
**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, 2019.

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 __, 2019, there were 760,920,532 shares of common stock, \$0.0001 par value issued and outstanding.

ENDONOVO THERAPEUTICS, INC.
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June 30, 2019

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash	\$ 547,530	\$ 379,151
Accounts receivable, net of allowance for doubtful accounts of \$0	8,426	3,345
Inventory and prepaid production	29,944	-
Total current assets	<u>585,900</u>	<u>382,496</u>
Property, plant and equipment, net	7,000	6,727
Patents, net	3,529,635	3,853,090
Total assets	<u>\$ 4,122,535</u>	<u>\$ 4,242,313</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 280,994	\$ 157,388
Accrued interest	927,590	786,098
Deferred compensation	2,344,969	2,245,757
Notes payable, net of discounts of \$738,201 and \$1,833,795 as of June 30, 2019 and December 31, 2018	6,551,728	6,054,403
Notes payable - related party	230,000	270,000
Derivative liability	8,172,971	4,426,026
Series C preferred stock liability, net of discounts of \$100,613 and \$180,712 at June 30, 2019 and December 31, 2018	1,706,178	1,539,479
Total current liabilities	<u>20,214,430</u>	<u>15,479,151</u>
Acquisition payable	155,000	155,000
Total liabilities	<u>20,369,430</u>	<u>15,634,151</u>
COMMITMENTS AND CONTINGENCIES, note 9		
Shareholders' deficit		
Super AA super voting preferred stock, \$0.001 par value; 1,000,000 authorized and 25,000 issued and outstanding at June 30, 2019 and December 31, 2018	25	25
Series B convertible preferred stock, \$0.0001 par value; 50,000 shares authorized, 600 shares issued and outstanding at June 30, 2019 and December 31, 2018	1	1
Common stock, \$0.0001 par value; 2,500,000,000 shares authorized; 730,558,565 and 431,063,061 shares issued and outstanding as of June 30, 2019 and December 31, 2018	73,055	43,106
Additional paid-in capital	29,545,647	24,186,882
Stock subscriptions	(1,570)	(1,570)
Accumulated deficit	(45,864,053)	(35,620,282)
Total shareholders' deficit	<u>(16,246,895)</u>	<u>(11,391,838)</u>
Total liabilities and shareholders' deficit	<u>\$ 4,122,535</u>	<u>\$ 4,242,313</u>

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,	
	2019	2018	2019	2018
Revenue	\$ 62,729	\$ 12,854	\$ 107,681	\$ 19,826
Cost of revenue	29,573	550	37,284	550
Gross profit	33,156	12,304	70,397	19,276
Operating expenses	1,007,971	828,959	1,858,209	2,111,275
Loss from operations	(974,815)	(816,655)	(1,787,812)	(2,091,999)
Other income (expense)				
Change in fair value of derivative liability	(5,470,621)	647,121	(5,479,163)	2,461,179
Gain (loss) on settlement of debt	13,399	143,517	52,290	258,345
Interest expense, net	(1,405,509)	(1,224,823)	(3,029,086)	(2,497,282)
Other income (expense)	(6,862,731)	(434,185)	(8,455,959)	222,242
Loss before income taxes	(7,837,546)	(1,250,840)	(10,243,771)	(1,869,757)
Provision for income taxes	-	-	-	-
Net loss	\$ (7,837,546)	\$ (1,250,840)	\$ (10,243,771)	\$ (1,869,757)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average common share outstanding:				
Basic and diluted	577,492,164	347,939,531	529,923,873	337,779,860

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,	
	2019	2018
Operating activities:		
Net loss	\$ (10,243,771)	\$ (1,869,757)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization expense	325,053	324,734
Fair value of equity issued for services	92,396	5,460
Loss (gain) on extinguishment of debt	(52,290)	(258,345)
Amortization of note discount and original issue discount	1,261,139	1,930,223
Amortization of discount on Series C Preferred stock liability	95,429	32,192
Non-cash interest expense	1,077,619	134,952
Non-cash value of stock, options and warrants issued for services and notes	47,949	380,750
Change in fair value of derivative liability	5,479,163	(2,461,179)
Changes in assets and liabilities:		
Accounts receivable	(5,081)	(10,073)
Inventory and prepaid production	(29,944)	-
Account payable	123,606	53,633
Accrued interest	513,664	287,624
Deferred compensation	99,212	117,425
Net cash used in operating activities	<u>(1,215,856)</u>	<u>(1,332,361)</u>
Investing activities:		
Acquisition of property and equipment	(1,871)	(8,969)
Net cash used in investing activities	<u>(1,871)</u>	<u>(8,969)</u>
Financing activities:		
Proceeds from the issuance of notes payable	1,495,000	825,000
Proceeds from related party short-term advances	-	65,000
Repayments on related parties short term advances	(40,000)	(87,000)
Repayments of convertible debt in cash	(130,000)	-
Proceeds from issuance of common stock and units	61,106	60,000
Payment against long term loan	-	(4,221)
Payment against notes payable	-	(12,500)
Proceeds from issuance of redeemable shares	-	337,500
Proceeds from issuance of preferred stock	-	135,000
Net cash provided by financing activities	<u>1,386,106</u>	<u>1,318,779</u>
Net (decrease) increase in cash	168,379	(22,551)
Cash, beginning of year	379,151	90,173
Cash, end of period	<u>\$ 547,530</u>	<u>\$ 67,622</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 81,127	\$ 70,220
Cash paid for income taxes	\$ -	\$ -
Non Cash Investing and Financing Activities:		
Conversion of notes payable and accrued interest to common stock	\$ 2,387,841	\$ 824,053
Conversion of fixed rate notes to Preferred C Stock	\$ 86,600	\$ -
Reduction in note payable and accrued interest as result of settlement	\$ -	\$ 82,000

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)

For the six months ended June 30, 2018

	Series AA Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Paid-in Capital	Subscription Receivable	Retained Earnings	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	-	-	-	-	100,000	10	4,525	-	-	4,535
Shares issued with lock-up agreements	-	-	-	-	17,003	2	1,044	-	-	1,046
Shares issued for conversion of notes payable and accrued interest	-	-	-	-	19,327,397	1,933	883,600	-	-	885,533
Valuation of warrants issued with Preferred Series C	-	-	-	-	-	-	8,272	-	-	8,272
Valuation of warrant issued for services	-	-	-	-	-	-	380,750	-	-	380,750
Valuation of warrant issued with note payable	-	-	-	-	-	-	71,521	-	-	71,521
Net loss for the quarter ended March 31, 2018	-	-	-	-	-	-	-	-	(618,917)	(618,917)
Balance March 31, 2018	5,000	\$ 5	1,350	\$ 1	337,958,062	\$ 33,793	\$ 21,148,571	\$ (1,570)	\$ (29,803,360)	\$ (8,622,560)
Shares issued for services	-	-	-	-	25,000	3	922	-	-	925
Shares issued for conversion of notes payable and accrued interest	-	-	-	-	14,898,343	1,490	581,041	-	-	582,531
Valuation of warrants issued with Preferred Series C	-	-	-	-	-	-	37,708	-	-	37,708
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 quarter ended June 30, 2018	-	-	-	-	-	-	-	-	(1,250,840)	(1,250,840)
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>

For six months ended June 30, 2019

	Series AA Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Paid-in	Subscription	Retained	Shareholder's
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Receivable	Earnings	Deficit
Balance December 31, 2018	25,000	\$ 25	600	\$ 1	431,063,061	\$ 43,106	\$ 24,186,882	\$ (1,570)	\$ (35,620,282)	\$ (11,391,838)
Common stock issued for cash	-	-	-	-	2,000,000	200	27,359	-	-	27,559
Common stock issued for services	-	-	-	-	4,132,251	413	91,671	-	-	92,084
Valuation of warrants issued with Preferred Stock C	-	-	-	-	-	-	11,512	-	-	11,512
Shares issued for conversion of notes payable and accrued interest	-	-	-	-	78,043,649	7,804	1,994,378	-	-	2,002,182
Valuation of stock issued with notes	-	-	-	-	1,091,000	109	26,436	-	-	26,545
Valuation of common stock issued for note extensions	-	-	-	-	443,262	44	8,289	-	-	8,333
Valuation of stock options issued for services	-	-	-	-	-	-	5,170	-	-	5,170
Net loss for the quarter ended March 31, 2019	-	-	-	-	-	-	-	-	(2,406,225)	(2,406,225)
Balance March 31, 2019	25,000	25	600	1	516,773,223	51,676	\$ 26,351,697	(1,570)	(38,026,507)	(11,624,678)
Common stock issued for cash	-	-	-	-	2,400,000	240	33,307	-	-	33,547
Common stock issued for services	-	-	-	-	3,025,000	303	37,510	-	-	37,813
Valuation of warrants issued with Preferred Stock C	-	-	-	-	-	-	3,818	-	-	3,818
Shares issued for conversion of notes payable and accrued interest	-	-	-	-	208,360,342	20,836	3,114,145	-	-	3,134,981
Valuation of stock options issued for services	-	-	-	-	-	-	5,170	-	-	5,170
Net loss for the quarter ended June 30, 2019	-	-	-	-	-	-	-	-	(7,837,546)	(7,837,546)
Balance June 30, 2019	25,000	\$ 25	600	\$ 1	730,558,565	\$ 73,055	\$ 29,545,647	\$ (1,570)	\$ (45,864,053)	\$ (16,246,895)

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. (Endonovo or the “Company”) is an innovative biotechnology company that has developed a bio-electronic approach to regenerative medicine.

The Company develops, manufactures and distributes evolutionary medical devices focused on the rapid healing of wounds and reduction of pain, edema and inflammation on and in the human body. The Company’s non-invasive bioelectric medical devices are designed to target inflammation, cardiovascular diseases, chronic kidney disease, and central nervous system disorders (“CNS” disorders).

The Company’s non-invasive Electroceutical™ therapeutic device, SofPulse®, using pulsed short-wave radiofrequency at 27.12 MHz has been FDA-Cleared and CE Marked for the palliative treatment of soft tissue injuries and post-operative pain and edema, and has CMS National Coverage for the treatment of chronic wounds. The Company’s current portfolio of pre-clinical stage Electroceuticals™ therapeutic devices address chronic kidney disease, liver disease non-alcoholic steatohepatitis (NASH), cardiovascular and peripheral artery disease (PAD), and ischemic stroke.

Endonovo’s core mission is to transform the field of medicine by developing safe, wearable, non-invasive bioelectric medical devices that deliver the Company’s Electroceutical® Therapy. Endonovo’s bioelectric Electroceutical® devices harnesses *bioelectricity* to restore key electrochemical processes that initiate anti-inflammatory processes and growth factors in the body necessary for healing to rapidly occur.

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, 2019 and 2018 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 15, 2019. 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 condensed 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 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 these condensed consolidated financial statements are issued. The Company has raised approximately \$1,556,106 in debt and equity financing for the period January 1, 2019 to June 30, 2019. 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 commenced implementing its business plan to materialize revenues from potential, future, license agreements, has raised capital through the sale of its preferred and common stock, has entered into an investment agreement whereby the company has access to an equity line of credit and is seeking out profitable companies.

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

Reclassification

Certain reclassifications have been made to the June 30, 2018 financial statements in order for them to conform to the June 30, 2019 presentation. Such reclassifications have no impact on the Company's financial position or results of operations.

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.

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, 2019 and December 31, 2018. Accounts receivable are written off when all collection attempts have failed.

Inventory Valuation

The Company states its inventories at the lower of cost or net realizable value, determined on a specific cost basis. The Company provides inventory allowances when conditions indicate that the selling price could be less than cost due to obsolescence and reductions in estimated future demand. The Company balances the need to maintain strategic inventory levels with the risk of obsolescence due to changing technology and customer demand levels. Unfavorable changes in market conditions may result in a need for additional inventory reserves that could adversely impact the Company's gross margins. Conversely, favorable changes in demand could result in higher gross margins when the Company sells products.

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 \$53,314 and \$157,835 for the six months ended June 30, 2019 and 2018, respectively, and are included in operating expenses in the condensed consolidated statements of operations.

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

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 condensed 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 has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

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 has early adopted ASU 2018-07 and the adoption did not have a significant impact on the Company’s condensed 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.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. Effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this Update. Any entity is permitted to early adopt any removed or modified disclosures upon issuance of this Update and delay adoption of the additional disclosures until their effective date. 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.

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

Note 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*.

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.

Sources of Revenue

We have identified the following revenues by revenue source:

1. Medical care providers

As of June 30, 2019 and 2018 the sources of revenue were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Distributor- Medical care providers, net	\$ -	\$ 10,073	\$ -	\$ 17,045
Direct sales- Medical care providers, gross	62,729	2,781	107,681	2,781
Total sources of revenue	\$ 62,729	\$ 12,854	\$ 107,681	\$ 19,826

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

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.

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 condensed consolidated financial statements.

Note 3 – Property, Plant and Equipment

The following is a summary of equipment, at cost, less accumulated depreciation at June 30, 2019 and December 31, 2018:

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Autos	\$ 64,458	\$ 64,458
Medical equipment	13,969	13,969
Other equipment	10,645	8,774
	<u>89,072</u>	<u>87,201</u>
Less accumulated depreciation	82,072	80,474
	<u>\$ 7,000</u>	<u>\$ 6,727</u>

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

Depreciation expense for the six months ended June 30, 2019 and 2018 was \$1,598 and \$1,279, 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 condensed consolidated statements of operations.

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, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Patents	\$ 4,500,000	\$ 4,500,000
Less accumulated amortization	970,365	646,910
	\$ 3,529,635	\$ 3,853,090

Amortization expense associated with patents was \$323,455 and \$323,455 for the six months ended June 30, 2019 and 2018. The estimated future amortization expense related to patents as of June 30, 2019 is as follows:

Twelve Months Ending June 30,	Amount
2020	\$ 646,910
2021	646,910
2022	646,910
2023	646,910
2024	646,910
Thereafter	295,085
Total	\$ 3,529,635

Note 5 - Notes Payable

Notes Payable

During the six months ended June 30, 2019, the Company issued six fixed rate promissory notes totaling \$1,634,000 for funding of \$1,495,000 with original terms of two to six months and interest rates of 10% to 12% and for three of the notes, if the notes are not paid at maturity, an additional 2% per month for the next three months. As of June 30, 2019, all of the new notes remain outstanding of which \$336,000 is past maturity.

During the six months ended June 30, 2019, the Company converted two previous fixed rate notes into variable rate notes in an accumulated amount of \$1,650,000 as a result of the notes not being paid at maturity and, therefore, triggering a conditional conversion option for the noteholder. The conversion rate is 68% of the Company's common stock based on the terms included in the variable rate notes.

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

The gross amount of all convertible notes with variable conversion rates outstanding at June 30, 2019 is \$4,926,026, of which \$2,869,526 are past maturity.

Notes payable to a related party in the aggregate amount of \$230,000 were outstanding at June 30, 2019 which are past maturity date. The notes bear interest at 12% per annum. During the six months ended June 30, 2019, the Company paid \$40,000 principal and \$10,200 interest to this related party.

As of June 30, 2019, fixed rate notes payable outstanding totaled \$2,363,903, of which \$1,065,903 is past maturity.

	June 30, 2019	December 31, 2018
Notes payable at beginning of period	\$ 8,158,198	\$ 7,356,144
Notes payable issued	1,601,000	3,131,870
Loan fees added to note payable	33,000	147,000
Settlements on note payable	-	(47,500)
Repayments of notes payable in cash	(170,000)	(555,500)
Less amounts converted to redeemable notes	(62,500)	(212,500)
Less amounts converted to stock	(2,039,769)	(1,661,316)
Notes payable at end of period	7,519,929	8,158,198
Less debt discount	(738,201)	(1,833,795)
	<u>\$ 6,781,728</u>	<u>\$ 6,324,403</u>
Notes payable issued to related parties	<u>\$ 230,000</u>	<u>\$ 270,000</u>
Notes payable issued to non-related party	<u>\$ 6,551,728</u>	<u>\$ 6,054,403</u>

The maturity dates on the notes payable are as follows:

12 months ending,	Notes to		Total
	Related parties	Non-related parties	
Past due	\$ 230,000	\$ 3,935,429	\$ 4,165,429
June 30, 2020	-	3,354,500	3,354,500
	<u>\$ 230,000</u>	<u>\$ 7,289,929</u>	<u>\$ 7,519,929</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, 2019	Par Value	Liquidation Value
Series AA	1,000,000	25,000	\$ 0.0010	\$ -
Preferred Series B	50,000	600	\$ 0.0001	\$ 100
Preferred Series C	8,000	1,807	\$ 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 \$0.001 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 Stockholders will receive no dividends nor any value on liquidation. As of June 30, 2019, there were 25,000 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, 2019, 600 shares of Series B and 4,805,600 warrant shares remain 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.

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

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 current liabilities on the condensed consolidated balance sheets as of June 30, 2019 and December 31, 2018. The Company's obligation to redeem the C Preferred is secured by a security interest in the RGN Assets. During the six months ended June 30, 2019, the Company issued 86.6 shares of C Preferred in units comprised of shares of C Preferred and common stock purchase warrants exercisable into up to 861,690 shares of common stock for consideration of \$86,600. The warrants resulted in a debt discount of \$15,330 for the six months ended June 30, 2019 and are recorded as a discount to the preferred stock liability on the condensed consolidated balance sheet.

Common Stock

On December 31, 2018, we entered into a non-transferrable Investment Agreement whereby the investor committed to purchase up to \$10,000,000 of our common stock, over the course of 36 months. The aggregate number of shares issuable by us and purchasable by the investor under the Investment Agreement is 81,250,000. A registration statement for the sale of our common stock related to the Investment Agreement went effective on February 11, 2019.

We may draw on the facility from time to time, as and when we determine appropriate in accordance with the terms and conditions of the Investment Agreement. The maximum amount that we are entitled to put in any one notice is the greater of: (i) 200% of the average daily volume (U.S. market only) of the common stock for the three (3) trading days prior to the date of delivery of the applicable put notice, multiplied by the average of the closing prices for such trading days or (ii) \$100,000. The purchase price shall be set at ninety-four percent (94%) of the lowest daily VWAP of our common stock during the Pricing Period. However, if, on any trading day during a Pricing Period, the daily VWAP of the common stock is lower than the floor price specified by us in the put notice, then we will withdraw that portion of the put amount for each such trading day during the Pricing Period, with only the balance of such put amount above the minimum acceptable price being put to the investor. There are put restrictions applied on days between the put notice date and the closing date with respect to that particular put. During such time, we are not entitled to deliver another put notice.

There are circumstances under which we will not be entitled to put shares to the investor, including the following:

- we will not be entitled to put shares to the investor unless there is an effective registration statement under the Securities Act to cover the resale of the shares by the investor;
- we will not be entitled to put shares to the investor unless our common stock continues to be quoted on the OTCQB market, or becomes listed on a national securities exchange;
- we will not be entitled to put shares to the investor to the extent that such shares would cause the investor's beneficial ownership to exceed 4.99% of our outstanding shares; and
- we will not be entitled to put shares to the investor prior to the closing date of the preceding put.

In connection with the preparation of the Investment Agreement and the registration rights agreement, we incurred fees of \$20,000.

In no event will we be obligated to register for resale more than \$10,000,000 in value of shares of common stock, or 81,250,000 shares.

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

During the six months ended June 30, 2019, we issued 4,400,000 shares of common stock in exchange for \$61,106 cash pursuant to the Investment Agreement.

During the six months ended June 30, 2019, the Company issued 286,403,991 shares of common stock for the conversion of notes and accrued interest in the amount of \$2,387,841.

During the six months ended June 30, 2019, the Company issued 443,262 shares of common stock valued at \$8,333 related to the extension of outstanding notes.

During the six months ended June 30, 2019, the Company issued 7,157,251 shares of common stock with a value of \$129,897, related to services.

During the six months ended June 30, 2019, the Company issued 1,091,000 shares of common stock with a value of \$26,545 as additional consideration for the issuance of two promissory notes totaling \$336,000.

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, 2019 is as follows:

	Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2019	94,553,369	\$ 0.029	2.94	
Granted	5,280,000	\$ 0.012		
Cancelled	-	\$ -		
Exercised	-	\$ -		
Outstanding at June 30, 2019	<u>99,833,369</u>	\$ 0.028	2.57	\$ 22,176
Exercisable at June 30, 2019	<u>94,386,702</u>	\$ 0.029	2.45	\$ -

Warrants

During the six months ended June 30, 2019, in conjunction with the conversion of fixed rate promissory notes into Preferred C Stock, the Company issued two-year common stock purchase warrants to acquire up to 861,690 shares of common stock with exercise prices ranging from \$0.0145 to \$0.0279 per share.

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

A summary of the status of the warrants granted under these agreements at June 30, 2019, and changes during the six months then ended is presented below:

	Outstanding Warrants	
	Shares	Weighted Average Exercise Price Per Share
	Shares	Per Share
Outstanding at January 1, 2019	77,550,880	\$ 0.30
Granted	861,690	\$ 0.02
Cancelled	-	\$ -
Exercised	-	\$ -
Outstanding at June 30, 2019	78,412,570	\$ 0.29
Exercisable at June 30, 2019	78,412,570	\$ 0.29

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

	Six months ended June 30,	
	2019	2018
Expected term	2 years	2 years - 5 years
Exercise price	\$0.0145-\$0.0279	\$0.0001-\$0.0516
Expected volatility	199%-242%	166%-193%
Expected dividends	None	None
Risk-free interest rate	2.28% to 2.60%	1.92% to 2.65%
Forfeitures	None	None

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 the related party at June 30, 2019 is \$230,000. The notes bear interest at 12% per annum and matured on June 30, 2019. During the six months ended June 30, 2019, the Company paid \$40,000 principal and \$10,200 interest to this related party.

As of June 30, 2019 and December 31, 2018, the balance of executives' deferred compensation is \$976,950 and \$933,150, respectively.

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

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,	
	2019	2018
Expected term	1 month - 1 year	1 month - 1 year
Exercise price	\$0.0062-\$0.0129	\$0.0195-\$0.0326
Expected volatility	134%-161%	127%-195%
Expected dividends	None	None
Risk-free interest rate	1.91% to 2.87%	1.79% to 2.35%
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.

The following table presents changes in the liabilities with significant unobservable inputs (level 3) for the six months ended June 30, 2019:

	Derivative Liability
Balance December 31, 2018	\$ 4,426,026
Issuance of convertible debt	1,069,395
Settlements by debt settlement	(2,801,612)
Change in estimated fair value	5,479,162
Balance June 30, 2019	\$ 8,172,971

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.

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

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.

The following table presents balances in the liabilities with significant unobservable inputs (Level 3) at June 30, 2019:

	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, 2019				
Derivative liability	\$ -	\$ -	\$ 8,172,971	\$ 8,172,971
Total	\$ -	\$ -	\$ 8,172,971	\$ 8,172,971

Note 9 – Commitments and Contingencies

Legal Matters

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

Note 10 – Concentrations

Sales

During the six months ended June 30, 2019, we had two significant customers which accounted for 13% and 11% of sales.

Supplier

We also have a single source for our bioelectric medical devices, which account for 100% of our sales. The interruption of products provided by this supplier would adversely affect our business and financial condition unless an alternative source of products could be found.

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

Accounts Receivable

At June 30, 2019, we had three customers which accounted for 54%, 38%, and 14% of our accounts receivable balances.

Note 11 – Subsequent Events

Subsequent to June 30, 2019, an aggregate of 29,664,612 shares of restricted common stock were issued on the conversion of \$189,000 of principal and \$20,257 of accrued interest pursuant to one Variable Note.

Subsequent to June 30, 2019, the Company issued 7.4 shares of Preferred C stock and 98,373 common stock purchase warrants with a two-year life and exercise price of \$0.015 per share in exchange for \$7,400 of principal and interest in an outstanding fixed rate note.

Subsequent to June 30, 2019, the Company issued 500,000 shares of restricted common stock in exchange for services.

Subsequent to June 30, 2019, the Company issued 197,355 shares of restricted common stock in exchange for an investor agreeing to a lock-up of trading certain previously held shares.

Subsequent to June 30, 2019, the Company received \$250,000 of funding in connection with a \$275,250 convertible note due on January 25, 2020 bearing interest at a rate of 12%.

As a result of these issuances, the total number of common shares outstanding is 760,920,532, Preferred B shares outstanding is 600 and Preferred C shares outstanding is 1,814.

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

Cautionary Notice Regarding Forward Looking Statements

This 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. (Endonovo or the “Company”) is an innovative biotechnology company that has developed a bio-electronic approach to regenerative medicine.

The Company develops, manufactures and distributes evolutionary medical devices focused on the rapid healing of wounds and reduction of pain, edema and inflammation on and in the human body. The Company’s non-invasive bioelectric medical devices are designed to target inflammation, cardiovascular diseases, chronic kidney disease, and central nervous system disorders (“CNS” disorders).

The Company’s non-invasive Electroceutical™ therapeutic device, SofPulse®, using pulsed short-wave radiofrequency at 27.12 MHz has been FDA-Cleared and CE Marked for the palliative treatment of soft tissue injuries and post-operative pain and edema, and has CMS National Coverage for the treatment of chronic wounds. The Company’s current portfolio of pre-clinical stage Electroceuticals™ therapeutic devices address chronic kidney disease, liver disease non-alcoholic steatohepatitis (NASH), cardiovascular and peripheral artery disease (PAD), and ischemic stroke.

Endonovo’s core mission is to transform the field of medicine by developing safe, wearable, non-invasive bioelectric medical devices that deliver the Company’s Electroceutical® Therapy. Endonovo’s bioelectric Electroceutical® devices harnesses *bioelectricity* to restore key electrochemical processes that initiate anti-inflammatory processes and growth factors in the body necessary for healing to rapidly occur.

Going Concern

Our independent registered auditors included an explanatory paragraph in their opinion on our condensed consolidated financial statements as of and for the fiscal year ended December 31, 2018 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 Condensed Consolidated Financial Statements,” contained in our Form 10-K for the year ended December 31, 2018. 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 condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S., which require us to make estimates and assumptions. We did not experience any significant changes during the six months ended June 30, 2019 in any of our Critical Accounting Policies from those contained in our Form 10-K for the year ended December 31, 2018.

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, 2019 and 2018

	Three Months Ended June 30,		Favorable (Unfavorable)	%
	2019	2018		
Revenue	\$ 62,729	\$ 12,854	\$ 49,875	388.0%
Cost of revenue	29,573	550	(29,023)	-5276.9%
Gross profit	33,156	12,304	20,852	169.5%
Operating expenses	1,007,971	828,959	(179,012)	-21.6%
Loss from operations	(974,815)	(816,655)	(158,160)	-19.4%
Other income (expense)	(6,862,731)	(434,185)	(6,428,546)	-1480.6%
Net loss	<u>\$ (7,837,546)</u>	<u>\$ (1,250,840)</u>	<u>\$ (6,586,706)</u>	-526.6%

Revenue

Revenue of the Company’s SofPulse® product during the three months ended June 30, 2019 was \$62,729, an increase of \$49,875, or 388.0%, compared to \$12,854 for the three months ended June 30, 2018.

We anticipate that revenue will continue to increase in future periods as the roll out of the SofPulse® product continues.

Cost of Revenue

Cost of revenue during the three months ended June 30, 2019 was \$29,573, an increase of \$29,023 or 5,276.9% compared to \$550 for the three months ended June 30, 2018. During the current quarter, cost of revenue was recognized on those sales recorded as gross for which we are the principal in the transaction as opposed to in the corresponding quarter of the previous fiscal year, net sales to distributors were recorded net of cost of sales.

It is anticipated that cost of revenue will increase in future quarters as the roll out of the SoftPulse® product continues.

Operating Expenses

Operating expenses increased by \$179,012, 21.6%, to \$1,007,971 for the three months ended June 30, 2019 compared to \$828,959 for the three months ended June 30, 2018. There was an increase in consulting and professional expenses of approximately \$224,000 as a result of an increase in consultants and the initiation of patent infringement actions offset partially by a reduction of research and development costs of approximately \$56,000.

Other Income (Expense)

Other income (expense) for the quarter ended June 30, 2019 was expense of \$6,862,731 compared to expense of \$434,185 for the quarter ended June 30, 2018. This change was due primarily to a change in valuation of our derivative liabilities of approximately \$6,118,000 coupled with a change in interest expense and the amortization of debt issuance costs and amortizations of approximately \$181,000. We anticipate continued large fluctuations in other income (expense) as a result of quarterly re-evaluation of derivative liabilities.

Six Months ended June 30, 2019 and 2018

	Six Months Ended June 30,		Favorable (Unfavorable)	%
	2019	2018		
Revenue	\$ 107,681	\$ 19,826	\$ 87,855	443.1%
Cost of revenue	37,284	550	(36,734)	-6678.9%
Gross profit	70,397	19,276	51,121	265.2%
Operating expenses	1,858,209	2,111,275	253,066	12.0%
Loss from operations	(1,787,812)	(2,091,999)	304,187	14.5%
Other income (expense)	(8,455,959)	222,242	(8,678,201)	NM
Net loss	\$ (10,243,771)	\$ (1,869,757)	\$ (8,374,014)	-447.9%

Revenue

Revenue of the Company's SofPulse® product during the six months ended June 30, 2019 was \$107,681, an increase of \$87,855, or 443.1%, compared to \$19,826 for the six months ended June 30, 2018.

We anticipate that revenue will continue to increase in future periods as the roll out of the SofPulse® product continues.

Cost of Revenue

Cost of revenue during the six months ended June 30, 2019 was \$37,284, an increase of \$39,734 or 6,678.9% compared to \$550 for the six months ended June 30, 2018. During the current period, cost of revenue was recognized on those sales recorded as gross for which we are the principal in the transaction as opposed to in the corresponding period of the previous fiscal year, net sales to distributors were recorded net of cost of sales.

It is anticipated that cost of revenue will increase in future periods as the roll out of the SoftPulse® product continues.

Operating Expenses

Operating expenses decreased by \$253,066, 12.0%, to \$1,858,209 for the six months ended June 30, 2019 compared to \$2,111,275 for the six months ended June 30, 2018. There was a decrease in consulting and professional expenses of approximately \$155,000 as a result of stock based compensation in the previous fiscal year period coupled with a reduction of research and development costs of approximately \$106,000.

Other Income (Expense)

Other income (expense) for the six months ended June 30, 2019 was expense of \$8,455,959 compared to income of \$222,242 for the six months ended June 30, 2018. This change was due primarily to a change in valuation of our derivative liabilities of approximately \$7,940,000 coupled with a change in interest expense and the amortization of debt issuance costs and amortizations of approximately \$530,000. We anticipate continued large fluctuations in other income (expense) as a result of re-evaluations of derivative liabilities.

Liquidity and Capital Resources

	As of		Favorable (Unfavorable)
	June 30, 2019	December 31, 2018	
Working Capital			
Current assets	\$ 585,900	\$ 382,496	\$ 203,404
Current liabilities	20,214,430	15,479,151	(4,735,279)
Working capital deficit	<u>\$ (19,628,530)</u>	<u>\$ (15,096,655)</u>	<u>\$ (4,531,875)</u>
Long-term debt	\$ 155,000	\$ 155,000	\$ -
Stockholders' deficit	<u>\$ (16,246,895)</u>	<u>\$ (11,391,838)</u>	<u>\$ (4,855,057)</u>

	Six Months Ended June 30,		Favorable (Unfavorable)
	2019	2018	
Statements of Cash Flows Select Information			
Net cash provided (used) by:			
Operating activities	\$ (1,215,856)	\$ (1,332,361)	\$ 116,505
Investing activities	\$ (1,871)	\$ (8,969)	\$ 7,098
Financing activities	\$ 1,386,106	\$ 1,318,779	\$ 67,327

	As of		Favorable (Unfavorable)
	June 30, 2019	December 31, 2018	
Balance Sheet Select Information			
Cash	<u>\$ 547,530</u>	<u>\$ 379,151</u>	<u>\$ 168,379</u>
Accounts payable and accrued expenses	<u>\$ 3,553,553</u>	<u>\$ 3,189,243</u>	<u>\$ (364,310)</u>

Since inception and through June 30, 2019, the Company has raised approximately \$15 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 commenced its business plan to materialize revenues from potential, future, license agreements, has raised capital through the sale of its common stock and is seeking out profitable companies. Our cash on hand at June 30, 2019 was \$547,530. This will be insufficient to fund operations if additional capital is not raised. The Company raised an aggregate of \$1,556,106 through the sale of equity and debt securities during the six months ended June 30, 2019.

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, 2019 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, 2019. 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
3,025,000	Services	\$ 37,812
208,360,342	Conversion of notes	\$ 3,134,981

The above issuances of securities during the three months ended June 30, 2019 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

Exhibit Number	Exhibit Title
31.1	<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>
32.1	<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>
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, 2019

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, 2019;
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, 2019

/s/ Alan Collier

Chief Executive Officer and Principal Financial Officer

**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, 2019 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, 2019

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.
