

INNOVUS PHARMACEUTICALS, INC.

Form 424B2

August 25, 2016

Filed Pursuant to Rule

424(b)(2)

Registration No. 333-213016

PROSPECTUS

Innovus Pharmaceuticals, Inc.

25,591,881 Shares of Common Stock Offered by
the Selling Stockholders

| | Offering Price Per Share | Total |
|---|--------------------------------|--------------|
| Common Stock – 13,871,881 Shares underlying Convertible Promissory Notes... | \$ 0.25 | \$ 3,467,970 |
| Common Stock – 3,000,000 Shares underlying Warrants... | \$ 0.40 | \$ 1,200,000 |
| Common Stock – 7,500,000 Issuance Shares... | \$ 0.001 | \$ 7,500 |
| Underwriting discounts and Commissions- 1,220,000 Shares...(1)(2)(3)(4) | \$ 0.40 | \$ 488,000 |

1. Pursuant to an Engagement Agreement, the Company agreed to pay Garden State Securities, Inc. (“GSS”) who acted as a Placement Agent for the Offering, a cash fee of 10% of the gross proceeds from the Offering and issue it a Warrant to purchase the number of common shares equal to 10% of the number of shares that the Notes are convertible into at the Conversion Price on an as converted basis.
2. Includes the GSS Compensation of Warrants equal to 10% of the amount of securities sold; 700,000 at the exercise price of \$0.40 per share.
3. Pursuant to a Letter Agreement, the Company agreed to pay Rodman and Renshaw, a unit of H.C. Wainwright & Co, LLC. (“HCW”) who acted as a Placement Agent for the Offering, a cash fee of 8% of the gross proceeds from the Offering and issue it a Warrant to purchase the number of common shares equal to 8% of the number of shares that the Notes are convertible into at the Conversion Price on an as converted basis.
4. Includes the HCW Compensation of Warrants equal to 8% of the amount of securities sold; 520,000 at the exercise price of \$0.40 per share.

This prospectus relates to the registration and offering of up to 25,591,881 shares of our common stock, par value \$0.001 per share. Innovus conducted a private placement of \$3,000,000 and has already received the funds. The Selling Stockholders are offering the securities at the Offering Price per Share listed above. The price has been arbitrarily determined.

13,871,881 shares of common stock offered under this prospectus are the common shares underlying the Convertible Promissory Notes of the Company (each a “Note” and collectively the “Notes”) sold to eight (8) accredited investors (the “Buyers”) pursuant to nine (9) Securities Purchase Agreements and related documents described herein on June 30, 2016, July 17, 2016, and July 25, 2016 (the “Purchase Agreement”), for the aggregate amount of \$3,000,000 (the “Offering”). The 13,871,881 total includes the anticipated accrued interest of five percent (5%) on each Note for one

year.

Concurrent with the signing of the Purchase Agreement, the Company issued each Buyer a Common Stock Purchase Warrant (“Warrants”), allowing the Buyers to purchase an aggregate of 3,000,000 shares of common stock at an exercise price of \$0.40 per share.

As additional consideration, the Company issued the investors an aggregate of 7,500,000 shares of common stock (collectively “Issuance Shares”). In addition, a Registration Rights Agreement was signed that commits the Company to file a Registration Statement within 30 business days following the receipt of \$1,000,000 proceeds from the Purchase Agreement.

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The Company, in accordance with the Engagement Agreement dated March 25, 2015, is registering 700,000 common shares underlying warrants issuable to Garden State Securities, Inc. equal to 10% of the amount of securities sold in the Offering at an exercise price equal to the investor's warrant exercise price of \$0.40 per share. The warrants have a five-year term and a cashless exercise provision.

The Company, in accordance with the Letter Agreement dated June 24, 2016, is registering 520,000 common shares underlying warrants issuable to Rodman and Renshaw, a unit of H.C. Wainwright & Co, LLC equal to 8% of the amount of securities sold in the Offering at an exercise price equal to the investor's warrant exercise price of \$0.40 per share. The warrants have a five-year term and a cashless exercise provision.

The Company is paying for the legal and accounting costs associated with registering the shares in this offering. The Company will not receive any of the funds from this offering (other than the exercise price payable upon exercise of the Warrants, if any).

The securities being registered in this offering may not be liquid since a limited market may exist. Our common stock is currently listed on the OTC Quotation Board under the symbol "INNV." On August 7, 2016 the last reported sales price of our common stock on the OTC Markets was \$0.41.

The selling stockholders, who are deemed underwriters as that term is defined under the Securities Exchange Act of 1934, or the rules and regulations thereunder, may sell these shares from time to time after this Registration Statement is declared effective by the Securities and Exchange Commission. The selling stockholders will sell at the above stated price for the duration of the offering. The price has been arbitrarily determined. We will not receive any of the proceeds received by the selling stockholders.

An investment in our common stock involves a high degree of risk. You should purchase our common stock only if you can afford a complete loss of your purchase.

We urge you to read carefully the "Risk Factors" section beginning on page 8 where we describe specific risks associated with an investment in Innovus Pharmaceuticals, Inc. and these securities before you make your investment decision.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act ("JOBS Act") and will therefore be subject to reduced public company reporting requirements. Investing in our securities involves a high degree of risk. See Risk Factors, beginning on page 8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

THE DATE OF THIS PROSPECTUS IS AUGUST____, 2016.

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PROSPECTUS SUMMARY

This summary contains basic information about us and the offering. Because it is a summary, it does not contain all the information that you should consider before investing. You should read the entire prospectus carefully, including the risk factors and our consolidated financial statements and the related notes to those statements included in this prospectus. Except as otherwise required by the context, references in this prospectus to "we," "our," "us" and "Innovus" refer to Innovus Pharmaceuticals, Inc.

The selling stockholders, who are deemed underwriters, may sell these shares from time to time after this Registration Statement is declared effective by the Securities and Exchange Commission. We will not receive any of the proceeds received by the selling stockholders (other than the exercise price payable by warrant holders on exercise of their warrants).

We were incorporated as North Horizon, Inc. on July 23, 2007, in the State of Nevada. In December 2011, we merged with FasTrack Pharmaceuticals, Inc. and changed our name to Innovus Pharmaceuticals, Inc. In December 2013, we acquired Semprae, making it our wholly owned subsidiary. In February 2015, we entered into a merger agreement, whereby we acquired Novalere and its worldwide rights to the Fluticare™ brand (Fluticasone propionate nasal spray). We expect that the Abbreviated New Drug Application ("ANDA") filed in November 2014 with the U.S. Food and Drug Administration ("FDA") may be approved in the second half of 2016, which will allow us to market and sell Fluticare™ over the counter in the U.S.

We are an emerging pharmaceutical company engaged in the commercialization, licensing and development of safe and effective non-prescription medicine and consumer care products to improve men's and women's health and vitality and respiratory diseases. We deliver innovative and uniquely presented and packaged health solutions through our over-the-counter, ("OTC") medicines and consumer and health products, which we market directly or through commercial partners to primary care physicians, urologists, gynecologists and therapists and directly to consumers through on-line channels, retailers and wholesalers. Our business model leverages our ability to acquire and in-license commercial products that are supported by scientific and/or clinical evidence, place them through our existing supply chain, retail and on-line channels to tap new markets and drive demand for such products and to establish physician relationships. We currently market 13 products in the United States and six in multiple countries around the world through our commercial partners.

As of June 30, 2016, we had \$1,785,531 in current assets and current liabilities in the amount of \$3,812,035.

Innovus' address and phone number are:

Innovus Pharmaceuticals, Inc.
9171 Towne Center Drive, Suite 440
San Diego, CA 92122
(858) 964-5123

Summary of the Offering

| | |
|--|---|
| Issuer | Innovus Pharmaceuticals, Inc. |
| Securities Offered | 25,591,881 shares of common stock of the Company |
| Common Stock Outstanding as of June 29, 2016 | 87,176,763 shares of common stock |
| Use of Proceeds | We will not receive any proceeds from the disposition of already outstanding shares of common stock, other than the exercise price of the warrants upon exercise. See “Use of Proceeds” |
| Risk Factors | An investment in our common stock involves a high degree of risk and should not be purchased by investors who cannot afford the loss of their entire investment. See “Risk Factors” |

The Financing

Innovus Pharmaceuticals Inc. (the “Company” or “Innovus”), entered into Securities Purchase Agreements with eight (8) accredited investors (the “Buyers”), pursuant to which the Company received aggregate proceeds of \$3,000,000, net of original issue discount (“OID”) (the “Offering”) pursuant to which it sold:

Notes. Eight (8) Convertible Promissory Notes of the Company. Four in the principal amount of \$275,000.00, one for \$550,000, one for \$1,100,000, one for \$366,666.67, one for \$165,000, and one for \$22,222.22 (each a “Note” and collectively the “Notes”) (the Notes were sold at a 10% original issue discount and the Company received an aggregate total of \$3,000,000 (net of OID) in funds thereunder). The Notes and accrued interest are convertible into shares of common stock, \$0.001 par value per share, of the Company (the “Common Stock”) immediately after date of execution, at a conversion price of \$0.25 per share with certain adjustment provisions noted below. The maturity date of Note issued on June 30, 2016 and July 15, 2016 is June 30, 2017. The maturity date of the Notes issued on July 25, 2016 is August 25, 2017. The Notes bear interest on the unpaid principal amount at the rate of five percent (5%) per annum from the date of issuance until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. Notwithstanding the foregoing, upon the occurrence of an Event of Default as defined in such Note, a “Default Amount” equal to the sum of (i) the Principal Amount, together with accrued interest due thereon through the date of payment payable at the Holder’s option in cash or Common Stock and (ii) an additional amount equal to the Principal Amount payable at the Company’s option in cash or Common Stock. For purposes of payments in Common Stock, the following conversion formula shall apply: the Conversion Price shall be the lower of: (i) the Fixed Conversion Price (\$0.25) or (ii) 75% multiplied by the volume weighted average price of the Common Stock during the ten (10) consecutive Trading Days immediately prior to the later of the Event of Default or the end of the applicable cure period. For purposes of the Investors request of repayment in cash but the Company is unable to do so, the following conversion formula shall apply: the conversion price shall be the lower of: (i) the fixed conversion price (\$0.25) or (ii) 60% multiplied by the lowest daily volume weighted average price of the Company’s common stock during the ten consecutive trading days immediately prior to the conversion. Certain other conversion rates apply in the event of the sale or merger of the Company, default and other defined events.

The Company may prepay the Notes at any time on the terms set forth in the Notes at the rate of 110% of the then outstanding balance of the Notes. Under the terms of the Notes, the Company shall not effect certain corporate and

business actions during the term of the Notes, although some may be done with proper notice. Pursuant to the Purchase Agreement, with certain exceptions, the Note holder has a right of participation during the term of the Notes; additionally, the Company granted the Note holder registration rights for the shares of Common Stock underlying the Notes pursuant to Registration Rights Agreements.

(ii) Issuance Shares. Pursuant to the Purchase Agreement, the Company issued an aggregate 7,500,000 restricted shares of Common Stock to each of the eight Buyers as additional consideration for the purchase of the Notes (the "Issuance Shares").

(iii) Warrant. Concurrent with the signing of the Securities Purchase Agreements, the Company issued Common Stock Purchase Warrants to each Buyer, which allows the Buyers to purchase an aggregate 3,000,000 shares of common stock, all \$0.001 par value per share, of the Company at an exercise price of \$0.40 per share. A copy of the Warrants are attached hereto.

(iv) **Registration Rights.** In addition, a Registration Rights Agreement was signed that commits the Company to file an Initial Registration Statement within 30 business days following the sale and receipt of proceeds, of an aggregate of \$1,000,000 of Notes to the Buyer and/or third party investors on the same terms and conditions set forth in the Purchase Agreement. A copy of the form Registration Rights Agreement is attached hereto.

Based on the market price per share on the date of each Convertible Note (June 30, 2016: \$0.21, July 15, 2016: \$0.3055, and July 25, 2016, \$0.50) the total dollar value of the securities sold as part of this Offering is approximately \$5,180,214.

The following table illustrates the dollar amount of each payment in connection with the transaction that we have made or may be required to make to any selling shareholder, an affiliate of a selling shareholder or any person with whom any selling shareholder has a contractual relationship regarding the transaction:

| Note/Warrant Holder | Sale Date | Value of Each Payment to Holder (1) | Gross Proceeds Net of OID | Net Proceeds to Issuer |
|---|--|-------------------------------------|---------------------------|------------------------|
| Anson Investment Master Fund, LP (2) | June 30, 2016 | \$ 2,500 | \$ 1,000,000 | \$ 997,500 |
| FirstFire Global Opportunities Fund, L.L.C. (3) | June 30, 2016 | \$ 625 | \$ 250,000 | \$ 249,375 |
| Intracoastal Capital, LLC (4) | June 30, 2016 | \$ 625 | \$ 250,000 | \$ 249,375 |
| Sabby Healthcare Master Fund, Ltd. (5) | July 15, 2016 | \$ 1,250 | \$ 500,000 | \$ 498,750 |
| CVI Investments, Inc. (6) | July 15, 2016 | \$ 625 | \$ 250,000 | \$ 249,375 |
| H.C. Wainwright & Co. LLC (7) (13) | July 25, 2016 | \$ 825 | \$ 330,000 | \$ 329,175 |
| Noam Rubenstein (8) | July 25, 2016 | \$ 375 | \$ 150,000 | \$ 149,625 |
| Charles Worthman (9) | July 25, 2016 | \$ 50 | \$ 20,000 | \$ 19,950 |
| Anson Investment Master Fund, LP (10) | July 25, 2016 | \$ 625 | \$ 250,000 | \$ 249,375 |
| Garden State Securities (11) | June 30, 2016 & July 25, 2016 | \$ 455,000 | - | \$ (455,000) |
| H.C. Wainwright & Co. LLC (12) | June 30, 2016, July 15, 2016 & July 25, 2016 | \$ 358,000 | - | \$ (358,000) |
| | | \$ 820,500 | \$ 3,000,000 | \$ 2,179,500 |

(1) Does not include repayment of the Principal on the convertible notes. Includes both cash and value of stock payments.

(2) Includes total of 2,500,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.

(3) Includes total of 625,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.

(4) Includes total of 625,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.

(5) Includes total of 1,250,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.

(6) Includes total of 625,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.

(7)

Includes total of 825,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.

- (8) Includes total of 375,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.
- (9) Includes total of 50,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.
- (10) Includes total of 625,000 Issuance Shares issued as additional consideration for the purchase of the Notes. Based on price per share of \$0.001.
- (11) Includes total aggregate payments of \$175,000 and issuance of a Warrants to purchase an aggregate 700,000 shares of common stock at \$0.40 exercise price; \$0.50 and \$0.21 market price. Together the cash payment and the Warrant issuance equals \$455,000.
- (12) Includes payment of \$150,000 and issuance of a Warrants to purchase an aggregate 520,000 shares of common stock at \$0.40 exercise price and \$0.21, \$0.306 and \$0.50 market price. Together the cash payment and the Warrant issuance equals \$358,000.

The Notes do not set forth a repayment schedule for either the repayment of the principal or accrued interest. The full principal amount plus accrued interest is due on the Maturity date, with no cash payments to be made to the noteholders prior to Maturity Date. The Notes may be converted into shares of common stock, in whole or part, at the election of the Holder any time.

The following table is to illustrate the total possible profit to be realized as a result of any conversion discounts for securities underlying the Notes:

| Note Holder | Note Date | Note Amount | Market Price Per Share on Date of Conversion | Par Value of Issuance Shares | Conversion Price as of the date of sale (Fixed) | Total possible shares to be received upon Conversion (1) | Total Shares Issued Upon Default (2) | Combined Market Price of the Total Number of Shares (3) | Total possible Shares to be Received and the Combined Conversion Price of the Total Number of Shares (4) | Total Possible Discount to the Market Price (5) |
|---|---------------|-------------|--|------------------------------|---|--|--------------------------------------|---|--|---|
| Anson Investment Master Fund, LP | June 30, 2016 | \$1,100,000 | \$0.210 | \$0.001 | \$0.25 | 4,400,000 | 8,800,000 | \$924,000 | \$1,100,000 | \$176,000 |
| FirstFire Global Opportunities Fund, L.L.C. | June 30, 2016 | 275,000 | \$0.210 | \$0.001 | \$0.25 | 1,100,000 | 2,200,000 | \$231,000 | \$275,000 | \$44,000 |
| Intracoastal Capital, LLC | June 30, 2016 | 275,000 | \$0.210 | \$0.001 | \$0.25 | 1,100,000 | 2,200,000 | \$231,000 | \$275,000 | \$44,000 |
| Sabby Healthcare Master Fund, Ltd. | July 15, 2016 | 550,000 | \$0.306 | \$0.001 | \$0.25 | 2,200,000 | 4,400,000 | \$672,100 | \$550,000 | \$(122,100) |

| | | | | | | | | | | |
|----------------------------------|---------------|------------|---------|---------|--------|------------|------------|-------------|-------------|-------------|
| CVI Investments, Inc. | July 15, 2016 | 275,000 | \$0.306 | \$0.001 | \$0.25 | 1,100,000 | 2,200,000 | \$336,050 | \$275,000 | \$(61,050) |
| H.C. Wainwright & Co. LLC | July 25, 2016 | 366,666.67 | \$0.500 | \$0.001 | \$0.25 | 1,466,667 | 2,933,333 | \$733,333 | \$366,667 | \$(366,667) |
| Noam Rubenstein | July 25, 2016 | 165,000 | \$0.500 | \$0.001 | \$0.25 | 660,000 | 1,320,000 | \$330,000 | \$165,000 | \$(165,000) |
| Charles Worthman | July 25, 2016 | 22,222.22 | \$0.500 | \$0.001 | \$0.25 | 88,889 | 177,778 | \$44,444 | \$22,222 | \$(22,222) |
| Anson Investment Master Fund, LP | July 25, 2016 | 275,000 | \$0.500 | \$0.001 | \$0.25 | 1,100,000 | 2,200,000 | \$550,000 | \$275,000 | \$(275,000) |
| | | | | | | 13,215,556 | 26,431,111 | \$4,051,928 | \$3,303,889 | \$-748,038 |

- (1) Assuming full conversion.
- (2) Using Fixed Conversion rate assuming the Default Amount is paid in common stock.
- (3) Calculated by using the market price per share on the date of the sale of the convertible note and the total possible shares to be received.
- (4) Calculated by using the conversion price on the date of the sale of the convertible note and the total possible number of underlying shares.
- (5) Calculated by subtracting the total conversion/exercise price on the date of the sale of the convertible note from the combined market price of the total number of underlying shares on that date.

The following Table is to illustrate the possible profit to be realized as a result of any conversion discounts for securities underlying any other Warrants, options, notes or other securities of the Company that are held by the selling stockholders:

| Warrant Holder | Warrant Sale Date | Warrant Amount | Market Price Per Share on Date of Sale of Warrant | Conversion Price as of the date of sale (Fixed) | Total possible shares to be Issued upon Exercise (1) | Combined Market Price of the Total Underlying Shares (2) | Total Possible Shares to be Issued and the Combined Exercise Price of the Total Number of Shares Underlying the Warrant (3) | Total Possible Premium to the Market Price as of the date of the Issuance of the Warrant |
|---|--------------------------------|----------------|---|---|--|--|---|--|
| Anson Investment Master Fund, LP | June 30, 2016 | 1,000,000 | \$ 0.210 | \$ 0.40 | 1,000,000 | \$ 210,000 | \$ 400,000 | \$ 190,000 |
| FirstFire Global Opportunities Fund, L.L.C. | June 30, 2016 | 250,000 | \$ 0.210 | \$ 0.40 | 250,000 | \$ 52,500 | \$ 100,000 | \$ 47,500 |
| Intracoastal Capital, LLC | June 30, 2016 | 250,000 | \$ 0.210 | \$ 0.40 | 250,000 | \$ 52,500 | \$ 100,000 | \$ 47,500 |
| Sabby Healthcare Master Fund, Ltd. | July 15, 2016 | 500,000 | \$ 0.306 | \$ 0.40 | 500,000 | \$ 152,750 | \$ 200,000 | \$ 47,250 |
| CVI Investments, Inc. | July 15, 2016 | 250,000 | \$ 0.306 | \$ 0.40 | 250,000 | \$ 76,375 | \$ 100,000 | \$ 23,625 |
| H.C. Wainwright & Co. LLC | July 25, 2016 | 330,000 | \$ 0.500 | \$ 0.40 | 330,000 | \$ 165,000 | \$ 132,000 | \$ (33,000) |
| Noam Rubenstein | July 25, 2016 | 150,000 | \$ 0.500 | \$ 0.40 | 150,000 | \$ 75,000 | \$ 60,000 | \$ (15,000) |
| Charles Worthman | July 25, 2016 | 20,000 | \$ 0.500 | \$ 0.40 | 20,000 | \$ 10,000 | \$ 8,000 | \$ (2,000) |
| Anson Investment Master Fund, LP | July 25, 2016 | 250,000 | \$ 0.500 | \$ 0.40 | 250,000 | \$ 125,000 | \$ 100,000 | \$ (25,000) |
| Garden State Securities, Inc. | June 30, 2016 & July 25, 2016 | 700,000 | (4) \$0.210 & \$0.500 | \$ 0.40 | 700,000 | \$ 210,000 | \$ 400,000 | \$ 104,000 |
| H.C. Wainwright & Co. LLC | June 30, 2016, July 15, 2016 & | 520,000 | (5) \$0.210, \$0.306 & \$0.500 | \$ 0.40 | 520,000 | \$ 264,000 | \$ 208,000 | \$ 56,000 |

July 25,
2016

3,000,000

3,000,000

\$ 1,393,125

1,808,000

\$ 440,875

- (1) Assuming full exercise.
- (2) Assuming full exercise.
- (3) Using Fixed Conversion price.
- (4) Of the aggregate 700,000 warrants, 100,000 were issued on July 25, 2016 (\$0.500) and 600,000 were issued on June 30, 2016 (\$0.210)
- (5) Of the aggregate 520,000 warrants, 80,000 were issued June 30, 2016 (\$0.210), 264,000 were issued July 15, 2016 (\$0.306) and 176,000 on July 25, 2016 (\$0.50).

The following table illustrates the combined total possible profit, taking into consideration the possible discounts described above.

| Note/Warrant Holder | Sale Date | Gross Proceeds Paid or Payable to Issuer Transaction (1) | Payments made or to be made by Issuer | Net Proceeds to Issuer | Total Possible Discount to the Market Price as of the Date of the issuance of the Note (5) | Total possible discount to the Market Price as of the date of the issuance of the Warrant (5) | Combined Total Possible Profit (2) |
|---|---------------|--|---------------------------------------|------------------------|--|---|------------------------------------|
| Anson Investment Master Fund, LP | June 30, 2016 | \$ 1,400,000 | \$ 2,500 | \$ 1,397,500 | \$ 176,000 | \$ 190,000 | \$ 1,031,500 |
| FirstFire Global Opportunities Fund, L.L.C. | June 30, 2016 | 350,000 | \$ 625 | \$ 349,375 | \$ 44,000 | \$ 47,500 | \$ 257,875 |
| Intracoastal Capital, LLC | June 30, 2016 | 350,000 | \$ 625 | \$ 349,375 | \$ 44,000 | \$ 47,500 | \$ 257,875 |
| Sabby Healthcare Master Fund, Ltd. | July 15, 2016 | 700,000 | \$ 1,250 | \$ 698,750 | \$ (122,100) | \$ 47,250 | \$ 529,400 |
| CVI Investments, Inc. | July 15, 2016 | 350,000 | \$ 625 | \$ 349,375 | \$ (61,050) | \$ 23,625 | \$ 264,700 |
| H.C. Wainwright & Co. LLC | July 25, 2016 | 462,000 | \$ 825 | \$ 461,175 | \$ (366,667) | \$ (33,000) | \$ 61,508 |
| Noam Rubenstein | July 25, 2016 | 210,000 | \$ 375 | \$ 209,625 | \$ (165,000) | \$ (15,000) | \$ 29,625 |
| Charles Worthman | July 25, 2016 | 28,000 | \$ 50 | \$ 27,950 | \$ (22,222) | \$ (2,000) | \$ 3,728 |
| Anson Investment Master Fund, LP | July 25, 2016 | 350,000 | \$ 625 | \$ 349,375 | \$ (275,000) | \$ (25,000) | \$ 49,375 |
| Garden State Securities, Inc. (3) | | - | \$ 455,000 | - | - | \$ 104,000 | \$ 559,000 |
| H.C. Wainwright & Co. LLC (4) | | - | \$ 358,000 | - | - | \$ 56,000 | \$ 414,000 |

(1) Includes amount loaned and amount paid at exercise of warrants; Assuming full exercise of Warrants

(2) As a result of any conversion discounts regarding the securities underlying the convertible note or any other, warrants, options, notes, or other securities of the issuer

(3) Garden State Securities, Inc. acted as a Placement Agent in this Transaction. Pursuant to the Purchase Agreement, the Company agreed to pay Garden State Securities, Inc., who acted as a placement agent for the Offering, a cash fee of 10% of the gross proceeds from the Offering and issue it a Warrant to purchase that number of shares of common stock equal to 10% of the number of shares that the Notes are convertible into at the Conversion Price on

an as converted basis

- (4) H.C. Wainwright & Co, LLC acted as a Placement Agent in this Transaction. Pursuant to the Purchase Agreement, the Company agreed to pay Garden State Securities, Inc., who acted as a placement agent for the Offering, a cash fee of 8% of the gross proceeds from the Offering and issue it a Warrant to purchase that number of shares of common stock equal to 8% of the number of shares that the Notes are convertible into at the Conversion Price on an as converted basis

- (5) These amounts are from the tables above.

The Company has been involved in one prior securities transaction with Anson Investment Fund, LC and FirstFire Global Opportunities Fund. Both were investors in the offering described in the Form S-1 registration statement filed with the SEC on September 11, 2015. The Company has not been involved with any prior securities transactions with any of the other selling stockholders, any affiliates of the selling stockholders, or any person with whom any selling stockholders has a contractual relationship regarding the transaction.

Prior to the convertible note transaction, the total number of shares outstanding was 87,176,763. Excluding shares held by persons other than selling stockholders, affiliates of the company and affiliates of the selling stockholders, the total number of shares outstanding is approximately 53,406,383. Anson Investment Master Fund, LP and FirstFire Global Opportunities Fund purchased shares of common stock of the Company registered in the Form S-1 filed on September 11, 2015 and declared effective December 18, 2015; 7,203,333 and 1,420,833 registered respectively. None of the other selling stockholders have registered shares of the Company in prior registration statements. Not including any securities underlying any outstanding convertible securities, options or warrants, the number of common shares being registered is 25,591,881. Up to 25,591,881 common shares are being offered by the selling stockholders.

The Company has the intention and reasonable basis to believe that it will have the financial ability to make all payments on the overlying securities. It is the Company's understanding that none of the selling stockholders have an existing short position in the Company's stock. Should the Company's revenues be insufficient to satisfy its financial obligations, it may consider an additional fund raise or use of existing lines of credit. As of June 30, 2016, the Company had \$198,133 of cash on hand.

There are no cash payments to be made to the Note Holders prior to the Maturity Date(s). The following table illustrates the total dollar amount to be paid to each noteholder on each Maturity Date.

| Note Holder | Note Sale Date | Note Amount | Total Repayment at Maturity Date(1) |
|---|----------------|---------------|-------------------------------------|
| Anson Investment Master Fund, LP | June 30, 2016 | \$ 1,100,000 | \$ 1,154,110 |
| FirstFire Global Opportunities Fund, L.L.C. | June 30, 2016 | \$ 275,000 | \$ 288,527 |
| Intracoastal Capital, LLC | June 30, 2016 | \$ 275,000 | \$ 288,750 |
| Sabby Healthcare Master Fund, Ltd. | July 15, 2016 | \$ 550,000 | \$ 577,500 |
| CVI Investments, Inc. | July 15, 2016 | \$ 275,000 | \$ 288,750 |
| H.C. Wainwright & Co. LLC | July 25, 2016 | \$ 366,666.67 | \$ 385,000 |
| Noam Rubenstein | July 25, 2016 | \$ 165,000 | \$ 173,250 |
| Charles Worthman | July 25, 2016 | \$ 22,222.22 | \$ 23,333 |
| Anson Investment Master Fund, LP | July 25, 2016 | \$ 275,000 | \$ 288,750 |
| | | | \$ 3,467,970 |

(1) Assumes full repayment without conversion of any portion of Note and includes 5% interest per annum.

The shares of Common Stock, including the shares underlying the Notes, issued in the Offering were not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) and Regulation D (Rule 506(b)) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. The Buyer is an “accredited investor” as such term is defined in Regulation D promulgated under the Securities Act.

The Company agreed to use the net proceeds from the Offering for general working capital purposes. The first Buyer agreed to allow the Company to raise up to \$3,300,000 on the same terms and conditions as the Offering. The aggregate proceeds raised from all eight Buyers equals \$3,303,589 with OID.

Pursuant to the Purchase Agreement, the Company agreed to pay Garden State Securities, Inc., who acted as a placement agent for the Offering, a cash fee of 10% of the gross proceeds from the Offering and issue it a Warrant to purchase that number of shares of common stock equal to 10% of the number of shares that the Notes are convertible into at the Conversion Price on an as converted basis.

Additionally, pursuant to the Purchase Agreement, the Company agreed to pay H.C. Wainwright & Co., LLC, who acted as a placement agent for the Offering, a cash fee of 8% of the gross proceeds from the Offering and issue it a Warrant to purchase that number of shares of common stock equal to 8% of the number of shares that the Notes are convertible into at the Conversion Price on an as converted basis.

The Purchase Agreement contains representations and warranties by the Company and the investors which are customary for transactions of this type such as, with respect to the Company: organization, good standing and qualification to do business; capitalization; subsidiaries, authorization and enforceability of the transaction and transaction documents; valid issuance of stock, consents being obtained or not required to consummate the transaction; litigation; compliance with securities laws; and no brokers used; and with respect to the investors: authorization, accredited investor status and investment intent.

RISK FACTORS

Investors in Innovus should be particularly aware of the inherent risks associated with our business. Our business endeavors and our common stock involve a high degree of risk. You should carefully consider the risks described below with all of the other information included in this Prospectus. If any of the following risks actually occur, they may materially harm our business and our financial condition and results of operations. In that event, the market price of our common stock could decline and investors could lose part or all of their investment. As of the date of this filing our management is aware of the following material risks.

We will need additional funding or we will be forced to curtail or cease operations. The Company expects that its existing capital resources, revenues from sales of its products and upcoming sales milestone payments from the commercial partners signed for its products, along with the funds currently available for use under the LOC Convertible Debenture and equity instruments available to pay certain vendors and consultants will be sufficient to allow the Company to continue its operations, commence the product development process and launch selected products through at least October 1, 2017.

As of June 30, 2016, the Company had \$198,333 in cash and \$1.7 million in cash available for use under the Line of Credit Convertible Debenture with a related party. In January 2015, we entered into two securities purchase agreements with an unrelated third party accredited investor as well as with our former Chief Financial Officer, pursuant to which we issued original issue discount 10.0% debentures in the aggregate principal amount of \$165,000 (issued at an original issue discount of 10.0%) and warrants to purchase 750,000 shares of our common stock.

Under the terms of the amended and restated Line of Credit Convertible Debenture for up to \$2,000,000 we entered into with our President and Chief Executive Officer, Bassam Damaj, Ph.D., we can currently borrow up to approximately \$1,700,000. Dr. Damaj is required to provide us with funds under such debenture if we have insufficient liquidity to meet any material payment obligations arising in the ordinary course of business as they come due, up to the maximum of \$2,000,000 in funding (subject to increase in certain circumstances). However, Dr. Damaj's funding commitment terminates on the earlier to occur of (i) the consummation of one or more transactions pursuant to which we raise net proceeds of at least \$4,000,000 or (ii) October 1, 2016. As of June 30, 2016, after the repayment of \$119,000, the principal amount owed under the convertible debenture was \$290,192 and there was approximately \$1.7 million remaining available to use. Dr. Damaj has agreed not to require the Company to repay the borrowing under the LOC or his accrued salary prior to April 2017. The line of credit was repaid in August 2016.

We have paid numerous consultants and vendor fees through the issuance of equity instruments in order to conserve our cash, however there can be no assurance that we, our vendors, consultants or employees will continue to agree to this arrangement.

The funding commitment from Dr. Damaj, along with the additional financing we received, and from product sales and license revenue, is anticipated to sustain our operations only through October 1, 2017. We currently have no other funding commitments. If Dr. Damaj were not to perform on his funding commitment, we may not have the financial resources available to pursue remedies against him and, if we do pursue remedies against him, such actions could significantly impair our relationship with Dr. Damaj, potentially leading to the loss of his services.

We therefore will need additional funding, either through Dr. Damaj's commitment or other sources of equity or debt financings or partnering arrangements. To the extent we raise additional capital through the sale of equity securities, the issuance of those securities could result in dilution to our shareholders. In addition, if we obtain debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, thus limiting funds available for our business activities. If adequate funds are not available, we may be required