 in proceeds from sale of fixed assets. Â During the nine months ended September 30, 2023, we used $27,000 in investing activities related to purchases of fixed assets. Â Financing Activities Â During the nine months ended September 30, 2024, our financing activities provided $1,148,470 in proceeds from issuances of common stock,$5,368,363 in proceeds from issuance of warrants, and $1,320,568 in proceeds from the issuance of cashless warrants. We also used $28,484 to repay a loan from TD Bank under the Canadian Emergency Business Account. Â During the nine months ended September 30, 2023, our financing activities provided $5,846,635 in proceeds from issuances of common stock and warrants. Â Â 23 Table of Contents Â Long-Term Liquidity Â 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: Â Â Â· advance the engineering design and development of our TAEUS technology; Â Â Â Â Â· acquire parts and build finished goods inventory of the TAEUS FLIP system; Â Â Â Â Â· complete regulatory filings required for marketing approval of our NAFLD TAEUS application in the United States, including clinical studies to advance our de novo application with the FDA; Â Â Â Â Â· seek to hire a small internal marketing team to engage and support channel partners and clinical customers for our NAFLD TAEUS application; Â Â Â Â Â· expand marketing of our NAFLD TAEUS application; Â Â Â Â Â· advance development of our other TAEUS applications; and Â Â Â Â Â· 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. Â 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 except for the February 2024 ATM Agreement, the use of which may be limited due to registration statement rules relating to public float. 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 Risk Factors section of this 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. Â Until we can generate a sufficient amount of revenue from our TAEUS platform applications, if ever, we expect to finance future cash needs through public or private equity offerings, debt financings or corporate collaborations and licensing arrangements. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate one or more of our research or development programs or our commercialization efforts or perhaps even cease the operation of our business. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience additional dilution, and debt financing, if available, may involve restrictive covenants. To the extent that we raise additional funds through collaborations and licensing arrangements, it may be necessary to relinquish some rights to our technologies or applications or grant licenses on terms that may not be favorable to us. We may seek to access the public or private capital markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time. Â Off-Balance Sheet Transactions Â At September 30, 2024, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements. Â Item 3. Quantitative and Qualitative Disclosure About Market Risk Â As a smaller reporting company, we are not required to provide the information required by this Item 3. Â Item 4. Controls and Procedures Â Evaluation of Disclosure Controls and Procedures Â 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 â€œExchange Actâ€). 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 SECâ€™s forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosures. Based on the evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2024, our disclosure controls and procedures were not effective. Â A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We identified the following material weakness as of September 30, 2024: insufficient personnel resources within the accounting function to segregate the duties over financial transaction processing and reporting. Â Â 24 Table of Contents Â To remediate the material weakness, management intends to implement the following measures during 2024, as the Companyâ€™s resources and financial means allow: Â Â· Add additional accounting personnel or outside consultants, such as a new controller, to properly segregate duties and to effect timely, accurate preparation of the financial statements; and Â Â Â· Continue the development of adequate written accounting policies and procedures. Â The additional hiring is contingent upon our efforts to obtain additional funding and the results of our operations. Â Changes in Internal Control over Financial Reporting Â 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 September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Â PART II - OTHER INFORMATION Â Item 1. Legal Proceedings Â 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. Â Item 1A. Risk Factors Â In addition to the other information set forth in this report, you should carefully consider the factors discussed in this section and under â€œRisk Factorsâ€ in our Annual Report on Form 10-K for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on March 28, 2024. 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. Â Item 2. Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities Â Not applicable. Â Item 3. Defaults Upon Senior Securities Â Not applicable. Â Item 4. Mine Safety Disclosures Â Not applicable. Â Item 5. Other Information Â None of the Companyâ€™s directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Companyâ€™s fiscal quarter ended September 30, 2024. Â Â 25 Table of Contents Â Item 6. Exhibits Â Exhibit Number Â Description 3.1 Â Fourth Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 to the Companyâ€™s Current Report on Form 8-K filed on May 12, 2017) 3.2 Â Certificate of Amendment to the Fourth Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Companyâ€™s Current Report on Form 8-K filed on June 18, 2020) 3.3 Â Certificate of Amendment to the Fourth Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Companyâ€™s Current Report on Form 8-K filed on August 9, 2024) 3.4 Â Certificate of Amendment to the Fourth Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Companyâ€™s Current Report on Form

8-K filed on November 5, 2024) 3.5 Â Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.4 to the Companyâ€™s Registration Statement on Form S-1 (File No. 333-214724), as amended, originally filed on November 21, 2016) 4.1 Â Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.5 to the Companyâ€™s Registration Statement on Form S-1 filed on May 10, 2024) 4.2 Â Form of Series A Warrant (incorporated by reference to Exhibit 4.2 to the Companyâ€™s Registration Statement on Form S-1 filed on May 31, 2024) 4.3 Â Form of Series B Warrant (incorporated by reference to Exhibit 4.3 to the Companyâ€™s Registration Statement on Form S-1 filed on May 31, 2024) 4.4 Â Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.4 to the Companyâ€™s Registration Statement on Form S-1 filed on May 10, 2024) 4.5 Â Form of Amendment to Series A Warrant (incorporated by reference to Exhibit 3.8 to the Companyâ€™s Form 10-Q filed on August 14, 2024) 4.6 Â Form of Amendment to Series B Warrant (incorporated by reference to Exhibit 3.9 to the Companyâ€™s Form 10-Q filed on August 14, 2024) 10.1â€ * Â Employment Agreement, dated August 13, 2024, by and between the Company and Alexander Tokman 31.1â€ Â 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) 31.2â€ Â Certification of Periodic Report by Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14a and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith) 32.1â€ Â Certification of Periodic Report by Chief Executive Officer and Principal 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# Â XBRL Instance Document 101.SCH# Â XBRL Taxonomy Schema 101.CAL# Â XBRL Taxonomy Extension Calculation Linkbase 101.DEF# Â XBRL Taxonomy Extension Definition Linkbase 101.LAB# Â XBRL Taxonomy Extension Label Linkbase 101.PRE# Â XBRL Taxonomy Extension Presentation Linkbase Â * Indicates management compensatory plan, contract or arrangement. Â â€ Filed or furnished herewith. # To be filed by amendment. Â Â Â 26 Table of Contents Â SIGNATURES Â 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. Â Â ENDRA LIFE SCIENCES INC. Â Â Â Â Date: November 19, 2024 By: /s/Â Alexander Tokman Â Â Â Alexander Tokman Â Â Â Chief Executive Officer and Chairman (Principal Executive Officer) Â Â Â ENDRA LIFE SCIENCES INC. Â Â Â Â Â Date: November 19, 2024 By: /s/Â Richard Jacroux Â Â Â Richard Jacroux Â Â Â Chief Financial Officer (Principal Financial and Accounting Officer) Â Â Â 27 Â Â EX-10.1 2 endra_ex101.htm EMPLOYMENT AGREEMENT endra_ex101.htmEXHIBIT 10.1 Â Â Â August 13, 2024 Â Via Email Â Alexander Tokman Â Dear Alex: Â ENDRA Life Sciences Inc. (the â€œCompanyâ€) is pleased to offer you employment on the following terms: Â 1. Position. Commencing on August 13, 2024 (the â€œStart Dateâ€), you will be appointed Acting Chief Executive Officer and Chairman of the Board of Directors of the Company (the â€œBoardâ€), and you will report directly to the Board. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether fullâ€‘time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company. Â 2. Term. Your employment pursuant to this Agreement shall continue until terminated as provided in Section 8 below. Â 3. Cash Compensation. The Company will pay you a base salary at an annual rate of $300,000, in accordance with the Companyâ€™s standard payroll schedule and subject to applicable deductions and withholdings. This salary will be subject to periodic review and adjustments at the Boardâ€™s discretion. In addition, you will be eligible to receive an annual bonus to be paid based on attainment of Company and individual performance objectives to be established annually by the Board. The annual bonus target to be paid if all goals are achieved will be a cash payment equal to 50% of your base salary and will be based on the realization of milestones determined and approved by the Board. Â 4. Employee Benefits. As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. You will receive 15 days of paid time off (PTO) per calendar year, in accordance with Company policy in effect from time to time. Without limiting the generality of the foregoing, while you are an employee of the Company, the Company will provide you life insurance, with you to designate the beneficiary thereunder, in an amount equal to your base salary as in effect on the date of this letter agreement and as in effect on the first business day of each calendar year thereafter. You will also be eligible to participate in a long-term disability insurance plan sponsored by the Company. Â Â 1 Â Â 5. Initial Option Grant. In connection with your entry into this Agreement, you will be eligible to receive an Option (as defined in the Companyâ€™s 2016 Omnibus Incentive Plan, as amended (the â€œPlanâ€)) with respect to a number of shares and with terms as determined by the Board in its discretion (â€œInitial Option Grantâ€); provided, that any such Option shall include the following terms: Â (a) Accelerated Vesting. If your Separation from Service (as defined in the Plan) is the result of an involuntary discharge by the Company that is without Cause (as defined in the Plan) and is not the result of your death or Disability (as defined in the Plan), then any shares subject to the Initial Option Grant that are scheduled to vest within 12 months of such Separation from Service will vest immediately upon such Separation from Service, and any remaining unvested portion of the Initial Option Grant will terminate immediately. Â (b) Accelerated Vesting upon Change in Control. If your Separation from Service is the result of an involuntary discharge by the Company that is without Cause, and is not the result of your death or Disability, and is within 12 months following a Change in Control (as defined in the Plan), then all shares subject to the Initial Option Grant will vest immediately upon such Separation from Service. Â (c) Forfeiture of Unvested Options. If your Separation from Service is for any reason other than an involuntary discharge by the Company that is without Cause, the unvested portion of the Initial Option Grant will immediately terminate. Â (d) Separation from Service for Cause. If your Separation from Service is for Cause, the unvested and vested portion of the Initial Option Grant will immediately terminate. Â (e) Exercise Period following Separation from Service. Following your Separation from Service for any reason other than Cause, the vested potion of the Initial Option Grant will remain exercisable for one year (by you or your beneficiaries in the event of your death), subject to any outer limits contained in the Plan or the applicable Award Agreement. Â 6. Confidential Information, Assignment of Inventions, and Non-Solicitation Agreement. You will be required, as a condition of your continued employment with the Company, to sign (or re-sign) the Companyâ€™s Confidential Information, Assignment of Inventions, and Non-Solicitation Agreement, a copy of which is attached hereto as Exhibit A. Â 7. Time and Place of Employment; Travel. It is acknowledged that your regular workplace will not be the Companyâ€™s offices in Ann Arbor, Michigan and instead will be outside of the state of Michigan. The Company will pay or reimburse your reasonable travel for business on the Companyâ€™s behalf from your home in Washington, lodging, meal and related incidental costs, consistent with the Companyâ€™s travel policies in effect from time to time. In connection with your relocation, the Company agrees to reimburse your reasonable moving expenses and up to two months for temporary housing, such amounts to be ultimately determined by the Board. The Company requires presentation of receipts or an itemized accounting prior to making any reimbursements under this paragraph. Â 8. Employment Relationship. Your employment with the Company will continue to be â€œat will,â€ meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Companyâ€™s personnel policies and procedures, may change from time to time, the â€œat willâ€ nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you). Â Â 2 Â Â 9. Certain Payments upon Separation from Service. If you are terminated by the Company without Cause (as defined in the Plan), for Good Reason (as defined below) or following hiring of a replacement Chief Executive Officer by no later than February 13, 2026 that you assist with recruiting, then, contingent upon your execution, delivery and non-revocation of a release in form and substance satisfactory to the Company and consistent with the Companyâ€™s standard release agreement, which contains a full release of all claims against the Company and certain other provisions (the â€œRelease Agreementâ€), including a reaffirmation of the covenants in your Confidential Information, Assignment of Inventions, and Non-Solicitation Agreement, you will be entitled to (i) 12 monthsâ€™ (or 24 monthsâ€™ if such Separation from Service occurs within one year following a Change in Control) continuation of your current base salary and (ii) a lump sum payment equal to 12 months (or 24 months if such Separation from Service occurs within one year following a Change in Control) of COBRA premiums based on the terms of Companyâ€™s group health plan and your coverage under such plan as of the date of your Separation from Service (regardless of any COBRA election actually made by you or the actual COBRA coverage period under the Companyâ€™s group health plan). The Companyâ€™s obligations under this paragraph are subject to the requirements and time periods set forth in this paragraph and in the Release Agreement. Prior to receiving the payments described in this paragraph, you must execute the Release Agreement on or before the date 21 days (or such longer period to the extent required by law) after your Separation from Service. If you fail to timely execute and remit the Release Agreement, you waive any right to the payments provided under this paragraph. Payments under this paragraph will commence within 15 days of your execution and delivery of the Release Agreement, provided that you do not revoke the Release Agreement. Your rights following a Separation from Service under the terms of any Company plan, whether tax-qualified or not, that are not specifically addressed in this letter agreement, will be subject to the terms of such plan, and this letter agreement will have no effect upon such terms except as specifically provided herein. Except as specifically provided in this paragraph, you will not have any further rights to compensation under this letter agreement following your Separation from Service. â€œGood Reasonâ€ shall mean, in the context of your resignation, a resignation that occurs within thirty (30) days following the occurrence, without your written consent of one or more of the following events: (i) any adverse change in your base salary then in effect; or (ii) a significant reduction of your responsibilities relative to your responsibilities in effect immediately prior to such reduction; provided, however, that â€œGood Reasonâ€ shall not be deemed to exist hereunder if such change in base salary or reduction of responsibilities occurs in connection with (x) changes or reductions generally applicable to the Companyâ€™s management group, (y) your engagement in any action or any inaction that would otherwise enable the Company to terminate you for Cause. Â 10. Removal from any Boards and Positions. Unless you and the Company agree otherwise at the time of your Separation from Service, upon your Separation from Service, you will be deemed to resign (a) if a member, from the Board and the board of directors of any affiliate and any other board to which you have been appointed or nominated by or on behalf of the Company or an affiliate, (b) from each position with the Company and any affiliate, including as an officer of the Company or an affiliate and (c) as a fiduciary of any employee benefit plan of the Company and any affiliate. Â Â 3 Â Â 11. Tax Matters. Â (a) Withholding. All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law. Â (b) Tax Advice. You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities. Â 12. Confidentiality. You and the Company have entered into a Confidential Information, Assignment of Inventions, and Non-Solicitation Agreement. In addition to the terms of that agreement, you agree that the terms and conditions of this letter agreement are strictly confidential and, with the exception of your legal counsel, tax advisor, immediate family or as required by applicable law, have not and will not be disclosed, discussed or revealed to any other persons, entities or organizations, whether within or outside the Company, without prior written approval of the Company. For avoidance of doubt, you may not utilize the terms of this letter agreement to seek employment with another party. Â 13. Interpretation, Amendment and Enforcement. This letter agreement and Exhibit A hereto constitute the complete agreement between you and the Company, contain all of the terms of your continued employment with the Company and supersede any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement or arising out of, related to, or in any way connected with, this letter agreement, your employment with the Company or any other relationship between you and the Company will be governed by Michigan law, excluding laws relating to conflicts or choice of law. Â 14. Section 409A. It is intended that this letter agreement comply with Section 409A of the Internal Revenue Code of 1986 (â€œSection 409Aâ€), to the extent applicable. This letter agreement will be administered in a manner consistent with this intent, and any provision that would cause this letter agreement to fail to satisfy Section 409A will have no force or effect until amended to comply with Section 409A. Notwithstanding anything in this letter agreement to the contrary, in the event any payment or benefit hereunder is determined to constitute nonqualified deferred compensation subject to Section 409A, then to the extent necessary to comply with Section 409A, such payment or benefit will not be made, provided or commenced until six months after your Separation from Service. For purposes of Section 409A, the right to a series of installment payments will be treated as a right to a series of separate payments. Notwithstanding anything in this letter agreement to the contrary, to the extent required in order to avoid accelerated taxation and/or additional taxes under Section 409A, amounts reimbursable to you under this letter agreement will be paid to you on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to you) during any one year may not effect amounts reimbursable or provided in any subsequent year. Â * * * * * Â Â 4 Â Â You may indicate your agreement with the terms of this letter agreement by signing and dating both the enclosed duplicate original of this letter agreement and the enclosed Confidential Information, Assignment of Inventions, and Non-Solicitation Agreement and returning them to me. Â Â Very truly yours, Â ENDRA LIFE SCIENCES INC. Â Â Â Â Sign Name: /s/ Louis

Basenese Â Print Name: Louis Basenese Â Â Title: Director Â Â I have read and accept this employment letter agreement: Â /s/ Alexander Tokman Â Â Signature of Alexander Tokman Â Â Â Dated: August 13, 2024 Â Â Attachment Â Exhibit A: Confidential Information, Assignment of Inventions, and Non-Solicitation Agreement Â Â 5 Â EX-31.1 3 endra_ex311.htm CERTIFICATION endra_ex311.htmEXHIBIT 31.1 CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 I, Alexander Tokman, certify that: Â 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 registrantâ€™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: Â 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 registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and Â 5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions): Â 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 registrantâ€™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 registrantâ€™s internal control over financial reporting. Â ENDRA LIFE SCIENCES INC. (Registrant) Date: November 19, 2024 By: /s/Â Alexander Tokman Alexander Tokman Chief Executive Officer and Chairman (Principal Executive Officer) EX-31.2 4 endra_ex312.htm CERTIFICATION endra_ex312.htmEXHIBIT 31.2 CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 Â I, Richard Jacroux, certify that: Â 1. I have reviewed this Quarterly Report on Form 10-Q of ENDRA Life Sciences Inc.: Â 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; Â 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 registrantâ€™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: Â 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; Â 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; Â c) Evaluated the effectiveness of the registrantâ€™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 Â d) Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and Â 5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions): Â 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 registrantâ€™s ability to record, process, summarize and report financial information; and Â b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â ENDRA LIFE SCIENCES INC. Date: November 19, 2024 By: /s/Â Richard Jacroux Richard Jacroux Chief Financial Officer (Principal Financial and Accounting Officer) EX-32.1 5 endra_ex321.htm CERTIFICATION endra_ex321.htmÂ 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 Â In connection with the Quarterly Report of ENDRA Life Sciences Inc. (the â€œCompanyâ€) on Form 10-Q for the period September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), we, Alexander Tokman, Chief Executive Officer and Chairman of the Company, and Richard Jacroux, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Â§ 1350, as adopted pursuant to Â§ 906 of the Sarbanes-Oxley Act of 2002, that: Â (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. Â 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. Â /s/Â Alexander Tokman /s/Â Richard Jacroux

Alexander Tokman Richard Jacroux Chief Executive Officer and Chairman Chief Financial Officer GRAPHIC 6 endra_ex101img1.jpg begin 644 endra_ex101img1.jpg M_]C_X 02D9)1@ ! 0$ 8 !@ #_VP!# 4$! 0$! P4$! 0&!04&" T(" <' M"! +# D-$Q 4$Q(0$A(4%QT9%!8<%A(2&B,:'!X?(2$A%!DD)R0@)AT@(2#_ MVP!# 04&!@@'" \(" \@%1(5(" @(" @(" @(" @(" @(" @(" @(" @(" @ M(" @(" @(" @(" @(" @(" @(" @("#_P 1" != 20# 2(A$! Q$!_\0 M'P 04! 0$! 0$ $" P0%!@<("0H+_\0 M1 @$# P($ P4% M! 0 %] 0(# 01!1(A,4$&$$U%A!R)Q%#*!D:$((T*QP152T? D,V)R@@D* M%A<8&1HE)B7J#A(6&AXB)BI*3E)66EYB9FJ*CI*6FIZBIJK*SM+6VM[BYNL+#Q,7& MQ\C)RM+3U-76U]C9VN'BX^3EYN?HZ>KQ\O/T]?;W^/GZ_\0 'P$ P$! 0$! M 0$! 0 $" P0%!@<("0H+_\0 M1$ @$"! 0#! <%! 0 0)W $" M Q$$!2$Q!A)!40=A<1,B,H$(%$$*1H;'!"2,S4O 58G+1"A8D-.$E\1<8&1HF M)R@I*C4V-S@Y.D-$149'2$E*4U155E=865IC9&5F9VAI:G-T=79W>'EZ@H.$ MA8:'B(F*DI.4E9:7F)F:HJ.DI::GJ*FJLK.TM;:WN+FZPL/$Q<;'R,G*TM/4 MU=;7V-G:XN/DY>;GZ.GJ\O/T]?;W^/GZ_]H # ,! (1 Q$ /P#[+IOO17GW MC'Q')'=-H>FWDFU3>74(W26Z.<)'&.\TAX4=AECT%-)MV,JE14X\S)]6UZ MYU*_DT/0;A85A;R[[4R 5MSC)CC!X>7')[(.3Z5R\D$R1SW7A^:X314 :YBE MG;=JF#\SHQY0GIOX\P\>]"Q^9;6^DV]O'#9H6A%LDG[N1EY>,OWB3K+)U=OE M'I6O;R,SHRNTNP+(IV M1+:)J4:3SZ%O,?\ 9@=C/9N/[PZ_+C)CS\G45T*W??N]NM:-MNB+?98V2>/\ UUN[9W_[0)[GU[]Z MSK&UDAVZ3J&Y?,7=92ALF/'.S/\ ?7KG^(?2M!?.ADQ%J-KRK@8@$8JGH@] MT]QV-)GOB-@GXZ:NWA-4FE,JZU%MIUQS$>\:,3_%T&?=XCJV-3_Z9\$/)J MO%Z\U8J%U?N/@5%R^XVTNT%ADF\,_CDMFK$'NOEA=+4$Z!_2-EW+_UIPS6N\WL\QV@__?(3%*Z^KO*-T*PD4+)/H0P"OT^]95HY?T5RRR%XD MSK&UDAVZ3J&Y?,7=92ALF/'.S/\ ?7KG^(?2M!?.ADQ%J-KRK@8@$8JGH@] MT]QV-)GOB-@GXZ:NWA-4FE,JZU%MIUQS$>\:,3_%T&?=XCJV-3_Z9\$/)J M1+:)J4:3SZ%O,?\ 9@=C/9N/[PZ_+C)CS\G45T*W??N]NM:-MNB+?98V2>/\ UUN[9W_[0)[GU[]Z

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