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

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended June 30, 2018.

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: **000-55453**



**ENDONOVO THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**45-2552528**  
(I.R.S. Employer  
Identification No.)

**6320 Canoga Avenue, 15th Floor, Woodland Hills, CA 91367**  
(Address of principal executive offices, zip code)

**(800) 489-4774**  
(Registrant's telephone number, including area code)

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

Yes  No

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(do not check if smaller reporting company)

Smaller reporting company

Emerging growth company

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

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

As of August 13, 2018, there were 366,118,767 shares of common stock, \$0.0001 par value issued and outstanding.

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**ENDONOVO THERAPEUTICS, INC.**  
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**June 30, 2018**

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Endonovo Therapeutics, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets**

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<b>ASSETS</b>		
Current assets:		
Cash	\$ 67,622	\$ 90,173
Accounts receivable	10,073	-
Prepaid expenses and other current assets	21,000	21,000
Total current assets	98,695	111,173
Property Plant and Equipment, net	8,754	1,064
Patents, net	4,176,545	4,500,000
Total assets	\$ 4,283,994	\$ 4,612,237
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,069,985	\$ 2,714,041
Short term advances	-	20,323
Notes payable, net of discounts of \$1,355,554 as of June 30, 2018 and \$2,624,984 as of December 31, 2017	5,863,469	4,461,160
Notes payable - related parties	270,000	270,000
Derivative liability	3,119,924	5,939,600
Current portion of long term loan	-	4,221
Total current liabilities	12,323,378	13,409,345
Series C preferred stock liability, net of discounts of \$115,596 at June 30, 2018 and \$101,808 as of December 31, 2017	921,904	598,192
Acquisition payable	155,000	155,000
Total liabilities	13,400,282	14,162,537
<b>COMMITMENTS AND CONTINGENCIES</b>		
Shareholders' deficit		
Super AA super voting preferred stock, \$0.001 par value; 1,000,000 authorized and 5,000 and 5,000 issued and outstanding at June 30, 2018 and December 31, 2017	5	5
Series B convertible preferred stock, \$0.0001 par value; 50,000 shares authorized, 1,350 and 0 issued and outstanding at June 30, 2018 and December 31, 2017	1	-
Common stock, \$0.0001 par value; 500,000,000 shares authorized; 356,268,939 and 316,951,712 shares issued and outstanding as of June 30, 2018 and December 31, 2017	35,625	31,692
Additional paid-in capital	21,903,851	19,604,016
Stock subscriptions	(1,570)	(1,570)
Accumulated deficit	(31,054,200)	(29,184,443)
Total shareholders' deficit	(9,116,288)	(9,550,300)
Total liabilities and shareholders' deficit	\$ 4,283,994	\$ 4,612,237

*See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.*

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$ 12,854	\$ -	\$ 19,826	\$ -
Cost of revenue	550	-	550	-
Gross profit	<u>12,304</u>	<u>-</u>	<u>19,276</u>	<u>-</u>
Operating expenses	828,959	2,177,789	2,111,275	2,735,301
Loss from operations	<u>(816,655)</u>	<u>(2,177,789)</u>	<u>(2,091,999)</u>	<u>(2,735,301)</u>
Other income (expense)				
Change in fair value of derivative liability	647,121	3,035,470	2,461,179	(2,400,778)
Gain (loss) on settlement of debt	143,517	2,326,289	258,345	2,233,656
Interest expense, net	<u>(1,224,823)</u>	<u>(1,325,981)</u>	<u>(2,497,282)</u>	<u>(3,004,564)</u>
Other income (expense)	<u>(434,185)</u>	<u>4,035,778</u>	<u>222,242</u>	<u>(3,171,686)</u>
Income (loss) before income taxes	(1,250,840)	1,857,989	(1,869,757)	(5,906,987)
Provision for income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ (1,250,840)</u>	<u>\$ 1,857,989</u>	<u>\$ (1,869,757)</u>	<u>\$ (5,906,987)</u>
Basic net income (loss) per share	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>
Basic weighted average common shares outstanding	<u>347,939,531</u>	<u>234,997,177</u>	<u>337,779,860</u>	<u>198,404,131</u>
Diluted income (loss) per share	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>
Diluted weighted average common shares outstanding	<u>347,939,531</u>	<u>330,801,266</u>	<u>337,779,860</u>	<u>198,404,131</u>

*See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.*

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Six Months ended June 30,	
	2018	2017
<b>Operating activities:</b>		
Net loss	\$ (1,869,757)	\$ (5,906,987)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization expense	324,734	7,381
Fair value of equity issued for services	5,460	254,946
Stock based compensation	-	1,000,090
Loss (gain) on extinguishment of debt	(258,345)	(2,233,656)
Amortization of note discount and original issue discount	1,930,223	895,322
Amortization of discount on Series C Preferred stock liability	32,192	-
Non-cash interest expense	134,952	1,994,526
Non-cash value of warrant issued for services	380,750	-
Change in fair value of derivative liability	(2,461,179)	2,400,778
Changes in assets and liabilities:		
Accounts receivable	(10,073)	-
Prepaid expenses and other current assets	-	76,321
Accounts payable and accrued expenses	458,682	163,440
Net cash used in operating activities	<u>(1,332,361)</u>	<u>(1,347,839)</u>
<b>Investing activities:</b>		
Acquisition of property and equipment	(8,969)	-
Net cash used in investing activities	<u>(8,969)</u>	<u>-</u>
<b>Financing activities:</b>		
Proceeds from the issuance of notes payable	825,000	878,500
Proceeds from related party short-term advances	65,000	12,650
Repayments on related parties short term advances	(87,000)	(11,500)
Proceeds from issuance of common stock and units	60,000	472,749
Payment against long term loan	(4,221)	(6,151)
Payment against notes payable	(12,500)	(30,000)
Proceeds from issuance of redeemable shares	337,500	-
Proceeds from issuance of preferred stock	135,000	-
Net cash provided by financing activities	<u>1,318,779</u>	<u>1,316,248</u>
Net decrease in cash	(22,551)	(31,591)
Cash, beginning of year	90,173	55,533
Cash, end of period	<u>\$ 67,622</u>	<u>\$ 23,942</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	<u>\$ 70,220</u>	<u>\$ 8,711</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
<b>Non Cash Investing and Financing Activities:</b>		
Conversion of notes payable and accrued interest to common stock	<u>\$ 824,053</u>	<u>\$ 761,810</u>
Reduction in note payable and accrued interest as result of settlement	<u>\$ 82,000</u>	<u>\$ -</u>
Common stock issued on settlement of debt	<u>\$ -</u>	<u>\$ 185,945</u>
Notes payable and accrued interest exchanged for common stock units	<u>\$ -</u>	<u>\$ 66,367</u>

See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Shareholders' Deficit**  
**(Unaudited)**

	Series AA Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Common Stock Subscription Receivable	Retained Earnings	Total Shareholder's Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance December 31, 2017	5,000	\$ 5	-	\$ -	316,951,712	\$31,692	\$19,604,016	\$ (1,570)	\$(29,184,443)	\$ (9,550,300)
Private placement units issued for cash	-	-	-	-	1,561,950	156	59,844	-	-	60,000
Preferred stock issued for cash	-	-	1,350	1	-	-	134,999	-	-	135,000
Shares issued for services	-	-	-	-	125,000	13	5,447	-	-	5,460
Shares issued with lock-up agreements	-	-	-	-	17,003	2	1,044	-	-	1,046
Shares issued for conversion of notes payable and accrued interest	-	-	-	-	34,225,740	3,423	1,464,641	-	-	1,468,064
Valuation of warrants issued with Preferred Series C	-	-	-	-	-	-	45,980	-	-	45,980
Valuation of warrant issued for services	-	-	-	-	-	-	380,750	-	-	380,750
Valuation of warrant issued with note payable	-	-	-	-	-	-	71,521	-	-	71,521
Shares issued for commitment fees	-	-	-	-	3,387,534	339	116,192	-	-	116,531
Valuation of warrants issued for extension of notes	-	-	-	-	-	-	19,417	-	-	19,417
Net loss for the period ended June 30, 2018	-	-	-	-	-	-	-	-	(1,869,757)	(1,869,757)
Balance June 30, 2018	<u>5,000</u>	<u>\$ 5</u>	<u>1,350</u>	<u>\$ 1</u>	<u>356,268,939</u>	<u>\$35,625</u>	<u>\$21,903,851</u>	<u>\$ (1,570)</u>	<u>\$(31,054,200)</u>	<u>\$ (9,116,288)</u>

See accompanying summary of accounting policies and notes to unaudited condensed consolidated financial statements.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

**Note 1 - Organization and Nature of Business**

Endonovo Therapeutics, Inc. and Subsidiaries (the “Company” or “ETI”) is primarily focused in the business of biomedical research and development, particularly in regenerative medicine, which has included the development of its proprietary non-invasive electroceutical™ device.

*Basis of Presentation and Principles of Consolidation*

The accompanying unaudited interim condensed consolidated financial statements have been presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the instructions to Article 8 of Regulation S-X. Accordingly, the financial statements do not include all of the information and notes required by GAAP for complete financial statements. The condensed consolidated financial statements as of June 30, 2018 and 2017 are unaudited; however, in the opinion of management such interim condensed consolidated financial statements reflect all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. The accompanying financial information should be read in conjunction with the financial statements and the notes thereto in the Company’s most recent Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (the “SEC”) on April 6, 2018. The results of operations for the period presented are not necessarily indicative of the results that might be expected for future interim periods or for the full year.

The consolidated financial statements of the Company include the accounts of ETI and IPR as of March 14, 2012; Aviva as of April 2, 2013; and WeHealAnimals as of November 16, 2013. All significant intercompany accounts and transactions are eliminated in consolidation.

*Going Concern*

These accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business for the twelve month period following the date these consolidated financial statements are issued. The Company has raised approximately \$1,357,500 in debt and equity financing for the period January 1, 2018 to June 30, 2018. The Company is raising additional capital through debt and equity securities in order to continue the funding of its operations. However, there is no assurance that the Company can raise enough funds or generate sufficient revenues to pay its obligations as they become due, which raises substantial doubt about our ability to continue as a going concern. No adjustments have been made to the carrying value of assets or liabilities as a result of this uncertainty. To reduce the risk of not being able to continue as a going concern, management is commercializing its FDA cleared and CE marked products and has partially implemented its business plan to materialize revenues from potential, future, license agreements, has initiated a private placement offering to raise capital through the sale of its preferred and common stock and is seeking out profitable companies.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Critical estimates include the value of shares issued for services, in connection with notes payable agreements, in connection with note extension agreements, and as repayment for outstanding debt, the useful lives of property and equipment, the valuation of the derivative liability, the valuation of warrants and stock options, and the valuation of deferred income tax assets. Management uses its historical records and knowledge of its business in making these estimates. Actual results could differ from these estimates.



**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

*Net Income (Loss) per Share*

Basic net income (loss) per share is calculated based on the net income (loss) attributable to common shareholders divided by the weighted average number of shares outstanding for the period excluding any dilutive effects of options, warrants, unvested share awards and convertible securities. Diluted net income (loss) per common share assumes the conversion of all dilutive securities using the if-converted method and assumes the exercise or vesting of other dilutive securities, such as options, common shares issuable under convertible debt, warrants and restricted stock using the treasury stock method when dilutive.

*Accounts Receivable*

The Company uses the specific identification method for recording the provision for doubtful accounts, which was \$0 at June 30, 2018 and December 31, 2017. Accounts receivable are written off when all collection attempts have failed.

*Research and Development*

Costs relating to the development of new products are expensed as research and development as incurred in accordance with FASB Accounting Standards Codification ("ASC") 730-10, *Research and Development*. Research and development costs amounted to \$43,727 and \$0 for the three months ended June 30, 2018 and 2017 and \$157,835 and \$0 for the six months ended June 30, 2018 and 2017, respectively, and are included in operating expenses in the condensed consolidated statements of operations.

*Recently Issued Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance on accounting for leases in "Leases (Topic 840)" and generally requires all leases to be recognized in the consolidated balance sheet. ASU 2016-02 is effective for annual and interim reporting periods beginning after December 15, 2018; early adoption is permitted. The provisions of ASU 2016-02 are to be applied using a modified retrospective approach. The Company does not expect the adoption of this standard to significantly impact its consolidated financial statements.

In 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows and ASU 2016-18, *Restricted Cash* ("ASU 2016-18"), which requires an entity to show the changes in total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-15 and ASU 2016-18 are effective for us beginning January 1, 2017 and was applied by us using a retrospective transition method. Adoption of these standards did not have an impact on our Consolidated Financial Statements.

In 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"), which requires a company to recognize the tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for us beginning January 1, 2017 and was applied by us using a modified retrospective method. Adoption of this standard did not have an impact on our Consolidated Financial Statements.

On January 1, 2017, we adopted ASU 2016-09, *Compensation - Stock Compensation* ("ASU 2016-09") which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Adoption of ASU 2016-09 did not have a significant impact on our Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations* ("ASU 2017-01") which provided new guidance clarifying the definition of a business for determining whether transactions should be

accounted for as acquisitions (or disposals) of assets or businesses. The new standard is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017 with early adoption permitted for transactions that occurred before the issuance date or effective date of the standard if the transactions were not reported in financial statements that have been issued or made available for issuance. Upon early adoption, the standard did not impact how we assess acquisitions (or disposals) of assets or businesses.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350) that simplifies the test for goodwill impairment by eliminating step two from the goodwill impairment test. Under the new guidance, an entity should recognize an impairment charge for the amount based on the excess of a reporting unit's carrying amount over its fair value. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. For public companies, the guidance is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019 on a prospective basis, and earlier adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. We early adopted this guidance during the three months ended March 2017, and the adoption did not impact our financial statements.

In May 2014, the FASB issued ASU 2014-09 and modified the standard thereafter within Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. The Company adopted ASU 2014-09 effective January 1, 2018 using the modified retrospective method. The adoption of ASU 2014-09 did not have a significant impact on the Company's consolidated results of operations, financial position and cash flows. See Note 2.

In June 2018, the FASB issued ASU No. 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which simplifies several aspects of the accounting for nonemployee share-based payment transactions resulting from expanding the scope of Topic 718, Compensation—Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. This ASU is effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. The Company is currently evaluating the impact of the new guidance on our consolidated financial statements.

In July 2018, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases. The amendments in this Update affect the amendments in Update 2016-02, which are not yet effective, but for which early adoption upon issuance is permitted. For entities that early adopted Topic 842, the amendments are effective upon issuance of this Update, and the transition requirements are the same as those in Topic 842. For entities that have not adopted Topic 842, the effective date and transition requirements will be the same as the effective date and transition requirements in Topic 842. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

The Company has evaluated all the recent accounting pronouncements and determined that there are no other accounting pronouncements that will have a material effect on the Company's financial statements.

## **2. Revenue Recognition**

### ***Contracts with Customers***

We have adopted ASC 606, *Revenue from Contracts with Customers* effective January 1, 2018 using the modified retrospective method applied to those contracts which were not substantially completed as of January 1, 2018. These standards provide guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The standard requires that an entity recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues for 2018 are reported under ASC 606, while prior period amounts are not adjusted and continue to be reported under ASC 605, *Revenue Recognition*.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

We routinely plan on entering into contracts with customers that include general commercial terms and conditions, notification requirements for price increases, shipping terms and in most cases prices for the products and services that we offer. Our performance obligations are established when a customer submits a purchase order notification (in writing, electronically or verbally) for goods and services, and we accept the order. We identify performance obligations as the delivery of the requested product or service in appropriate quantities and to the location specified in the customer's contract and/or purchase order. We generally recognize revenue upon the satisfaction of these criteria when control of the product or service has been transferred to the customer at which time we have an unconditional right to receive payment. Our sales and sale prices are final and our prices are not affected by contingent events that could impact the transaction price.

Revenues for our SofPulse® product is typically recognized at the time the product is shipped, at which time the title passes to the customer, and there are no further performance obligations.

In connection with offering products and services provided to the end user by third-party vendors, we review the relationship between us, the vendor and the end user to assess whether revenue should be reported on a gross or net basis. In asserting whether revenue should be reported on a gross or net basis, we consider whether we act as a principal in the transaction and control the goods and services used to fulfill the performance obligation(s) associated with the transaction.

During the three months ended June 30, 2018, we recognized net revenues of \$10,073 from products with a selling price of \$21,023 and gross revenue of \$2,781 from products we sold as a principal in the transaction. During the six months ended June 30, 2018, we recognized net revenue of \$17,045 from products with a selling price of \$43,196 and gross revenue of \$2,781 from products we sold as a principal in the transaction.

**Sources of Revenue**

We have identified the following revenues disaggregated by revenue source:

1. Plastic Surgeons

As of June 30, 2018 and 2017 the sources of revenue were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Distributor- Plastic surgeons, net	\$ 10,073	\$ -	\$ 17,045	\$ -
Direct sales- Plastic surgeons, gross	2,781	-	2,781	-
<b>Total sources of revenue</b>	<b>\$ 12,854</b>	<b>\$ -</b>	<b>\$ 19,826</b>	<b>\$ -</b>

**Warranty**

Our general product warranties do not extend beyond an assurance that the product delivered will be consistent with stated specifications and do not include separate performance obligations.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

***Significant Judgments in the Application of the Guidance in ASC 606***

There are no significant judgments associated with the satisfaction of our performance obligations. We generally satisfy performance obligations upon delivery of the product to the customer. This is consistent with the time in which the customer obtains control of the products. Performance obligations are also generally settled quickly after the purchase order acceptance, therefore the value of unsatisfied performance obligations at the end of any reporting period is generally immaterial.

We consider variable consideration in establishing the transaction price. Forms of variable consideration applicable to our arrangements include sales returns, rebates, volume-based bonuses, and prompt pay discounts. We use historical information along with an analysis of the expected value to properly calculate and to consider the need to constrain estimates of variable consideration. Such amounts are included as a reduction to revenue from the sale of products in the periods in which the related revenue is recognized and adjusted in future periods as necessary.

***Practical Expedients***

Our payment terms for sales direct to distributors are substantially less than the one-year collection period that falls within the practical expedient in determination of whether a significant financing component exists.

***Taxes Collected from Customers***

Taxes collected on the value of transaction revenue are excluded from product revenues and are accrued in current liabilities until remitted to governmental authorities.

***Effective Date and Transition Disclosures***

Adoption of the new standards related to revenue recognition did not have a material impact on our consolidated financial statements.

**Note 3 – Property, Plant and Equipment**

The following is a summary of equipment, at cost, less accumulated depreciation at June 30, 2018 and December 31, 2017:

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Autos	\$ 64,458	\$ 64,458
Medical equipment	13,969	5,000
Other equipment	8,774	8,774
	87,201	78,232
Less accumulated depreciation	<u>78,447</u>	<u>77,168</u>
	<u>\$ 8,754</u>	<u>\$ 1,064</u>

Depreciation expense for the six months ended June 30, 2018 and 2017 was \$1,279 and \$7,381, respectively. Repairs and maintenance are charged to expense as incurred while improvements are capitalized. Upon the sale, retirement or disposal of fixed assets, the accounts are relieved of the cost and the related accumulated depreciation with any gain or loss recorded to the consolidated statements of operations.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

**Note 4 – Patents**

In December 2017, we acquired from Rio Grande Neurosciences, Inc. (RGN) a patent portfolio for \$4,500,000 as part of a settlement agreement. The oldest patents expire in 2024. The patent portfolio is amortized through 2024. The following is a summary of patents less accumulated amortization at June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Patents	\$ 4,500,000	\$ 4,500,000
Less accumulated amortization	323,455	-
	\$ 4,176,545	\$ 4,500,000

Amortization expense associated with patents was \$323,455 and \$0 for the six months ended June 30, 2018 and 2017. The estimated future amortization expense related to patents as of June 30, 2018 is as follows:

Twelve Months Ending June 30,	Amount
2019	\$ 646,910
2020	646,910
2021	646,910
2022	646,910
2023	646,910
Thereafter	941,995
Total	\$ 4,176,545

**Note 5 - Notes Payable and Long Term Loan**

*Notes Payable*

During the six months ended June 30, 2018, the Company issued two Convertible Notes (“Variable Notes”) totaling \$367,370 for funding of \$325,000 with an original terms of one year with interest rates of 10%, and a variable conversion rates with discounts of 35% of the Company’s common stock based on the terms included in the Variable Note. The Variable Notes contains a prepayment option, which enables the Company to prepay the note subsequent to issuance at a premiums of 135%. The Company also issued two Fixed Rate Notes (“Fixed Rate Notes”) totaling \$583,000 for funding of \$500,000 with an original term of six months and an interest rate of 12%.

The gross amount of all convertible notes with variable conversion rates outstanding at June 30, 2018 is \$4,116,120, of which \$1,528,750 are past maturity.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

Notes payable to a related party in the aggregate amount of \$270,000 were outstanding at June 30, 2018.

As of June 30, 2018, other notes payable outstanding totaled \$3,102,903, of which \$919,903 are past maturity.

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Notes payable at beginning of period	\$ 7,356,144	\$ 3,193,956
Notes payable issued	950,370	5,837,070
Settlements on note payable	(47,500)	(95,597)
Repayments of notes payable in cash	(12,500)	(96,000)
Less amounts converted to stock	(757,491)	(1,483,285)
Notes payable at end of period	7,489,023	7,356,144
Less debt discount	(1,355,554)	(2,624,984)
	<u>\$ 6,133,469</u>	<u>\$ 4,731,160</u>
Notes payable issued to related parties	<u>\$ 270,000</u>	<u>\$ 270,000</u>
Notes payable issued to non-related parties	<u>\$ 5,863,469</u>	<u>\$ 4,461,160</u>

The maturity dates on the notes payable are as follows:

<u>Twelve months ending,</u>	<u>Non-related parties</u>	<u>Related parties</u>	<u>Total</u>
Past due	\$ 2,448,653	\$ -	\$ 2,448,653
June 30, 2019	4,770,370	270,000	5,040,370
Total	<u>\$ 7,219,023</u>	<u>\$ 270,000</u>	<u>\$ 7,489,023</u>

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

**Note 6 - Shareholders' Deficit**

*Preferred Stock*

The Company has authorized 5,000,000 shares of preferred stock which have been designated as follows:

	Number of Shares Authorized	Number of Shares Outstanding at June 30, 2018	Par Value	Liquidation Value
Series AA	1,000,000	5,000	\$ 0.0001	\$ -
Preferred Series B	50,000	1,350	\$ 0.0001	\$ 100
Preferred Series C	8,000	1,037	\$ 0.0001	\$ 1,000
Undesignated	3,942,000	-	-	-

*Series AA Preferred Shares*

On February 22, 2013, the Board of Directors of the Company authorized an amendment to the Company's Articles of Incorporation, as amended (the "Articles of Incorporation"), in the form of a Certificate of Designation that authorized the issuance of up to one million (1,000,000) shares of a new series of preferred stock, par value \$0.0001 per share, designated "Series AA Super Voting Preferred Stock," for which the board of directors established the rights, preferences and limitations thereof.

Each holder of outstanding shares of Series AA Super Voting Preferred Stock shall be entitled to one hundred thousand (100,000) votes for each share of Series AA Super Voting Preferred Stock held on the record date for the determination of stockholders entitled to vote at each meeting of stockholders of the Company. The Series AA Super Voting Preferred Stock holders will receive no dividends nor any value on liquidation. As of June 30, 2018, there were 5,000 shares of Series AA Preferred stock outstanding.

*Series B Convertible Preferred Stock*

On February 7, 2017, the Company filed a certificate of designation for 50,000 shares of Series B Convertible Preferred Stock designated as Series B ("Series B") which are authorized and convertible, at the option of the holder, commencing six months from the date of issuance into common shares and warrants. For each share of Series B, the holder, on conversion, shall receive the stated value divided by 75% of the market price on the date of purchase of Series B and a three-year warrant exercisable into up to a like amount of common shares with an exercise price of 150% of the market price as defined in the Certificate of Designation. Dividends shall be paid only if dividends on the Company's issued and outstanding Common Stock are paid and the amount paid to the Series B holder will be as though the conversion shares had been issued. The Series B holders have no voting rights. Upon liquidation, the holder of Series B, shall be entitled to receive an amount equal to the stated value, \$100 per share, plus any accrued and unpaid dividends thereon before any distribution is made to Series C Secured Redeemable Preferred Stock or common stockholders. As of June 30, 2018, 1,350 shares of Series B and 4,805,600 warrant shares have been issued and are outstanding.

*Series C Secured Redeemable Preferred Stock*

On December 22, 2017, the Company filed a certificate of designation for 8,000 shares of Series C Secured Redeemable Preferred Stock ("Series C"). Each share of the C Preferred is entitled to receive a \$20.00 quarterly dividend commencing March 31, 2018 and each quarter thereafter and is to be redeemed for the stated value, \$1,000 per share, plus accrued dividends in cash (i) at the Company's option, commencing one year from issuance and (ii) mandatorily as of December 31, 2019. The C Preferred does not have any rights to vote with the common stock. Upon liquidation, the holder of Series C, shall be entitled to receive an amount equal to the stated value, \$1,000 per share, plus any accrued and unpaid dividends thereon before any distribution is made to common stockholders but after distributions are made to holders of Series B. Since the C Preferred is mandatorily payable, the obligation has been included in long term liabilities on the consolidated balance sheets as of June 30, 2018 and December 31, 2017. The Company's obligation to redeem the C Preferred is secured by a security interest in the RGN Assets. As of June 30, 2018, the Company has sold 1,037 shares of C Preferred in units comprised of shares of C Preferred and common stock purchase warrants exercisable into up to 4,490,738 shares of common stock for consideration of \$1,037,500. The warrants resulted in a debt discount of \$115,596 and \$101,808 at June 30, 2018 and December 31, 2017, respectively, and are recorded as a discount to the preferred stock liability on the consolidated balance sheet.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

*Common Stock*

During the six months ended June 30, 2018, the Company issued pursuant to a private placement offering 1,561,950 shares of common stock and the same number of warrants for cash of \$60,000. The Company also issued 34,225,740 shares of common stock for the conversion of notes and accrued interest in the amount of \$824,053.

During the six months ended June 30, 2018, the Company issued 17,003 shares of common stock valued at \$1,046 related to the extension of outstanding notes and lock-up agreements.

During the six months ended June 30, 2018, the Company issued 125,000 shares of common stock with a value of \$5,460, related to services and fees.

During the six months ended June 30, 2018, the Company issued 3,387,534 shares of common stock with a value of \$116,531 as a commitment to repay a note payable on its stated terms. If the note is satisfactorily repaid, the shares shall be rescinded. Until it is determined if the terms of the note will be met, the value of the shares is being reflected as a discount to the note.

The Variable Debentures issued by the Company each have a provision requiring the Company to reserve a variable amount of shares of common stock for when the holder of the Variable Debenture converts.

*Stock Options*

The balance of all stock options outstanding as of June 30, 2018 is as follows:

	Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2018	93,203,369	\$ 0.029	3.96	
Granted	-	\$ -		
Cancelled	-	\$ -		
Exercised	-	\$ -		
Outstanding at June 30, 2018	<u>93,203,369</u>	\$ 0.029	3.46	\$ 624,463
Exercisable at June 30, 2018	<u>93,203,369</u>	\$ 0.029	3.46	\$ 624,463

*Warrants*

During the six months ended June 30, 2018, in conjunction with the sale of Common Stock, the Company issued three-year common stock purchase warrants to acquire up to 1,561,950 shares of common stock with exercise prices ranging from \$0.0734 to \$1.00 per share.



**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

In addition, during the six months ended June 30, 2018, the Company issued a five-year common stock purchase warrant to acquire up to 2,000,000 shares of common stock valued at \$71,521 with an exercise price of \$0.05 in conjunction with the issuance of a note payable; three-year common stock purchase warrants to acquire up to 4,805,600 shares of common stock with exercise prices ranging from \$0.051 to \$1.00 in conjunction with the issuance of Series B preferred stock; two-year common stock purchase warrants to acquire up to 1,765,469 shares of common stock with exercise prices ranging from \$0.0355 to \$0.0516 in conjunction with the issuance of Series C preferred stock; a 2-year common stock purchase warrant to acquire up to 6,200,000 shares of common stock valued at \$380,750 with an exercise price of \$0.0001; and two-year common stock purchase warrants to acquire up to 642,157 shares of common stock with exercise prices ranging from \$0.0368 to \$0.0370 in conjunction with the extension of certain notes payable.

The Company measures the fair value of warrants issued using the Black Scholes option pricing model using the following assumptions:

	<u>Six months ended June 30, 2018</u>
Expected term	2 years - 5 years
Exercise price	\$0.0001-\$0.0516
Expected volatility	166%-193%
Expected dividends	None
Risk-free interest rate	1.92% to 2.65%
Forfeitures	None

A summary of the status of the warrants granted under these agreements at June 30, 2018, and changes during the three months then ended is presented below:

	<u>Outstanding Warrants</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price Per Share</u>
Outstanding at January 1, 2018	61,807,992	\$ 0.31
Granted	16,975,176	\$ 0.21
Cancelled	(300,000)	\$ 0.81
Exercised	-	-
Outstanding at June 30, 2018	<u>78,483,168</u>	\$ 0.29
Exercisable at June 30, 2018	<u>78,483,168</u>	\$ 0.29

As of June 30, 2018, the Company has 500,000,000 shares of common stock authorized. After the exercise of stock options and warrants and the conversion of variable rate debentures, the Company could potentially have a shortfall of common stock. Should there be a shortfall in common stock, the shareholders of the Company would need to approve an increase in the authorized common stock to an amount sufficient to satisfy such exercises and conversions or reclassify the obligations to liabilities payable in some form other than common stock.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

**Note 7 – Related Party Transactions**

One executive of the Company has entered into note payable agreements with the Company. The balance of notes payable from related parties at June 30, 2018 is \$270,000.

As of June 30, 2018 and December 31, 2017, the balance of executives' deferred compensation is \$968,150 and \$922,425, respectively.

From time-to-time executives of the Company advance monies to the Company to cover costs. During the three months ended June 30, 2018, executives advanced \$65,000 of funds to the Company and received payments of \$87,000 resulting in a \$0 balance of short-term advances due to executives at June 30, 2018.

**Note 8 – Fair Value Measurements**

The Company has issued Variable Debentures which contained variable conversion rates based on unknown future prices of the Company's common stock. This results in a conversion feature. The Company measures the conversion feature using the Black Scholes option pricing model using the following assumptions:

	Six months ended June 30,	
	2018	2017
Expected term	1 month - 1 year	8 months - 5 years
Exercise price	\$0.0195-\$0.0326	\$0.0203-\$0.28
Expected volatility	127%-195%	184%-276%
Expected dividends	None	None
Risk-free interest rate	1.79% to 2.35%	0.45% to 1.79%
Forfeitures	None	None

The assumptions used in determining fair value represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change, including changes in the market value of the Company's common stock, managements' assessment or significant fluctuations in the volatility of the trading market for the Company's common stock, the Company's fair value estimates could be materially different in the future.

The Company computes the fair value of the derivative liability at each reporting period and the change in the fair value is recorded as non-cash expense or non-cash income. The key component in the value of the derivative liability is the Company's stock price, which is subject to significant fluctuation and is not under its control. The resulting effect on net loss is therefore subject to significant fluctuation and will continue to be so until the Company's Variable Debentures, which the convertible feature is associated with, are converted into common stock or paid in full with cash. Assuming all other fair value inputs remain constant, the Company will record non-cash expense when its stock price increases and non-cash income when its stock price decreases.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

The following table presents changes in the liabilities with significant unobservable inputs (level 3) for the six months ended June 30, 2018:

	Derivative Liability
Balance December 31, 2017	\$ 5,939,600
Issuance of convertible debt	461,860
Settlements by debt settlement	(820,357)
Change in estimated fair value	<u>(2,461,179)</u>
Balance June 30, 2018	<u>\$ 3,119,924</u>

Accounting guidance on fair value measurements and disclosures defines fair value, establishes a framework for measuring the fair value of assets and liabilities using a hierarchy system, and defines required disclosures. It clarifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts business.

The Company's balance sheet contains derivative liabilities that are recorded at fair value on a recurring basis. The three-level valuation hierarchy for disclosure of fair value is as follows:

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

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

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

The fair value of the Company's recorded derivative liability is determined based on unobservable inputs that are not corroborated by market data, which require a Level 3 classification. A Black Scholes option pricing model was used to determine the fair value. The Company records derivative liability on the condensed consolidated balance sheets at fair value with changes in fair value recorded in the condensed consolidated statements of operation.

**Endonovo Therapeutics, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements (continued)**

The following table presents balances in the liabilities with significant unobservable inputs (Level 3) at June 30, 2018:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
As of June 30, 2018				
Derivative liability	\$ -	\$ -	\$ 3,119,924	\$ 3,119,924
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,119,924</b>	<b>\$ 3,119,924</b>

**Note 9 – Commitments and Contingencies**

*Legal Matters*

The Company may become involved in various legal proceedings in the normal course of business.

**Note 10 – Subsequent Events**

Subsequent to June 30, 2018, an aggregate of 9,849,828 shares of restricted common stock were issued on the conversion of \$175,000 of principal and \$19,922 of accrued interest pursuant to one Variable Note.

Subsequent to June 30, 2018, the Company received \$175,000 of funding in connection with a \$189,000 convertible note due on July 3, 2019 bearing interest at a rate of 10%.

Subsequent to June 30, 2018, the Company received \$144,000 of funding in connection with a \$157,500 convertible note due on August 3, 2019 bearing interest at a rate of 10%.

Subsequent to June 30, 2018, the Company received \$130,000 of cash from the issuance of 130 shares of Preferred C Stock and issued two-year warrants for the exercise up to 756,068 shares of common stock with an exercise prices ranging from \$0.0299 to \$0.035.

As a result of these issuances, the total number of common shares outstanding is 366,118,767, Preferred B shares outstanding is 1,350 and Preferred C shares outstanding is 1,168.

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

### **Cautionary Notice Regarding Forward Looking Statements**

The information contained in Item 2 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. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this report. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

This filing contains a number of forward-looking statements which reflect management’s current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this filing other than statements of historical fact, including statements addressing operating performance, events, or developments which management expects or anticipates will or may occur in the future, including statements related to distributor channels, volume growth, revenues, profitability, new products, adequacy of funds from operations, statements expressing general optimism about future operating results, and non-historical information, are forward looking statements. In particular, the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “may,” and variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements, and their absence does not mean that the statement is not forward-looking. These forward-looking statements are subject to certain risks and uncertainties, including those discussed below. Our actual results, performance or achievements could differ materially from historical results as well as those expressed in, anticipated, or implied by these forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect any future events or circumstances.

Readers should not place undue reliance on these forward-looking statements, which are based on management’s current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions (including those described below), and apply only as of the date of this filing. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

### **Overview**

Endonovo Therapeutics, Inc. and Subsidiaries (the “Company” or “ENDV” “we” “us” “our”) is primarily focused in the business of biomedical research and development, particularly in regenerative medicine, which has included the development of its proprietary non-invasive electroceutical™ device and intellectual property licensing and commercialization.

Our intellectual property management and commercialization segment is focused primarily on licensing various commercially desirable technologies and patents from companies that need operating capital or that need help commercializing their technology and sublicense such technology in designated territories. This segment acquires exclusive licenses for marketable technology normally without the payment of any upfront license fee to the licensor and thereafter, to sub-license the technology in the designated markets, including Asia, Europe, and Brazil. Our results depend upon our ability to locate available, licensable, and readily marketable technology, to negotiate favorable licenses for such technology, and to sub-license the technology in the designated markets at a sufficient level of volume in an effort to generate maximum revenues. Due to the history of our acquisitions, as set forth below, and management’s assessment of what has been the most promising of our technologies, we have determined to focus ourselves as a developer of non-invasive medical devices, more particularly medical devices configured to deliver our Electroceutical™ Therapies. We are commercial stage developer of non-invasive medical devices designed to deliver our proprietary Electroceutical™ Therapies for the treatment of inflammatory conditions, cardiovascular diseases, chronic kidney disease and central nervous system disorders.

### First Commercial Sales of SofPulse®

On January 22, 2018, the Company announced the first commercial sales of its FDA-Cleared Electroceutical™ System, SofPulse®, for the palliative treatment of post-operative pain and edema in superficial soft tissues. To date, SofPulse® is being prescribed by 21 physicians for use post-surgical pain relief and recovery. The Company is working to continue expanding the number of physicians and cosmetic surgeons prescribing SofPulse® for post-operative pain relief and recovery.

Our commercialization efforts have been partially delayed due to manufacturing shortages of the Ivivi Roma Electroceutical™ System we plan to sell and rent to acute care and skilled nursing facilities. The Ivivi Roma Electroceutical™ System has not been manufactured in approximately 6 years and we are currently sourcing various components to build sufficient units to fulfill several pending orders from skilled nursing facilities. However, we will be required to redesign the Ivivi Roma Electroceutical™ System with newer readily available components to ensure a sufficient supply of inventory to fulfill contemplated and pending orders and continue our commercialization efforts.

### **Going Concern**

Our independent registered auditors included an explanatory paragraph in their opinion on our consolidated financial statements as of and for the fiscal year ended December 31, 2017 that states that our ongoing losses and lack of resources causes doubt about our ability to continue as a going concern.

### **Critical Accounting Policies**

A summary of our significant accounting policies is included in Note 1 of the “Notes to Consolidated Financial Statements,” contained in our Form 10-K for the year ended December 31, 2017. Management believes that the consistent application of these policies enables us to provide users of the financial statements with useful and reliable information about our operating results and financial condition. The summary consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S., which require us to make estimates and assumptions. Other than the new revenue recognition standard that became effective at the beginning of 2018, we did not experience any significant changes during the six months ended June 30, 2018 in any of our Critical Accounting Policies from those contained in our Form 10-K for the year ended December 31, 2017.

### **New Accounting Pronouncements**

See Note 1 of Notes to Condensed Consolidated Financial Statements for further discussion of new accounting standards that have been adopted or are being evaluated for future adoption.

## Results of Operations

Three Months ended June 30, 2018 and 2017

	Three Months Ended June 30,		Favorable	
	2018	2017	(Unfavorable)	%
Revenue	\$ 12,854	\$ -	\$ 12,854	NM
Cost of revenue	550	-	(550)	NM
Gross profit	12,304	-	12,304	NM
Operating expenses	828,959	2,177,789	1,348,830	61.9%
Loss from operations	(816,655)	(2,177,789)	1,361,134	62.5%
Other income (expense)	(434,185)	4,035,778	(4,469,963)	NM
Net income (loss)	\$ (1,250,840)	\$ 1,857,989	\$ (3,108,829)	NM

### Revenue

Revenue of the Company's SofPulse® product during the current quarter in an amount of \$12,854 compared to no sales during the previous year corresponding period.

Revenues for our SofPulse® product is typically recognized at the time the product is shipped, at which time the title passes to the customer, and there are no further performance obligations.

In connection with offering products and services provided to the end user by third-party vendors, we review the relationship between us, the vendor and the end user to assess whether revenue should be reported on a gross or net basis. In asserting whether revenue should be reported on a gross or net basis, we consider whether we act as a principal in the transaction and control the goods and services used to fulfill the performance obligation(s) associated with the transaction.

It is anticipated that sales will increase in future quarters.

### Cost of Revenue

Cost of revenue was \$550 during the three months ended June 30, 2018 compared to no cost of revenue during the previous year corresponding period. Cost of revenue is recognized on those sales recorded as gross for which we are the principal in the transaction as opposed to net sales which reflect no cost of revenue.

It is anticipated that cost of revenue will increase in future quarters.

### Operating Expenses

Operating expenses decreased \$1,348,830, a decrease of 61.9%, to \$828,959 for the three months ended June 30, 2018 compared to \$2,177,789 for the corresponding period of the previous year. The primary reasons for this decrease were the reduction in consulting and professional expenses of approximately \$530,000 related primarily to legal fees and deferred compensation expense, the reduction in stock based compensation in an amount of approximately \$1,000,000 related to stock options issued to independent contractors in 2017, partially offset by an increase in amortization of patent costs of approximately \$162,000 as the result of acquiring the patent portfolio of RGN in late 2017.

### Other Income (Expense)

Other income (expense) for the quarter ended June 30, 2018 was expense of \$434,185 compared to income of \$4,035,778 for the quarter ended June 30, 2017. This change was due primarily to a change in valuation of our derivative liabilities and net of interest expense resulting from the amortization of the discounts on notes payable. In addition, we had a gain on settlement of debt of \$143,517 during the quarter ended June 30, 2018 compared to a gain of \$2,326,289 during the quarter ended June 30, 2017. We anticipate continued large fluctuations in other income (expense) as a result of quarterly re-evaluation of these derivative liabilities.

### *Six Months ended June 30, 2018 and 2017*

	Six Months Ended June 30, 2018	2017	Favorable (Unfavorable)	%
Revenue	\$ 19,826	\$ -	\$ 19,826	NM
Cost of revenue	550	-	(550)	NM
Gross profit	19,276	-	19,276	NM
Operating expenses	2,111,275	2,735,301	624,026	22.8%
Loss from operations	(2,091,999)	(2,735,301)	643,302	23.5%
Other income (expense)	222,242	(3,171,686)	3,393,928	NM
Net income (loss)	\$ (1,869,757)	\$ (5,906,987)	\$ 4,037,230	NM

### Revenue

The Company initiated sales of its SofPulse® product during the six months ended June 30, 2018 in an amount of \$19,826 compared to no sales during the previous year corresponding period.

It is anticipated that sales will increase in future quarters.

### Cost of Revenue

Cost of revenue was \$550 during the six months ended June 30, 2018 compared to no cost of revenue during the previous year corresponding period. Cost of revenue is recognized on those sales recorded as gross for which we are the principal in the transaction as opposed to net sales which reflect no cost of revenue.

It is anticipated that cost of revenue will increase in future quarters.

### Operating Expenses

Operating expenses decreased \$624,026, a decrease of 22.8%, to \$2,111,275 for the six months ended June 30, 2018 compared to \$2,735,301 for the corresponding period of the previous year. The primary reasons for this decrease were the reduction in consulting and professional expenses of approximately \$124,000 related primarily to legal fees and deferred compensation expense, the reduction in stock based compensation in an amount of approximately \$1,000,000 related to stock options issued to independent contractors in 2017, partially offset by an increase in amortization of patent costs of approximately \$323,000 as the result of acquiring the patent portfolio of RGN in late 2017 and an increase in research and development of approximately \$158,000.

### Other Income (Expense)

Other income (expense) for the six months ended June 30, 2018 was income of \$222,242 compared to expense of \$3,171,686 for the six months ended June 30, 2017. This change was due primarily to a change in valuation of our derivative liabilities and net of interest expense resulting from the amortization of the discounts on notes payable. In addition, we had a gain on settlement of debt of \$258,345 during the six months ended June 30, 2018 compared to a gain of \$2,233,656 during the six months ended June 30, 2017. We anticipate continued large fluctuations in other income (expense) as a result of quarterly re-evaluation of these derivative liabilities.



Liquidity and Capital Resources

	As of		Favorable (Unfavorable)
	June 30, 2018	December 31, 2017	
<b>Working Capital</b>			
Current assets	\$ 98,695	\$ 111,173	\$ (12,478)
Current liabilities	12,323,378	13,409,345	1,085,967
Working capital deficit	<u>\$ (12,224,683)</u>	<u>\$ (13,298,172)</u>	<u>\$ 1,073,489</u>
Long-term debt	<u>\$ 1,076,904</u>	<u>\$ 753,192</u>	<u>\$ (323,712)</u>
Stockholders' deficit	<u>\$ (9,116,288)</u>	<u>\$ (9,550,300)</u>	<u>\$ 434,012</u>
	Six Months Ended June 30,		Favorable
	2018	2017	(Unfavorable)
<b>Statements of Cash Flows Select Information</b>			
Net cash provided (used) by:			
Operating activities	\$ (1,332,361)	\$ (1,347,839)	\$ 15,478
Investing activities	\$ (8,969)	\$ -	\$ (8,969)
Financing activities	\$ 1,318,779	\$ 1,316,248	\$ 2,531
	As of		Favorable
	June 30, 2018	December 31, 2017	(Unfavorable)
<b>Balance Sheet Select Information</b>			
Cash	<u>\$ 67,622</u>	<u>\$ 90,173</u>	<u>\$ (22,551)</u>
Accounts payable and accrued expenses	<u>\$ 3,069,985</u>	<u>\$ 2,714,041</u>	<u>\$ (355,944)</u>

Since inception and through June 30, 2018, the Company has raised approximately \$11.3 million in equity and debt transactions. These funds have been used to commence the operations of the Company to acquire and begin the development of its intellectual property portfolio. These activities include attending trade shows and corporate development. Our accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business for the twelve month period following the date of these condensed consolidated financial statements. The Company has incurred substantial losses since inception. Its current liabilities exceed its current assets and available cash is not sufficient to fund expected future operations. The Company is raising additional capital through debt and equity securities in order to continue the funding of its operations. However, there is no assurance that the Company can raise enough funds or generate sufficient revenues to pay its obligations as they become due, which raises substantial doubt about our ability to continue as a going concern. To reduce the risk of not being able to continue as a going concern, management is commercializing its FDA cleared and CE marked products and has implemented its business plan to materialize revenues from potential, future, license agreements, has initiated a private placement offering to raise capital through the sale of its common stock and is seeking out profitable companies. Our cash on hand at June 30, 2018 was \$67,622. This will be insufficient to fund operations if additional capital is not raised. The Company raised an aggregate of \$1,357,500 through the sale of equity and debt securities during the six months ended June 30, 2018.

The Company is not aware of any recently issued accounting pronouncements that when adopted will have a material effect on the Company's financial position or result of its operation.

#### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

We are a Smaller Reporting Company and are not required to provide the information under this item.

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

##### Disclosure of controls and procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports, filed under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As required by the SEC Rule 13a-15(b), we carried out an evaluation under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses described below.

In light of the material weaknesses described below, we performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

A material weakness is a control deficiency (within the meaning of the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2) or combination of control deficiencies that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management has identified the following two material weaknesses which have caused management to conclude that as of June 30, 2018 our disclosure controls and procedures were not effective at the reasonable assurance level:

1. We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act which is applicable to us for the quarter ended June 30, 2018. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

**Changes in internal controls over financial reporting.**

There has been no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings.**

We are not currently involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

**Item 1A. Risk Factors.**

We are a Smaller Reporting Company (as defined in Rule 12b-2 of the Exchange Act) and are not required to provide the information under this item.

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

Number of Common Shares Issued	Source of Payment	Amount
25,000	Services	\$ 925
3,387,534	Commitment fee	\$ 116,531
14,898,343	Conversion of notes	\$ 582,531

The above issuances of securities during the three months ended June 30, 2018 were exempt from registration pursuant to Section 4(2), and/or Regulation D promulgated under the Securities Act. These securities qualified for exemption under Section 4(2) of the Securities Act since the issuance securities by us did not involve a public offering. The offering was not a "public offering" as defined in Section 4(2) due to the insubstantial number of persons involved in the deal, size of the offering, manner of the offering and number of securities offered. We did not undertake an offering in which we sold a high number of securities to a high number of investors. In addition, these stockholders had the necessary investment intent as required by Section 4(2) since they agreed to and received share certificates bearing a legend stating that such securities are restricted pursuant to Rule 144 of the Securities Act. This restriction ensures that these securities would not be immediately redistributed into the market and therefore not be part of a "public offering." Based on an analysis of the above factors, we have met the requirements to qualify for exemption under Section 4(2) of the Securities Act for this transaction.

**Item 3. Defaults upon Senior Securities.**

None

**Item 4. Mine Safety Disclosures.**

Not applicable

**Item 5. Other Information**

None

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Exhibit Title</b>
31.1	<a href="#"><u>Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1	<a href="#"><u>Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Schema
101.CAL *	XBRL Taxonomy Calculation Linkbase
101.DEF *	XBRL Taxonomy Definition Linkbase
101.LAB *	XBRL Taxonomy Label Linkbase
101.PRE *	XBRL Taxonomy Presentation Linkbase

In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 are being furnished and not filed.

\* Furnished herewith. XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

**SIGNATURES**

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

Dated: August 13, 2018

**Endonovo Therapeutics, Inc.**

By: /s/ Alan Collier

Alan Collier

Chief Executive Officer (Duly Authorized Officer, Principal Executive Officer and Principal Financial Officer)



Certification of Principal Executive Officer and Principal Financial Officer  
Pursuant to 18 U.S.C. 1350  
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Alan Collier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Endonovo Therapeutics, Inc. for the period ended June 30, 2018;
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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Dated: August 13, 2018

/s/ Alan Collier

Chief Executive Officer and Principal Financial Officer

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

In connection with the Quarterly Report of Endonovo Therapeutics, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan Collier, Chief Executive Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Alan Collier*

Name: Alan Collier

Title: Chief Executive Officer and Principal Financial Officer

Date: August 13, 2018

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

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

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