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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

or

[ ] 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: 001-36763

MEDOVEX CORP.
(Exact Name of Registrant as Specified in Its Charter)

Nevada	**46-3312262**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
3060 Royal Boulevard S Ste 150 Alpharetta, Georgia	**30022**
(Address of Principal Executive Offices)	(Zip Code)

(844) 633-6839
(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.

[X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically 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.)

[X] 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 [ ]	Smaller Reporting Company [X]
	Emerging Growth Company [X]

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. [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

[ ] Yes [X] No

As November 12, 2018, 24,717,271 shares of the registrant's common stock were outstanding.

MEDOVEX CORP.

TABLE OF CONTENTS

		Page
PART I – FINANCIAL INFORMATION		
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets as of September 30, 2018 (unaudited) and December 31, 2017	4
	Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2018 and 2017 (unaudited)	5
	Condensed Consolidated Statement of Stockholders' (Deficit) Equity for the nine months ended September 30, 2018 (unaudited)	6
	Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017 (unaudited)	7
	Notes to Condensed Consolidated Financial Statements (unaudited)	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	20
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.	25
Item 4.	Controls and Procedures.	26
PART II – OTHER INFORMATION		
Item 1.	Legal Proceedings.	26
Item 1A.	Risk Factors.	26
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.	26
Item 3.	Defaults Upon Senior Securities.	26
Item 4.	Mine Safety Disclosures.	26
Item 5.	Other Information.	26
Item 6.	Exhibits.	26
SIGNATURES		27

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" as defined under United States federal securities laws. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our ability to market, commercialize and achieve broader market acceptance for our products;
- our ability to successfully expand, and achieve full productivity from, our sales, clinical support and marketing capabilities;
- our ability to successfully complete the development of, and obtain regulatory clearance or approval for, our products; and
- the estimates regarding the sufficiency of our cash resources, our ability to obtain additional capital or our ability to maintain or grow sources of revenue.

In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. You should also refer to the section of our Annual report on Form 10-K entitled "Risk Factors" for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We do not undertake to update any of the forward-looking statements after the date of this Quarterly Report, except to the extent required by applicable securities laws.

MEDOVEX CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (unaudited)	December 31, 2017
Assets		
Current Assets		
Cash	$ 227,960	$ 245,026
Accounts receivable	141,290	157,069
Other receivables	9,537	86,888
Inventory	206,495	294,714
Prepaid expenses	59,068	204,532
Short-term receivable	—	150,000
Total Current Assets	644,350	1,138,229
Property and Equipment, net of accumulated depreciation	66,551	87,173
Deposits	2,751	2,751
Total Assets	$ 713,652	$ 1,228,153
Liabilities and Stockholders' (Deficit) Equity		
Current Liabilities		
Interest payable	$ 80,709	$ 69,222
Accounts payable	688,958	196,171
Accounts payable to related parties	69,503	12,319
Accrued payroll	124,817	—
Accrued liabilities	477,413	64,000
Notes payable, current portion	54,363	132,294
Short-term convertible notes payable, net of debt discount	533,128	—
Dividend payable	30,063	—
Unearned revenue	—	1,048
Total Current Liabilities	2,058,954	475,054
Long-Term Liabilities		
Notes payable, net of current portion	—	38,990
Deferred rent	67	688
Total Long-Term Liabilities	67	39,678
Total Liabilities	2,059,021	514,732
Stockholders' (Deficit) Equity		
Series A Preferred stock - $.001 par value: 45,000 shares authorized, no shares issued and outstanding at September 30, 2018 (unaudited), 12,740 shares issued and outstanding at December 31, 2017	—	13
Series B Preferred stock - $.001 par value: 10,000 shares authorized, 9,250 shares issued and outstanding at September 30, 2018 (unaudited), no shares issued and outstanding at December 31, 2017	9	—
Common stock - $.001 par value: 200,000,000 and 49,500,000 shares authorized as of September 30, 2018 (unaudited) and December 31, 2017 respectively; 23,473,314 and 21,163,013 shares issued and outstanding at September 30, 2018 (unaudited) and December 31, 2017, respectively	23,473	21,163
Additional paid-in capital	35,278,207	33,509,648
Accumulated deficit	(36,647,058)	(32,817,403)
Total Stockholders' (Deficit) Equity	(1,345,369)	713,421
Total Liabilities and Stockholders' (Deficit) Equity	$ 713,652	$ 1,228,153

See notes to condensed consolidated financial statements

MEDOVEX CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenues	$ 208,713	$ 117,277	$ 605,058	$ 117,277
Less: Discounts Allowed	(2,554)	—	(6,285)	—
Cost of Goods Sold	(122,436)	(96,683)	(425,399)	(96,683)
Gross Profit	83,723	20,594	173,374	20,594
Operating Expenses				
General and administrative	1,153,966	1,092,084	2,918,251	3,540,500
Sales and marketing	215,039	216,950	666,092	444,708
Research and development	46,219	70,151	201,529	461,924
Depreciation	6,728	7,109	20,622	20,000
Total Operating Expenses	1,421,952	1,386,294	3,806,494	4,467,132
Operating Loss	(1,338,229)	(1,365,700)	(3,633,120)	(4,446,538)
Other Expenses				
Foreign currency transaction loss	3,849	—	15,881	—
Interest expense	40,197	1,654	72,957	393,890
Total Other Expenses	44,046	1,654	88,838	393,890
Total Loss from Continuing Operations	(1,382,275)	(1,367,354)	(3,721,958)	(4,840,428)
Discontinued Operations				
Loss from discontinued operations	—	—	—	1,163
Total Loss from Discontinued Operations	—	—	—	(1,163)
Net Loss	(1,382,275)	(1,367,354)	(3,721,958)	(4,841,591)
Dividend on outstanding Series B Preferred stock	(22,354)	—	(30,063)	—
Deemed divided on adjustment to exercise price on certain warrants	(107,697)	—	(107,697)	—
Deemed dividend on beneficial conversion features	—	—	(259,350)	—
Net loss attributable to common shareholders	$ (1,512,326)	$ (1,367,354)	$ (4,119,068)	$ (4,841,591)
Loss per share – Basic:				
Continuing Operations	$ (0.06)	$ (0.07)	$ (0.18)	$ (0.26)
Discontinued Operations	—	—	—	—
Net Loss per share	$ (0.06)	$ (0.07)	$ (0.18)	$ (0.26)
Loss per share – Diluted:				
Continuing Operations	$ (0.06)	$ (0.07)	$ (0.18)	$ (0.26)
Discontinued Operations	—	—	—	—
Net Loss per share	$ (0.06)	$ (0.07)	$ (0.18)	$ (0.26)
Weighted average outstanding shares used to compute basic net loss per share	23,473,314	20,504,932	22,786,208	18,332,398
Weighted average outstanding shares used to compute diluted net loss per share	23,473,314	20,504,932	22,786,208	18,332,398

See notes to condensed consolidated financial statements

MEDOVEX CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT) EQUITY
For the nine months ended September 30, 2018
(UNAUDITED)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance – December 31, 2017	12,740	$ 13	—	—	21,163,013	$ 21,163	$33,509,648	$ (32,817,403)	$ 713,421
Issuance of common stock pursuant to a private placement completed in February 2018, net of offering costs	—	—	—	—	770,000	770	241,727	—	242,497
Issuance of warrants pursuant to a private placement completed in February 2018	—	—	—	—	—	—	52,003	—	52,003
Issuance of warrants in connection with promissory note in March 2018	—	—	—	—	—	—	25,646	—	25,646
Issuance of common stock pursuant to preferred stock conversion in March 2018	(12,740)	(13)	—	—	1,274,000	1,274	(1,261)	—	—
Issuance of common stock pursuant to conversion of convertible debt in April 2018	—	—	—	—	266,301	266	100,928	—	101,194
Issuance of preferred stock pursuant to a private placement completed in May 2018, net of offering costs	—	—	8,250	8	—	—	413,174	—	413,182
Issuance of warrants pursuant to a private placement completed in May 2018	—	—	—	—	—	—	161,206	—	161,206
Convertible preferred stock – beneficial conversion feature pursuant to a private placement completed in May 2018	—	—	—	—	—	—	245,612	—	245,612
Issuance of preferred stock pursuant to conversion of promissory note in May 2018	—	—	1,000	1	—	—	68,773	—	68,774
Issuance of warrants pursuant to conversion of promissory in May 2018	—	—	—	—	—	—	17,488	—	17,488
Convertible preferred stock – beneficial conversion feature pursuant to conversion of Promissory note in May 2018	—	—	—	—	—	—	13,738	—	13,738
Issuance of warrants in connection with short-term convertible debt in August 2018	—	—	—	—	—	—	192,330	—	192,330
Issuance of warrants in connection with short-term convertible debt in September 2018	—	—	—	—	—	—	52,246	—	52,246
Adjustment of exercise price on certain warrants	—	—	—	—	—	—	107,697	(107,697)	—
Dividend payable	—	—	—	—	—	—	(30,063)	—	(30,063)
Stock based compensation	—	—	—	—	—	—	107,315	—	107,315
Net loss	—	—	—	—	—	—	—	(3,721,958)	(3,721,958)
Balance – September 30, 2018	—	$ —	9,250	$ 9	23,473,314	$ 23,473	$35,278,207	$ (36,647,058)	$ (1,345,369)

See notes to consolidated financial statements

MEDOVEX CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2018	**2017**
Cash Flows from Operating Activities		
Net loss	$ (3,721,958)	$ (4,841,591)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	20,622	20,000
Amortization of debt discount	53,350	31,772
Debt conversion expense	—	355,985
Stock-based compensation	107,315	611,522
Straight-line rent adjustment	(621)	(196)
Changes in operating assets and liabilities, net of effects of disposition:		
Accounts receivable	15,779	(94,779)
Other receivables	77,351	(23,369)
Prepaid expenses	145,464	224,416
Inventory	88,219	(164,867)
Accounts payable	492,787	43,106
Accounts payable to related parties	57,184	671
Interest payable	11,487	—
Unearned revenue	(1,048)	—
Accrued payroll	124,817	—
Accrued liabilities	413,413	(84,800)
Net Cash Used in Operating Activities	(2,115,839)	(3,922,130)
Cash Flows from Investing Activities		
Payment received from Streamline note receivable	150,000	—
Expenditures for property and equipment	—	(14,808)
Net Cash Provided by (Used in) Investing Activities	150,000	(14,808)
Cash Flows from Financing Activities		
Principal payments under note payable obligations	(215,727)	(112,342)
Proceeds from issuance of common stock and preferred stock, net of offering costs	901,291	3,838,671
Proceeds from issuance of warrants, net of offering costs	483,431	1,248,575
Proceeds from issuance of promissory notes	174,354	—
Proceeds from issuance of convertible notes	605,424	—
Net Cash Provided by Financing Activities	1,948,773	4,974,904
Net (Decrease)/Increase in Cash	(17,066)	1,037,966
Cash - Beginning of period	245,026	892,814
Cash - End of period	$ 227,960	$ 1,930,780
Supplementary Cash Flow Information		
Cash paid for interest	$ 4,768	$ 6,130
Non-cash investing and financing activities		
Financing agreement for insurance policy	$ 74,672	$ 66,895
Conversion of convertible note and accrued interest to common stock	101,194	718,079
Conversion of short-term loan to common stock	—	126,720
Conversion of promissory note to preferred stock and warrants	100,000	—
Issuance of warrants for conversion of notes	—	305,201
Common stock issued for board fees	—	240,000
Issuance of common stock for preferred stock conversion	1,274	931
Issuance of common stock warrants for placement agent fees	—	304,183
Issuance of common stock for consideration of cancellation of warrants	—	208,000
Issuance of warrants for promissory note	25,646	—
Dividends accrued	30,063	—

See notes to condensed consolidated financial statements

Note 1 - Description of the Company

MedoveX Corp. (the "Company" or "MedoveX") was incorporated in Nevada on July 30, 2013 as SpineZ Corp. ("SpineZ") and changed its name to MedoveX Corp. on March 20, 2014. MedoveX is the parent company of Debride Inc. ("Debride"), which was incorporated under the laws of the State of Florida on October 1, 2012. The Company is in the business of designing and marketing proprietary medical devices for commercial use in the United States and Europe. The Company received CE marking in June 2017 for the DenerveX System and it is now commercially available throughout the European Union and several other countries that accept CE marking. The Company's first sale of the DenerveX System occurred in July 2017. The Company plans to seek approval for the DenerveX System from the Food & Drug Administration ("FDA") in the United States.

Note 2 – Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") and with the rules and regulations of the Securities and Exchange Commission ("SEC") that permit reduced disclosure for interim periods. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments which included only normal recurring adjustments, necessary to present fairly the Company's financial position as of September 30, 2018 and the results of operations for the three and nine months ended September 30, 2018 and 2017, and cash flows for the nine months ended September 30, 2018 and 2017. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2017, included in the Company's Annual Report on Form 10-K. The results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results to be expected for the year ending December 31, 2018 or for any other interim period or for any future year.

principles of consolidation

These unaudited condensed consolidated financial statements that present the Company's results of operations for the three and nine months ended September 30, 2018 and 2017, and cash flows for the nine months ended September 30, 2018 and 2017, include Debride and the accounts of the Company as well as its formerly wholly-owned subsidiary, Streamline Inc. ("Streamline"). All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

In preparing the financial statements, U.S. GAAP requires disclosure regarding estimates and assumptions used by management that affect the amounts reported in financial statements and accompanying notes. The Company's significant estimates include the deferred income tax asset and the related valuation allowance, and the fair value of its share-based payment arrangements.

For those estimates that are sensitive to the outcome of future events, actual results could differ from those estimates.

Change in Accounting Estimates

The Company had three years of historical stock price information available as of September 30, 2018. As such, only the Company's historical information was solely used in calculating annualized volatility utilized in the Black-Sholes valuation method in determining the fair value of warrants issued. In prior periods, annualized volatility was calculated using the historical price of the Company's stock price information in addition to three comparative companies in an active market.

Foreign Currency

The Company's revenues and expenses transacted in foreign currencies are recorded as they occur at exchange rates in effect at the time of each transaction. Realized gains and losses on foreign currency transactions are recorded as a component of other income or expense, net on the Company's consolidated statements of operations. The Company recorded approximately $4,000 and $5,600, respectively, in foreign currency transaction expense for the three and nine months ended September 30, 2018. The Company did not incur any foreign currency transaction costs related to revenues and expenses transacted in foreign currencies for the three and nine months ending September 30, 2017.

Foreign currency denominated monetary assets and liabilities of the Company are measured at the end of each reporting period using the exchange rate as of the balance sheet date and are recorded as a component of other income or expense, net on the Company's consolidated statements of operations. As of September 30, 2018, the Company recorded a net translation loss of approximately $10,200 in foreign currency denominated monetary assets and liabilities. The Company did not incur any foreign currency translation costs related to foreign currency denominated monetary assets and liabilities for the three and nine months ending September 30, 2017.

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of all ASUs issued, both effective and not yet effective.

In May 2014, the FASB issued ASU 2014-09, "Revenue Recognition - Revenue from Contracts with Customers" (ASU 2014-09) that requires companies to recognize revenue when a customer obtains control rather than when companies have transferred substantially all risks and rewards of a good or service. This update is effective for annual reporting periods beginning on or after December 15, 2017 and interim periods therein and requires expanded disclosures. The adoption of this standard did not have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. ASU 2016-02 is effective for public companies for annual reporting periods beginning after December 15, 2018, and interim periods within those fiscal years. The guidance may be adopted prospectively or retrospectively and early adoption is permitted. The Company is currently assessing the impact the adoption of ASU 2016-02 will have on its consolidated financial statements.

In July 2017, FASB issued ASU No. 2017-11 to provide new guidance for classification and accounting of financial instruments with down round features. The update requires entities to recognize the effect of a down round feature in a freestanding equity-classified financial instrument only when it is triggered. The effect of triggering such a feature should be recognized as a dividend and a reduction to income available to common shareholders in calculating basic EPS. ASU 2017-11 is effective for public companies for annual reporting periods beginning after December 15, 2018, including interim periods therein. The Company adopted the amendments of ASU 2017-11 effective January 1, 2018.

Note 3 – Accounts Receivable

Accounts receivable primarily represent amounts due from customers for which revenue has been recognized. Generally, the Company does not require collateral or any other security to support its receivables.

Note 4 – Other Receivables

Other receivables include input and importation value added tax (VAT) paid by the Company for conducting business in the European Union ("EU") and for importing goods from outside the EU.

Note 5 - Inventory

Inventory consists only of finished goods and are valued at the lower of cost or net realizable value, using the first-in, first-out (FIFO) method.

Inventories consisted of the following items as of September 30, 2018, and December 31, 2017:

	September 30, 2018	December 31, 2017
Split Return Electrodes	$ —	$ 1,868
Denervex device	71,495	111,596
Pro-40 generator	135,000	181,250
Total	$ 206,495	$ 294,714

Note 6 - Property and Equipment

Property and equipment, net, consists of the following:

	Useful Life	September 30, 2018	December 31, 2017
Furniture and fixtures	5 years	$ 67,777	$ 67,777
Computers and software	3 years	31,738	31,738
Leasehold improvements	5 years	35,676	35,676
		135,191	135,191
Less accumulated depreciation		(68,640)	(48,018)
Total		$ 66,551	$ 87,173

Depreciation expense amounted to $6,728 and $20,622, respectively, for the three and nine months ended September 30, 2018. Depreciation expense amounted to $7,109 and $20,000, respectively, for the three and nine months ended September 30, 2017.

Note 7 - Equity Transactions

Common Stock Issuance

In November 2016, the Board authorized the issuance of shares of common stock to all Board members, both current and former, in an amount equivalent to $240,000, representing their accrued but unpaid directors' fees as of December 31, 2016. In January 2017, the Company issued an aggregate of 173,911 shares at $1.38 per share, which was the average closing price of the Company's stock during 2016, to fulfill this obligation. The closing price of the Company's stock on January 17, 2017, the day the shares were issued, was $1.16 per share.

In August 2017, the Board authorized the issuance of 125,000 shares of common stock to a certain member of the Board of Directors and 175,000 shares of common stock to a certain consultant. At the inception of the agreement, 25% of the shares were issued to both the director and the consultant. In December 2017, 50,000 shares were issued to the consultant. As of September 30, 2018, the board member and consultant are due to be issued an additional 75,000 shares. The 75,000 shares were valued at the performance completion date, August 16, 2018, at $0.32 per share, which was the closing price on that date. As the shares had not been issued as of September 30, 2018, the fair value of the liability at the performance completion date $24,000 is in accrued liabilities. The Company does not expect to issue any remaining shares as the board member and the consultant are no longer associated with the Company.

Stock-Based Compensation Plan

2013 Stock Option Incentive Plan

We utilize the Black-Scholes valuation method to recognize stock-based compensation expense over the vesting period. The expected life represents the period that our stock-based compensation awards are expected to be outstanding.

For the three and nine months ended September 30, 2018, the Company recognized approximately $22,000 and $107,000, respectively, as compensation expense with respect to vested stock options. For the three and nine months ended September 30, 2017, the Company recognized approximately $111,000 and $612,000, respectively, as compensation expense with respect to vested stock options.

Stock Option Activity

As of September 30, 2018, there were 142,825 shares of time-based, non-vested stock options outstanding. As of September 30, 2018, there was approximately $53,000 of total unrecognized stock-based compensation related to these non-vested stock options. That expense is expected to be recognized on a straight-line basis over a weighted average period of 1.39 years.

The following is a summary of stock option activity at September 30, 2018:

	Shares		Weighted Average Exercise Price	Weighted Average Remaining Term (Years)
Outstanding at 12/31/2017	1,314,059	$	2.01	8.19
Forfeited	(136,035)	$	1.69	—
Outstanding at 9/30/2018	1,178,024	$	2.04	7.45
Exercisable at 9/30/2018	1,035,200	$	2.16	7.37

Private Placement

On February 26, 2018, the Company entered into a securities purchase agreement with selected accredited investors whereby the Company sold an aggregate of 770,000 shares of common stock and 385,000 warrants to purchase common stock. The offering resulted in $308,000 in gross proceeds to the Company. The warrants have a five-year term commencing six months from issuance with an exercise price of $0.75. The Company allocated $52,003 to the warrants and the remainder to the issuance of the common stock. The Company incurred $13,500 in legal expenses related to the offering.

On May 1, 2018, the Company entered into a securities purchase agreement with selected accredited investors whereby the Company offered up to $1,000,000 in units. Each unit had a purchase price of $100,000 and consisted of (i) 1,000 shares of the Company's 5% Series B Convertible Preferred Stock (the "Series B Shares") and (ii) warrants to purchase 250,000 shares of the Company's common stock, par value $0.001 per share. Each Series B Share is convertible at a conversion price of $0.40 per share. The conversion price has a feature that would adjust the conversion price downward if the company issues any common stock or common stock equivalents at a price less than $0.40 per share while the Series B shares are outstanding. The market value of the common stock on the date of the agreement was $0.44. The Series B Shares initially entitled the holders to a 5% adjustable annual dividend. The Series B Shares also have a feature that provides the holder the ability to adopt more favorable terms of subsequent financings while the Series B Shares are outstanding. The Warrants are exercisable for a period of three (3) years from the date of issuance at an initial exercise price of $0.75 per share subject to downward adjustment if the Company issues any common stock or common stock equivalents at a price less than $0.75 per share while the warrants are outstanding.

As a result of the offering, the Company sold an aggregate of 8.25 Units and issued to the Investors an aggregate of 8,250 Series B Shares and 2,062,500 warrants to purchase common stock, resulting in total $825,000 gross proceeds to the Company. The Company incurred $5,000 in legal fees related to the offering, which resulted in $820,000 net cash received from the offering. The 8,250 Series B Shares sold in the Offering are initially convertible into an aggregate of 2,062,500 shares of Common Stock.

The net proceeds of the offering of $820,000 were first allocated to the warrants issued to investors, and the Series B Shares based on their relative fair value. The Company recognized a beneficial conversion feature related to the Series B Shares of approximately $246,000, which was credited to additional paid-in capital. Because the Series B Shares can immediately be converted by the holder, the discount recognized by the allocation of proceeds to the beneficial conversion feature was immediately accreted and recognized as a dividend to the preferred shareholders.

On August 1, 2018 the annual dividend rate on the Series B Shares was adjusted to 12%, which is equal to the same rate as the convertible debt issued in August and September 2018, pursuant to an adjustment provision in the Series B Shares which entitles the holders to receive a more beneficial annual dividend rate offered in any subsequent financings. The Company had accrued unpaid dividends in the amount of approximately $30,000 as of September 30, 2018, related to the Series B Shares.

On August 8, 2018, the Company completed the issuance of convertible debt at an initial conversion price of $0.40. Accordingly the exercise price on all of the warrants issued with the Series B Shares were adjusted downward to $0.40. In conjunction with the downward adjustment, the Company recorded a deemed dividend of approximately $108,000 representing the difference in the fair value of the warrants immediately before and after the adjustment to the exercise price.

preferred Stock Conversion

On March 30, 2018, 12,740 shares of Series A Preferred Stock were converted into an aggregate of 1,274,000 restricted shares of authorized common stock, par value $0.001 per share.

Convertible Notes

In August and September 2018, the Company entered into a securities purchase agreement with select accredited investors, whereby the Company offered up to $1,000,000 in units at a purchase price of $50,000 per unit. Each Unit consists of (i) a 12% senior secured convertible note, initially convertible into shares of the Company's common stock, par value $0.001 per share, at a conversion price equal to the lesser of $0.40 or ninety percent (90%) of the per share purchase price of any shares of common stock or common stock equivalents issued in future private placements of equity and/or debt securities completed by the Company following this offering, and (ii) a three-year warrant to purchase such number of shares of the Company's common stock equal to one hundred percent (100%) of the number of shares of common stock issuable upon conversion of the notes at $0.40. The Warrants are exercisable at a price equal to the lesser of $0.75 or ninety percent (90%) of the per share purchase price of any shares of common stock or common stock equivalents issued in future private placements of the debt and/or equity securities completed by the Company following the issuance of warrants. The notes are secured by all of the assets of the Company.

ASU 2017-11 provided that when determining whether certain financial instruments should be classified as liability or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. If a down round feature on the conversion option embedded in the note is triggered, the Company will evaluate whether a beneficial conversion feature exists, the Company will record the amount as a debt discount and will amortize it over the remaining term of the debt.

If the down round feature in the warrants is triggered, the Company will recognize the effect of the down found as a deemed dividend which will reduce the income available to common stockholders.

In the offering, the Company sold an aggregate of 15 units and issued to investors an aggregate of $750,000 in principal amount of convertible notes and 1,875,000 warrants to purchase common stock, resulting in total gross proceeds of $750,000 to the Company. If converted at $0.40 the convertible notes sold in the offering are convertible into an aggregate of 1,875,000 shares of common stock. The Company recorded the proceeds from the notes and the accompanying warrants, which accrete over the period the notes are outstanding, on a relative fair value basis of approximately $505,000 and $245,000, respectively. Accretion expense for the three and nine month period ending September 30, 2018 related to these convertible notes was approximately $28,400. The Company recognized $10,700 in unpaid accrued interest expense related to the notes as of September 30, 2018.

Debt Conversion

Convertible Debenture

On April 26, 2018, the Company's $100,000 5% convertible debenture and unpaid accrued interest was converted into an aggregate of 266,301 shares of common stock, eliminating the Company's debt obligation. The debt was converted into shares at $0.38 per share, which was 85% of the average closing price of the Company's stock during the twenty trading days immediately preceding the delivery of the notice of conversion. The market value of the common stock on the date of the conversion was $0.40. This difference noted above lead to an immaterial amount related to a beneficial conversion feature.

Promissory Note

On May 15, 2018, the Company entered into a modification agreement with Steve Gorlin whereby he agreed to convert $100,000 of the $200,000 outstanding promissory note into Series B Shares. The conversion of $100,000 was converted under the terms of the May 1, 2018 securities purchase agreement. The $100,000 conversion was converted into an aggregate of 1,000 shares of the Company's Series B Shares and 250,000 warrants to purchase common stock, eliminating $100,000 of the Company's $200,000 debt obligation.

The converted $100,000 was first allocated to the fair value of the warrants issued in conjunction with the conversion, and the Series B Shares based on their relative fair value. The Company recognized a beneficial conversion feature related to the Series B Shares of approximately $14,000, which was credited to additional paid-in capital. Because the Series B Shares can immediately be converted by the holder, the discount recognized by the allocation of proceeds to the beneficial conversion feature was immediately accreted and recognized as a dividend to the preferred shareholders.

On August 21, 2018, the Company paid back the remaining $100,000 plus unpaid accrued interest in the amount of $2,944, eliminating the Company's debt obligation.

Note 8 – Commitments & Contingencies

Operating Leases

Office Space

The Company pays TAG Aviation, a company owned by its Chief Executive Officer, Jarrett Gorlin ("Mr. Gorlin") for office space that is currently being used as the Company's principal business location plus utilities cost (see "Related-Party Transactions") on a monthly basis. Base annual rent is $2,147 per month. Rent expense and utilities cost paid to TAG Aviation amounted to approximately $9,400 and $28,300, respectively, for the three and nine months ended September 30, 2018. Rent expense and utilities cost paid to TAG Aviation amounted to approximately $9,500 and $25,000 for the three and nine months ended September 30, 2017.

On September 1, 2018, the Company extended the term of the lease agreement for the commercial building which originally commenced on August 1, 2015. The term of the new lease agreement is for two years four months commencing on September 1, 2018 and ending December 31, 2020. Base rent under the old lease agreement was $2,948 and base rent under the new agreement is $3,095. Total lease expense for the three and nine months ended September 30, 2018 was approximately $8,800 and $26,000, respectively related to this lease. Total lease expense for the three and nine months ended September 30, 2017 was approximately $8,600 and $26,000, respectively related to this lease.

Future minimum lease payments under this rental agreement are approximately as follows:

For the year ending:

December 31, 2018	$	9,300
December 31, 2019		37,500
December 31, 2020		38,600
	$	85,400

Equipment

The Company entered into a non-cancelable 36-month operating lease agreement for equipment on March 23, 2018. The agreement is renewable at the end of the term and requires the Company to maintain comprehensive liability insurance. Total lease expense was approximately $800 and $2,500, respectively, for the three and nine months ended September 30, 2018. Total lease expense was approximately $900 and $2,900, respectively, for the three and nine months ended September 30, 2017.

Future minimum lease payments under this operating lease agreement are approximately as follows:

For the year ending:

December 31, 2018	$	500
December 31, 2019		1,900
December 31, 2020		1,900
December 31, 2021		500
	$	4,800

Consulting Agreements

The Company has an agreement with Jesse Crowne, a Director and Co-Chairman of the Board of the Company, to provide business development consulting services for a fee of $13,333 per month. The Company incurred $39,999 and $120,000, respectively, for the three and nine months ended September 30, 2018 related to this consulting agreement, of which $13,333 was included in accounts payable at September 30, 2018. The monthly consulting fee was increased from a rate of $9,167 beginning in January 2018. The Company incurred approximately $30,000 and $85,000, respectively, for the three and nine months ended September 30, 2017 related to this consulting agreement.

The Company has a consulting agreement with a sales, marketing, and distribution consultant in Latin America at a fee of $7,000 per month through December 31, 2018. The Company incurred $21,000 and $63,000, respectively, for the three and nine months ended September 30, 2018 related to this consulting agreement. The Company incurred $21,000 and $45,000, respectively, for the three and nine months ended September 30, 2017 related to this consulting agreement.

The Company has consulting agreements with a varying team of sales, marketing, and distribution consultants in Europe who provide consulting services for aggregate compensation amounting to approximately €21,000 (approximately $25,000) per month. The consulting agreements, while subject to modifications, commenced at separate dates and will also terminate at separate dates through April 30, 2019. The Company incurred approximately $71,000 and $280,000, respectively, for the three and nine months ended September 30, 2018 related to these consulting agreements. The Company incurred approximately $58,000 and $131,000, respectively, for the three and nine months ended September 30, 2017 related to these consulting agreements.

Generator development agreement

The Company was obligated to reimburse Bovie Medical Corporation (“Bovie”) up to $295,000 for the development of the Pro-40 electrocautery generator. The Company did not incur any expenses to Bovie for the three and nine months ended September 30, 2018 under this agreement. The Company incurred approximately $3,000 and $33,000, respectively, for the three and nine months ended September 30, 2017 under this agreement. Through September 30, 2018, the Company has paid approximately $422,000 to Bovie related to this agreement. The original $295,000 agreement was a based number along the pathway of development. Additional requirements were added as the research and development process progressed and as a result certain prices increased and additional costs were added to further customize the DenerveX System. The Company is currently manufacturing the generator for sales.

Distribution center and logistic services agreement

The Company has a non-exclusive distribution center agreement with a logistics service provider in Berlin, Germany pursuant to which they manage and coordinate the DenerveX System products which the Company exports to the EU through June 2019. The Company originally paid a fixed monthly fee of €2,900 (approximately $3,500) for all accounting, customs declarations and office support, and a variable monthly fee ranging from €1,900 to €6,900 (approximately $2,300 to $8,300), based off volume of shipments, for logistics, warehousing and customer support services. Effective September 1, 2018, the fixed monthly fee was changed to €6,900 (approximately $7,900). Total expenses paid for the distribution center and logistics agreement was approximately $34,000 and $118,000, respectively, for the three and nine months ended September 30, 2018. Total expenses paid for the distribution center and logistics agreement was approximately $37,900 for the three and nine months ended September 30, 2017.

Co-Development Agreement

In September 2013, the Company executed a Co-Development Agreement with James R. Andrews, M.D. ("Dr. Andrews") to further evaluate, test and advise on the development of products incorporating the use of the patented technology. In exchange for these services the Company is obligated to pay Dr. Andrews a royalty of 2% of revenues earned from applicable product sales over a period of 5 years. If Dr. Andrews is listed as inventor of any Improvement Patent on the DenerveX device during the 5-year term, he would continue to receive a 1% royalty after the 2% royalty expires for the duration of the effectiveness of the Improvement Patent.

The Company incurred approximately $4,500 and $13,100, respectively, in royalty expense under the co-development agreement for the three and nine months ended September 30, 2018, all of which was included in accounts payable at September 30, 2018. The Company incurred approximately $446 in royalty expense under the co-development agreement for the three and nine months ended September 30, 2017.

Patent Assignment and Contribution Agreements

On February 1, 2013, the Company issued 750,108 shares of common stock to Scott Haufe, M.D. ("Dr. Haufe") pursuant to the terms of a Contribution and Royalty Agreement dated January 31, 2013 between the Company and Dr. Haufe. This agreement provides for the Company to pay Dr. Haufe royalties equal to 1% of revenues earned from sales of any and all products derived from the use of the DenerveX technology. Royalties are payable to Dr. Haufe within 30 days after the close of each calendar quarter based on actual cash collected from sales of applicable products. The royalty period expires on September 6, 2030.

The Company incurred approximately $2,300 and $6,600, respectively, in royalty expense under the Contribution and Royalty agreement for the three and nine months ended September 30, 2018, all of which was included in accounts payable at September 30, 2018. The Company incurred approximately $225 in royalty expense under the patent assignment and contribution agreement for the three and nine months ended September 30, 2017.

Streamline Inc. Asset Sale

The asset sale of Streamline Inc. resulted in the immediate receipt of $500,000 in cash, and a $150,000 note receivable that was due to the Company on January 1, 2018. The $150,000 note receivable represents the non-contingent portion of the receivables due from the sale. The Company received the short-term receivable on January 2, 2018.

The terms of the sale also required that for each of the calendar years ending December 31, 2018 and December 31, 2019 (each such calendar year, a "Contingent Period"), a contingent payment in cash (each, a "Contingent Payment") equal to five percent (5%) of the total net sales received by the acquiring party from the sale of "IV suspension system" products in excess of 100 units during each Contingent Period. Each such Contingent Payment is payable to the Company by the acquiring party by no later than March 31st of the subsequent year; provided, however, that the total aggregate amount of all Contingent Payments owed by the acquiring party to the Company for all Contingent Periods will not exceed $850,000. The Company is yet to receive any Contingent Payments and has no reason to expect it will receive any Contingent Payments.

The Company did not incur any Streamline related expenses for the three and nine months ended September 30, 2018. The Company recorded a nominal amount in Streamline related expenses for the three and nine months ended September 30, 2017.

Note 9 – Short Term Liabilities

Finance Agreement

The Company entered into a commercial insurance premium finance and security agreement in December 2017. The agreement finances the Company's annual D&O insurance premium. Payments are due in quarterly installments of approximately $24,000 and carry an annual percentage interest rate of 5.98%.

The Company had paid the yearly premium in full and had no outstanding balance as of September 30, 2018 and 2017 related to the agreement.

Promissory Notes

On March 26, 2018 the Company issued a promissory note to Steve Gorlin, father of Jarrett Gorlin, the Company's CEO, for the principal amount of $200,000, plus interest, at a rate of five percent per year. The outstanding principal and all accrued but unpaid interest was originally due on May 15, 2018. The Company issued warrants to purchase an aggregate of 133,333 shares of common stock par value $.001 per share in conjunction with the promissory note to Mr. Gorlin. Each warrant has an exercise price of $0.75 and is exercisable for a period of five years commencing from the date of issuance. The Company recorded the proceeds from the promissory note and the accompanying warrants, which accrete over the period the loan is outstanding, on a relative fair basis of approximately $174,000 and $26,000, respectively.

On May 15, 2018, the Company entered into a modification agreement with Steve Gorlin whereby he agreed to convert $100,000 of the outstanding promissory note into Series B Shares. (See Note 7). Additionally, the due date for the remaining $100,000 of the promissory note was extended to August 31, 2018.

On August 21, 2018, the Company paid the remaining $100,000 plus unpaid accrued interest in the amount of $2,944, which was exclusive of the amortization expense recognized in connection with the accompanying warrants issued with the note, eliminating the Company's debt obligation. (See Note 7)

Notes Payable

In conjunction with the consummation of the Streamline acquisition on March 25, 2015, the Company assumed two notes for approximately $135,000 and $125,000 to the Bank of North Dakota New Venture Capital Program and North Dakota Development Fund, both outside non-related parties. Payments on both notes are due in aggregate monthly installments of approximately $5,700 and carry an interest rate of 5%. Both notes have a maturity date of August 1, 2019. The notes, had outstanding balances of approximately $62,000 and $104,000 at September 30, 2018 and December 31, 2017, respectively.

The Company incurred interest expense related to the notes for the three and nine months ended September 30, 2018 in the amount of approximately $800 and $3,100, respectively. The Company incurred interest expense related to the notes for the three and nine months ended September 30, 2017 in the amount of approximately $1,700 and $5,500, respectively. The Company had unpaid accrued interest in the amount of approximately $70,000 and $69,000 at September 30, 2018 and December 31, 2017, respectively, related to the notes.

Expected future payments related to the notes payable as of September 30, 2018, are approximately as follows:

For the year ending:

December 31, 2018	$	17,000
December 31, 2019		45,000
	$	62,000

Convertible Debenture

On January 31, 2018, the Company issued a 5% convertible debenture in exchange for $100,000. The debenture accrued interest at 5% per annum. Principal and interest were due on January 30, 2019. The debenture was convertible at the option of the holder into shares of the Company's common stock at a conversion rate equivalent to 85% of the average closing price of the Company's common stock for the 20 days preceding the conversion.

On April 26, 2018, the convertible debenture and unpaid accrued interest was converted into an aggregate of 266,301 shares of common stock, eliminating the Company's debt obligation (Note 7). Prior to the conversion, the Company recognized approximately $400 and $1,200, respectively, in interest expense related to the convertible debenture during the nine months ending September 30, 2018. The market value of the common stock on the date of the conversion was $0.40. This difference lead to an immaterial amount related to a beneficial conversion feature.

Convertible Notes

In August and September 2018, the Company entered into a securities purchase agreement with select accredited investors, whereby the Company offered up to $1,000,000 in units at a purchase price of $50,000 per unit. Each unit consists of a 12% senior secured convertible note and a three-year warrant to purchase shares of the Company's common stock. The notes are secured by all of the assets of the Company. (See Note 7).

In the offering, the Company sold an aggregate of 15 units and issued to investors an aggregate of $750,000 in principal amount of convertible notes and 1,875,000 warrants to purchase common stock, resulting in total gross proceeds of $750,000 to the Company. The convertible notes sold in the offering are initially convertible into an aggregate of 1,875,000 shares of common stock but could convert into additional shares if the Company completes a down round financing during the term of the convertible notes. The Company recorded the proceeds from the notes and the accompanying warrants, which accrete over the period the notes are outstanding, on a relative fair value basis of $505,424 and $244,576, respectively. Accretion expense related to the discount on these convertible notes for the three and nine month period ending September 30, 2018 was approximately $28,000. The Company recognized $10,700 in unpaid accrued interest expense related to the notes as of September 30, 2018.

Note 10 – Revenue

The Company sells the DenerveX System through a combination of direct sales and independent distributors in international markets. The Company recognizes revenue when title to the goods and risk of loss transfers to customers, provided there are no material remaining performance obligations required of the Company or any matters of customer acceptance. We only record revenue when collectability is reasonably assured.

Revenue recognition occurs at the time product is shipped to customers from the third-party distribution warehouse located in Berlin, Germany. Our stocking distributors, who sell the products to their customers or sub-distributors, contractually take title to the products and assume all risks of ownership at the time of shipment. Our stocking distributors are obligated to pay us the contractually agreed upon invoice price within specified terms regardless of when, if ever, they sell the products. Our direct customers do not have any contractual rights of return or exchange other than for defective product or shipping error.

Note 11 – Common Stock Warrants

Fair value measurement valuation techniques, to the extent possible, should maximize the use of observable inputs and minimize the use of unobservable inputs. The Company's fair value measurements of all warrants are designated as Level 2 since all the significant inputs are observable and quoted prices were available for the four comparative companies in an active market.

A summary of the Company's warrant issuance activity and related information for the nine months ended September 30, 2018 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at 12/31/2017	7,194,215	$ 1.74	3.40
Issued	4,705,833	(1)(2)	2.91
Outstanding and exercisable at 9/30/2018	11,900,048	$ 1.28	2.73

The fair value of all warrants issued are determined by using the Black-Scholes-Merton valuation technique and were assigned based on the relative fair value of both the common stock and the warrants issued.

The inputs used in the Black-Scholes-Merton valuation technique to value each of the warrants issued at September 30, 2018 as of their respective issue dates are as follows:

Event Description	Date	MDVX Stock Price	Exercise Price of Warrant	Grant Date Fair Value	Life of Warrant	Risk Free Rate of Return (%)	Annualized Volatility Rate (%)
Private placement	2/26/18	$ 0.51	$ 0.75	$ 0.20	5 years	2.60	55.91
Short-term debt	3/26/18	$ 0.53	$ 0.75	$ 0.22	5 years	2.64	56.57
Private placement	5/1/2018	$ 0.44	(1)	$ 0.11	3 years	2.66	56.92
Debt conversion	5/15/2018	$ 0.39	(1)	$ 0.08	3 years	2.75	57.03
Convertible notes	8/8/2018	$ 0.37	(2)	$ 0.19	3 years	2.68	104.37
Convertible notes	9/28/2018	$ 0.40	(2)	$ 0.21	3 years	2.88	105.07

(1)Warrants issued with the May 2018 private placement and debt conversion had an initial exercise price of $0.75 and contain a contingent feature which would adjust the exercise price of the warrant in the event the Company issues any shares of common stock or common stock equivalents in a private placement of equity or debt securities at a price less than $0.75 per share. On August 8, 2018, the Company completed the issuance of convertible debt at an initial conversion price of $0.40. Accordingly the exercise price on these warrants was adjusted downward to $0.40.

(2)Warrants issued with the August 8, 2018 and September 28, 2018 convertible notes have an initial exercise price of $0.75 and contain a contingent feature which would adjust the exercise price of the warrant in the event the Company issues any shares of common stock or common stock equivalents in a private placement of equity or debt securities at which 90% of the issuance price is less than $0.75.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 12 - Income Taxes

For the period from February 1, 2013 (inception) to September 30, 2018, the Company has incurred net losses and, therefore, has no current income tax liability. The net deferred tax asset generated by these losses is fully reserved as of September 30, 2018 and December 31, 2017, since it is currently more likely than not that the benefit will not be realized in future periods.

The Company is required to file federal income tax returns and state income tax returns in the states of Florida, Georgia and Minnesota. There are no uncertain tax positions at September 30, 2018 or December 31, 2017. The Company has not undergone any tax examinations since inception.

Note 13 - Related-Party Transactions

Patent Assignment and Royalty Agreements

As described in Note 8, the Company has a Contribution and Royalty Agreement with Dr. Haufe, a director of the Company. The agreement provides for the Company to pay Dr. Haufe royalties equal to 1% of revenues received by the Company from sales of all products derived from the use of the DenerveX technology. The Company incurred approximately $2,300 and $6,600, respectively, in royalty expense under the Contribution and Royalty agreement for the three and nine months ended September 30, 2018, all of which was included in accounts payable at September 30, 2018. The Company incurred approximately $225 in royalty expense under the patent assignment and contribution agreement for the three and nine months ended September 30, 2017.

Co-Development Agreement

As described in Note 8, the Company entered into a Co-Development Agreement with Dr. Andrews, a director of the Company, in September 2013. The agreement provides for the Company to pay Dr. Andrews a royalty of 2% of the Company's net sales earned from applicable product sales for at least 5 years from the effective date of the agreement. The Company incurred approximately $4,500 and $13,100 in royalty expense under the co-development agreement for the three and nine months ended September 30, 2018, all of which was included in accounts payable at September 30, 2018. The Company incurred approximately $446 in royalty expense under the co-development agreement for the three and nine months ended September 30, 2017.

Operating Lease

As described in Note 8, the Company pays TAG Aviation LLC, ("TAG"), a company owned by Mr. Gorlin, for month to month rental of office space at Dekalb-Peachtree Airport in Atlanta Georgia plus cost of utilities. Base rent payments under this arrangement is $2,147 per month. Rent expense and utilities expenses incurred by TAG Aviation amounted to approximately $9,400 and $28,300, respectively, for the three and nine months ended September 30, 2018. Approximately $6,300 was included in accounts payable as of September 30, 2018. Rent expense and utilities expenses paid to TAG Aviation amounted to approximately $9,500 and $25,000, respectively, for the three and nine months ended September 30, 2017.

Consulting expense

As described in Note 8, the Company paid $39,999 and $120,000, respectively, for the three and nine months ended September 30, 2018 to Jesse Crowne, a director and Co-Chairman of the Board of the Company, for business advisory services, of which $13,333 was included in accounts payable at September 30, 2018.

Note 14 - Research and Development

Devicix Prototype Manufacturing Agreement

In November 2013, the Company accepted a proposal from Devicix, a Minneapolis, Minnesota based FDA registered contract designer and developer, to develop a commercially viable prototype of its product that could be used to receive regulatory approval from the FDA and other international agencies for use on humans to relieve pain associated with Facet Joint Syndrome. Through September 30, 2018, the Company has incurred approximately $1,947,000 in fees to Devicix, of which approximately $66,000 and $7,000, respectively, was included in accounts payable as of September 30, 2018 and December 31, 2017.

The development work commenced in December 2013. The total estimated cost of this work at contract signing was $960,000; however, the terms of the proposal allow either the Company or the designer and developer to cancel the development work with 10-days' notice.

The Company incurred expenses of approximately $42,000 and $98,000, respectively, for the three and nine months ended September 30, 2018. The Company incurred expenses of approximately $34,000 and $273,000, respectively, for the three and nine months ended September 30, 2017.

Denervex Generator Manufacturing Agreement

The DenerveX device requires a custom electrocautery generator for power. As described in Note 8, in November 2014, the Company contracted with Bovie to customize one of their existing electrocautery generators for use with DenerveX Device, and then manufacture that unit on a commercial basis once regulatory approval for the DenerveX is obtained. The Bovie agreement required a base $295,000 development fee to customize the unit, plus additional amounts if further customization was necessary beyond predetermined estimates.

The Company did not incur any expenses to Bovie for the three and nine months ended September 30, 2018. The Company incurred approximately $3,000 and $33,000, respectively, for the three and nine months ended September 30, 2017. Through September 30, 2018, the Company has incurred approximately $422,000 to Bovie related to this agreement. The manufacturing agreement is complete as of September 30, 2018, and the Company does not expect to incur any more expenses related to the agreement.

Nortech Manufacturing Agreement

In November 2014, the Company selected Nortech Systems Inc. ("Nortech"), a Minneapolis, Minnesota based FDA registered contract manufacturer, to produce 315 DenerveX devices from the prototype supplied by Devicix for use in final development and clinical trials. The agreement with Nortech includes agreed upon per unit prices for delivery of the devices. Actual work on development of the final units began in November 2014.

The Company incurred fees of approximately $0 and $107,000, respectively, to Nortech for the three and nine months ended September 30, 2018 related to the manufacturing agreement. The Company incurred fees of approximately $7,400 and $147,000, respectively, to Nortech for the three and nine months ended September 30, 2017. Through September 30, 2018, the Company has incurred expenses of approximately $997,000 to Nortech related to the manufacturing agreement.

Note 15– Liquidity, Going Concern and Management's Plans

The Company incurred net losses of approximately $3,721,000 and $4,842,000 for the nine months ended September 30, 2018 and 2017, respectively. The Company will continue to incur losses until it can sell a sufficient enough volume of the DenerveX System with margins sufficient to offset expenses.

To date, the Company's primary source of funds has been from the issuance of debt and equity.

The Company will require additional cash in 2018 and is currently exploring other fundraising options. No assurances can be provided regarding the success of such efforts. Furthermore, if the Company is unable to raise sufficient financing in 2018, it could be required to undertake initiatives to conserve its capital resources, including delaying or suspending the launch of its product outside the United States and seeking FDA approval to sell its product in the United States. Delaying or suspending these initiatives would raise substantial doubt about the Company's ability to continue as a going concern.

A condition to closing the Asset Purchase Agreement as described in Note 16 is a net raise of $3,000,000 from the sale of new securities. At the time of filing, this condition had not been met. If no additional funds are raised, the Asset Purchase Agreement may not close. If that occurs, the Company will have to curtail operations, as it has no viable alternatives to this agreement. Curtailing operation would raise substantial doubt about the Company's ability to continue as a going concern.

The financial statements do not include any adjustments to the carrying amounts of its assets or liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 16 - Subsequent Events

On October 3, 2018, the Board approved the issuance of shares of common stock in lieu of cash payments due to certain directors and officers of the Company. This issuance was conditioned upon the Company signing a definitive agreement with Regenerative Medical Solutions, LLC ("RMS"). That agreement was signed on October 15, 2018, and a total of 1,168,956 shares were subsequently issued as follows: All non-employee directors were issued 35,578 shares each, for a total of 320,202 shares being issued. Executives were issued a total of 524,945 shares in lieu of cash due for 2017 bonus awards and 323,810 shares were issued to Jarrett Gorlin, former Chief Executive Officer, as severance in lieu of six months of cash salary. The 2017 bonus awards were not previously accrued as management determined it was not probable they would be paid. The board's approval to issue shares to settle the 2017 bonus awards changed management's probability assessment and the Company recorded the fair value of the shares issued ($210,000) as a liability at September 30, 2018.

On October 9, 2018, the Company entered into an employment agreement with William E. Horne pursuant to which Mr. Horne will serve as the Company's President and Chief Executive Officer. The employment agreement is for a term of five years subject to additional one year renewals. The employment agreement provides for an annual base salary of $650,000 provided that if he is receiving his full salary from Laser Spine Institute, his annual base salary shall be reduced to $500,000. Mr. Horne is also eligible to participate in any discretionary or incentive bonus program approved by the Company's Compensation Committee. Mr. Horne shall also be entitled to receive incentive stock options and restricted stock awards equal to 7% of the Company's issued and outstanding common stock, as of the closing date of the consummation of the Asset Purchase Agreement ("APA"), as discussed below, between the Company and RMS. In the event that the APA is not consummated, the employment agreement shall terminate. Mr. Jarrett Gorlin resigned as President and Chief Executive Officer upon the effectiveness of the employment agreement.

On October 15, 2018, Directors Jarrett Gorlin, James R. Lawson, Randal R. Betz, John C. Thomas, Jr., James R. Andrews, Clyde A. Hennies, Jon Mogford, Scott Haufe and Jesse W. Crowne, this being all Board members except for Larry W. Papasan, tendered their resignations to Mr. Papasan, Co-Chairman of the Board. Mr. Papasan then invited newly appointed President and Chief Executive Officer, William E. Horne, to join the Board as Chairman. Mr. Horne accepted, and Mr. Papasan tendered his resignation to Mr. Horne, leaving Mr. Horne as the sole director of the Company.

On October 18, 2018, the Company entered into an APA with RMS, Lung Institute LLC, RMS Lung Institute Management LLC, Cognitive Health Institute Tampa, LLC, RMS Shareholder, LLC and RMS Acquisition Corp. ("Buyer") (collectively, the "Parties"). Pursuant to the terms of the APA, buyer shall purchase all of the assets of RMS, Cognitive Health Institute Tampa, LLC, Lung Institute LLC and RMS Lung Institute Management LLC (collectively the "Sellers"). As consideration, Buyer shall (i) deliver to Sellers (a) 583,333 shares of common stock of the Company ("Common Stock"), (b) 33,632 shares of Series C Preferred Stock of the Company ("Series C Preferred Stock"), where each share of Series C Preferred Stock will convert into 1,000 shares of Common Stock and shall combine to represent the right to convert into and acquire an aggregate of fifty-five percent (55%) of the outstanding common stock of the Company and (c) "Additional Exchange Shares" as defined in the APA; and (ii) assume certain liabilities as provided in the APA. As further consideration, the Company shall pay RMS the sum of $350,000. The close of the APA is subject to certain closing conditions as set forth in the APA.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes thereto appearing in Part I, Item 1 of this Quarterly Report. Historical results and trends that might appear in this Quarterly Report should not be interpreted as being indicative of future operations.

Overview

MedoveX was incorporated in Nevada on July 30, 2013 as SpineZ Corp. MedoveX is the parent company of Debride, which was incorporated under the laws of Florida on October 1, 2012. The Company is in the business of designing and marketing proprietary medical devices for commercial use in the United States and Europe. The Company received CE marking in June 2017 for the DenerveX System and it is now commercially available throughout the European Union and several countries that accept CE marking. The Company's first sale of the DenerveX System occurred in July 2017. The Company is currently seeking approval for the DenerveX System from the FDA in the US.

DenerveX

The DenerveX® System consists of the DenerveX Kit and the DenerveX Power Pro-40 generator. We believe that the DenerveX System can be developed in the future to encompass a number of medical applications in addition to the current application for facet joint syndrome, including pain relief.

The Company acquired the DenerveX patent on January 31, 2013 from Scott Haufe, M.D. ("Dr. Haufe"), a director of the Company, in exchange for 750,108 shares of common stock in the Company and a 1% royalty on all sales of any product sold based on the patent.

In September 2013, we entered into a Co-Development Agreement with James Andrews, M.D. ("Dr. Andrews"), a director of the Company, whereby Dr. Andrews committed to further evaluate the DenerveX System and to seek to make modifications and improvements to such technology. In exchange for such services, the Company agreed to pay Dr. Andrews a royalty equal to two (2%) percent of the DenerveX net sales during the five (5) year term of the Co-Development Agreement. Upon the termination of the term of the Co-Development Agreement, which has a minimum term of five (5) years, the royalty payable to Dr. Andrews shall be reduced to one (1%) percent of DenerveX net sales after such termination of products covered by any U.S. patent on which Dr. Andrews is listed as a co-inventor; if any such patents are obtained. Such one (1%) percent royalty shall continue during the effectiveness of such patent. Pursuant to the Co-Development Agreement, Dr. Andrews agreed to assign any modifications or improvements to the DenerveX to the Company subject to the royalty rights described above.

We are marketing the product as a disposable, single-use kit which includes all components of the DenerveX device product. In addition to the DenerveX device itself, we have developed a dedicated Electro Surgical Generator, the DenerveX Pro-40, to power the DenerveX device.

The generator is provided to customers agreeing to purchase the DenerveX device and cannot be used for any other purpose.

We accepted a proposal from Devicix, a Minneapolis, Minnesota third party design and development firm, in November 2013, to develop a prototype device. This proposal included a 5-phase development plan, culminating in the production ready prototype that could be used for validation purposes. We have recently completed the final stages of the build and test phase of the device, culminating in receiving CE marking to market the product in Europe. The DenerveX Kit and Pro-40 generator is now in commercial production. We anticipate very minimal, if any, additional build and test related expenses, which consists of product design verification activities, in the future as we launch the DenerveX System in Europe. Through September 30, 2018, we have incurred approximately $1,947,000 in fees to Devicix.

In November 2014, we selected Nortech Systems Inc. ("Nortech"), a Minneapolis, Minnesota based FDA registered contract manufacturer, to produce test DenerveX devices from the prototype supplied by Devicix for use in final development and non-clinical testing. The agreement with Nortech includes agreed upon per unit prices for delivery of the devices. Actual work on development of the final units began in November 2014. Through September 30, 2018, we have incurred approximately $997,000 in fees to Nortech. We are now in commercial production, however, the Company may still incur non-recurring expenses related to the DenerveX Kit under the agreement.

Also in November 2014, we engaged Bovie Medical Corporation ("Bovie"), a Delaware Corporation, to develop the Electro Surgical Generator and provide post production support services. Per our agreement with Bovie, we are invoiced based on deliverables produced by Bovie, which was originally supposed to amount to $295,000 upon completion of all the deliverables. Through September 30, 2018, we have incurred approximately $422,000 in fees to Bovie for production services. The original $295,000 agreement was a base number along the pathway of development. Additional requirements were incurred as the research and development process progressed and as a result certain prices increased and additional costs were incurred to further customize the DenerveX System. Development of the generator is now complete and it is currently in commercial production.

The Company has completed the final stages of the development and verification of the DenerveX Device and the DenerveX Pro-40 power generator as a system.

Regulatory Approval

The Company received CE marking in June 2017 for the DenerveX System. It is now being sold throughout the European Union and countries that accept CE Mark.

In March 2018, the Company received INVIMA registration approval in Columbia for the Denervex System which allows the company to now market the product in Columbia.

The Company is currently seeking marketing clearance from the FDA for commercialization of the DenerveX System in the US.

Aside from the European Union, we may seek regulatory approval for commercialization of the DenerveX System from Peru, Argentina, Mexico, Turkey, Israel, New Zealand, Australia and other countries. The documentation required to accompany the CE Mark to obtain regulatory approval in the aforementioned countries may include copies of the ISO 13485 certification, the SGS certificate of approval and a statement of Good Manufacturing Practices ("GMP").

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which we have prepared in accordance with United States generally accepted accounting principles. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and judgments, including those described in greater detail below.

We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in more detail in the notes to our consolidated financial statements for the fiscal year ended December 31, 2017, included in the Company's Annual Report on Form 10K.

Factors Which May Influence Future Results of Operations

The following is a description of factors that may influence our future results of operations, and that we believe are important to an understanding of our business and results of operations.

Revenue; Cost of Revenue and Gross Profit

The Company's first sale of the DenerveX System occurred in July 2017. We recorded gross revenue for the three and nine months ended September 30, 2018 of approximately $209,000 and $605,000, respectively.

The Company sells the DenerveX System through a combination of direct sales and independent distributors in international markets. The Company recognizes revenue at the time product is shipped to customers from the third-party distribution warehouse in Berlin, Germany. We believe this action satisfies the performance obligation as outlined in new revenue recognition standards.

The DenerveX Device is manufactured by Nortech in Minneapolis, MN and subsequently shipped to the third-party warehouse in packages of five units per one package. Our independent distributors then order the DenerveX Devices as single units at specified prices as outlined in their distribution agreements. The international distribution agreements also specify the pricing for which the independent distributor is to sell the DenerveX Device to their end-user customers.

The Pro-40 Generator is manufactured in Bulgaria and shipped to the third-party warehouse as single units. The generators are typically provided for use to customers at no cost, however, demo units can be purchased by customers for which the Company records in revenue and cost of sales and removes the demo units from inventory.

Our independent distribution customers place initial purchase orders for minimum stocking quantities of both the DenerveX Devices and Pro-40 Generators as agreed upon per their signed international distribution agreements. Subsequent stocking orders are required to be placed initially at specified dates and quantities based upon projected end-user sales volumes. Stocking orders thereafter are required to be placed quarterly based off actual end-user sales volumes.

For the nine month period ending September 30, 2018, cost of sales as a percentage of revenue was approximately 70% resulting in a gross profit margin of approximately 29%.

Operating Expenses

We classify our operating expenses into four categories: research and development, sales and marketing, general and administrative, and depreciation.

Research and Development Expenses

Research and development costs and expenses consist primarily of fees paid to external service providers, laboratory supplies, costs for facilities and equipment, and other costs for regulatory, patent, and research and development activities. For the three and nine months ended September 30, 2018, the Company incurred approximately $46,000 and $202,000, respectively, in research and development expenses. For the three and nine months ended September 30, 2017, the Company incurred approximately $70,000 and $462,000, respectively, in research and development expenses. Research and development expenses are recorded in operating expenses in the period in which they are incurred.

General and Administrative Expenses

For the three and nine months ended September 30, 2018, the Company incurred approximately $620,000 and $1,510,000, respectively, in personnel costs. For the three and nine months ended September 30, 2017, the Company incurred approximately $477,000 and $1,394,000, respectively, in personnel costs. The increase is primarily attributable to recognizing $210,000 2017 bonus awards in the three and nine months ended September 30, 2018 that were previously not considered probable by the Company.

Professional fees were approximately $497,000 and $1,302,000, respectively, for the three and nine months ended September 30, 2018. Professional fees were approximately $381,000 and $1,182,000, respectively, for the three and nine months ended September 30, 2017. Professional fees consist primarily of accounting, legal, patent and public company compliance costs as well as regulatory costs incurred to maintain CE Mark in Europe.

General and administrative related travel expenses were approximately $3,900 and $14,000, respectively, for the three and nine months ended September 30, 2018. General and administrative related travel expenses were approximately $17,000 and $68,000, respectively, for the three and nine months ended September 30, 2017.

We anticipate that our general and administrative expenses will continue at a comparable rate in the future to support clinical trials, commercialization of our product candidate and continued costs of operating as a public company.

Sales and Marketing Expenses

For the three and nine months ended September 30, 2018, the Company incurred approximately $215,000 and $666,000, respectively, in sales and marketing expenses. For the three and nine months ended September 30, 2017, the Company incurred approximately $217,000 and $450,000, respectively, in sales and marketing expenses. Sales and marketing expenses consist primarily of travel related expenses and fees paid to vendors for tradeshows and consultants in correlation with the launch and commercialization of the DenerveX System in Europe. We expect these expenses will continue to increase as we launch the product in new markets and expand penetration in existing markets.

Depreciation and Amortization

Depreciation and amortization expense are recorded in the period in which they are incurred. The Company recognized approximately $6,700 and $21,000, respectively, in depreciation and amortization expense for the three and nine months ended September 30, 2018. The Company recognized approximately $7,000 and $20,000, respectively, in depreciation and amortization expense for the three and nine months ended September 30, 2017.

Results of Continued Operations

Three and Nine Months Ended September 30, 2018 Compared to the Three and Nine Months Ended September 30, 2017.

The Company recorded gross revenue for the three and nine months ended September 30, 2018 of approximately $209,000 and $605,000, respectively.

The Company incurred net losses of approximately $3,722,000 and $4,842,000 for the nine months ended September 30, 2018 and 2017, respectively.

Total operating expenses increased approximately $36,000, or 2.6%, to approximately $1,422,000 for the three months ended September 30, 2018, as compared to approximately $1,386,000 for the three months ended September 30, 2017.

Total operating expenses decreased approximately $661,000, or 15%, to approximately $3,806,000 for the nine months ended September 30, 2018, as compared to approximately $4,467,000 for the nine months ended September 30, 2017.

The overall decrease in operating expenses is the result of intentional spending cut-backs in order to preserve working capital due to low cash balances. Additionally, research and development and regulatory expenses are lower as we completed the final stages of the development and verification of the DenerveX System and have received CE Mark certification. Sales & Marketing expenses increased as we entered commercial production of the DenerveX System and launched our product in Europe. We continued to incur similar costs associated with being a public entity.

Results of Discontinued Operations

We did not incur any operating losses related to the disposition of Streamline for the three and nine months ended September 30, 2018. Our discontinued operations generated net losses of approximately $0 and $1,000, respectively for the three and nine months ended September 30, 2017.

Regenerative Medicine Solutions Asset Purchase Agreement

On October 18, 2018, the Company entered into an Asset Purchase Agreement (the "APA") with Regenerative Medicine Solutions, LLC ("RMS"), Lung Institute LLC, RMS Lung Institute Management LLC, Cognitive Health Institute Tampa, LLC, RMS Shareholder, LLC and RMS Acquisition Corp. ("Buyer") (collectively, the "Parties"). Pursuant to the terms of the APA, the Company shall purchase all of the assets of Regenerative Medicine Solutions LLC, Cognitive Health Institute Tampa, LLC, Lung Institute LLC and RMS Lung Institute Management LLC (collectively the "Sellers"). As consideration, the Company shall (i) deliver to Sellers (a) 583,333 shares of common stock of the Company, (b) 33,632,290 shares of Series C Preferred Stock of the Company, where each share of Series C Preferred Stock will convert into 1,000 shares of Common Stock and shall combine to represent the right to convert into and acquire an aggregate of fifty-five percent (55%) of the outstanding common stock of the Company and (c) "Additional Exchange Shares" as defined in the APA; and (ii) assume certain liabilities as provided in the APA. As further consideration, the Company shall pay RMS the sum of $350,000. The close of the APA is subject to certain closing conditions as set forth in the APA.

Departure of Directors and Certain Officers, Election of Directors. Appointment of Certain Officer; Compensatory Agreement of Certain Officers.

On October 3, 2018, the Board approved the issuance of shares of common stock in lieu of cash payments due to certain directors and officers of the Company. This issuance was conditioned upon the Company signing a definitive agreement with Regenerative Medicine Solutions LLC. That agreement was signed on October 15, 2018, and a total of 1,090,412 shares were subsequently issued as follows: All non-employee directors were issued 35,578 shares each, for a total of 320,202 shares being issued. Executives were issued a total of 524,945 shares in lieu of cash due for 2017 bonus awards and 323,810 shares were issued to Jarrett Gorlin, former Chief Executive Officer, as severance in lieu of six months of cash salary. The 2017 bonus awards were not previously accrued as management determined it was not probable they would be paid. The board's approval to issue shares in lieu of cash, changed management's probability assessment and the Company recorded the fair value of the shares issued $209,978 as a liability at September 30, 2018.

On October 9, 2018, the Company entered into an employment agreement with William E. Horne pursuant to which Mr. Horne will serve as the Company's President and Chief Executive Officer. The employment agreement is for a term of five years subject to additional one year renewals. The employment agreement provides for an annual base salary of $650,000 provided that if he is receiving his full salary from Laser Spine Institute, his annual base salary shall be reduced to $500,000. Mr. Horne is also eligible to participate in any discretionary or incentive bonus program approved by the Company's Compensation Committee. Mr. Horne shall also be entitled to receive incentive stock options and restricted stock awards equal to 7% of the Company's issued and outstanding common stock, as of the closing date of the consummation of the Asset Purchase Agreement ("APA") between the Company and Regenerative Medical Solutions, Inc. In the event that the APA is not consummated, the employment agreement shall terminate. Mr. Jarrett Gorlin resigned as President and Chief Executive Officer upon the effectiveness of the employment agreement, and 323,810 shares were issued to Jarrett Gorlin as severance in lieu of six months of cash salary.

On October 15, 2018, Directors Jarrett Gorlin, James R. Lawson, Randal R. Betz, John C. Thomas, Jr., James R. Andrews, Clyde A. Hennies, Jon Mogford, Scott Haufe and Jesse W. Crowne, this being all Board members except for Larry W. Papasan, tendered their resignations to Mr. Papasan, Co-Chairman of the Board. Mr. Papasan then invited newly appointed President and Chief Executive Officer, William E. Horne, to join the Board as Chairman. Mr. Horne accepted, and Mr. Papasan tendered his resignation to Mr. Horne, leaving Mr. Horne as the sole director of the Company.

Funding Requirements

We anticipate our cash expenditures will remain relatively consistent as we continue to operate as a publicly traded entity and as we move forward with the recent commercialization of the DenerveX System onto clinical trial studies. We expect future cash flow expenditures to increase if the FDA requires a de novo regulatory path, instead of a 510(k) approval.

To the extent our available cash is insufficient to satisfy our long-term operating requirements, we will need to seek additional sources of funds from the sale of equity or debt securities or through a credit facility, or we will need to modify our current business plan. There can be no assurances that we will be able to obtain additional financing on commercially reasonable terms, if at all.

The sale of additional equity or convertible debt securities would likely result in dilution to our current stockholders.

Going Concern

Our independent registered public accounting firm has included an explanatory paragraph with respect to our ability to continue as a going concern in its report on our consolidated financial statements for the years ended December 31, 2017 and 2016. The presence of the going concern explanatory paragraph suggests that we may not have sufficient liquidity or minimum cash levels to operate the business. Since our inception, we have incurred losses and anticipate that we will continue to incur losses until our products can generate enough revenue to offset our operating expenses. A condition to closing the Asset Purchase Agreement as described in Note 16 to the Financial Statements- Subsequent Events is a net raise of $3,000,000 from the sale of new securities. At the time of filing, this condition had not been met. If no additional funds are raised, the Asset Purchase Agreement may not close. If that occurs, the Company will have to curtail operations, as it has no viable alternatives to this agreement. If we are required to curtail operations, there would be substantial doubt about the Company's ability to continue as a going concern.

Liquidity and Capital Resources

Since our inception, we have incurred losses and anticipate that we will continue to incur losses in the foreseeable future.

While we expect our research and development costs for the DenerveX System to dissipate, we also anticipate increased expenditures for clinical trials to obtain FDA approval of the DenerveX System as well as expenses related to the commercial launch of the DenerveX system. We will need additional cash to fully fund these activities.

Sources of Liquidity

Equity

In August and September 2018, the Company entered into a securities purchase agreement with select accredited investors, whereby the Company offered up to $1,000,000 in units at a purchase price of $50,000 per unit. Each Unit consists of (i) a 12% senior secured convertible note, initially convertible into shares of the Company's common stock, par value $0.001 per share, at a conversion price equal to the lesser of $0.40 or ninety percent (90%) of the per share purchase price of any shares of common stock or common stock equivalents issued in the next private placement of equity and/or debt securities completed by the Company following this offering, and (ii) a three-year warrant to purchase such number of shares of the Company's common stock equal to one hundred percent (100%) of the number of shares of common stock issuable upon conversion of the notes. The Warrants are exercisable at a price equal to the lessor of $0.75 or 90% of the per share purchase price of any shares of common stock or common stock equivalents issued in the next private placement of debt or equity securities completed by the following the issuance of the warrants. The notes are secured by all of the assets of the Company.

In the offering, the Company sold an aggregate of 15 units and issued to investors an aggregate of $750,000 in principal amount of convertible notes and 1,875,000 warrants to purchase common stock, resulting in total gross proceeds of $750,000 to the Company. The convertible notes sold in the offering are initially convertible into an aggregate of 1,875,000 shares of common stock.

Debt

On August 21, 2018, the Company paid back the remaining $100,000 principal plus unpaid accrued interest in the amount of $2,944, to Steve Gorlin, eliminating the Company's promissory note debt obligation.

The Company issued to investors an aggregate of $750,000 in 12% senior secured convertible notes in August and September 2018. The notes are secured by all of the assets of the Company.

Working Capital (Deficit) Surplus	**September 30, 2018**	**December 31, 2017**
Current Assets	$ 644,000	$ 1,138,000
Current Liabilities	2,059,000	475,000
Working Capital (Deficit) Surplus	$ (1,415,000)	$ 663,000

Cash Flows

Cash activity for the nine months ended September 30, 2018 and 2017 is summarized as follows:

	Nine Months Ended September 30,	
	2018	**2017**
Cash used in operating activities	$ (2,116,000)	$ (2,655,000)
Cash provided by (used in) investing activities	150,000	(10,000)
Cash provided by financing activities	1,949,000	2,521,000
Net decrease in cash and cash equivalents	$ (17,000)	$ (144,000)

As of September 30, 2018, the Company had approximately $228,000 of cash on hand.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in Regulation S-K Item 303(a)(4) during the periods presented, investments in special-purpose entities or undisclosed borrowings or debt. Additionally, we are not a party to any derivative contracts or synthetic leases.

Contractual Obligations and Commercial Commitments

The Company has long term contractual obligations for the two promissory notes issued to the Bank of North Dakota New Venture Capital Program and North Dakota Development Fund. Both Notes from the Bank of North Dakota New Venture Capital Program and North Dakota Development were assumed in conjunction with the consummation of the Streamline acquisition on March 25, 2015 and require combined monthly principal and interest payments of $5,661 into the third quarter of 2019.

The Company rents commercial office space in Alpharetta, GA. Base annual rent is currently set at $3,095 per month and the lease term ends December 31, 2020.

The Company also currently reimburses its CEO, Jarrett Gorlin, for the lease of executive office space at a cost of $2,147 per month, which it believes is at fair market value.

The Company has a consulting agreement with Jesse Crowne, a Director and Co-Chairman of the Board of the Company, to provide business development consulting services for a fee of $13,333 per month.

The Company has consulting agreements with three sales, marketing, and distribution consultants in Europe who provide consulting services for aggregate compensation amounting to approximately €21,000 (approximately $25,000) per month. The consulting agreements, while subject to modifications, commenced at separate dates and will also terminate at separate dates through April 2019.

The Company has a consulting agreement with a sales, marketing, and distribution consultant in Latin America who provides consulting services for a monthly compensation of $7,000.

The Company has a distribution center agreement with a logistics service provider in Berlin, Germany pursuant to which they shall manage and coordinate the DenerveX System products which the Company exports to the EU through June 2019. The Company pays a fixed monthly fee of €6,900 (approximately $7,900) for all accounting, customs declarations, office support, logistics, warehousing and customer support services.

The Company issued to investors an aggregate of $750,000 in 12% senior secured convertible notes in August and September 2018. The notes are secured by all of the assets of the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework*. Based on our assessment, management concluded that while there was sufficient segregation of routine duties, the Company lacked the resources to retain experts who could assist in the preparation and calculation of entries and disclosures related to some of the Company's more complex equity transactions. Management believes this lack of expert advice amounts to a material weakness in our financial reporting and our disclosure controls.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2018, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding. None of our directors, officers or affiliates are involved in a proceeding adverse to our business or has a material interest adverse to our business.

ITEM 1A. RISK FACTORS.

We are a smaller reporting company as defined by 17 CFR 229.10(f)(1). Thus, we are not required to provide information under this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

The exhibits listed in the accompanying Exhibit Index are filed, furnished or incorporated by reference as part of this Quarterly Report on Form 10-Q.

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.

Date: November 14, 2018

MEDOVEX CORP

By: */s/ William E. Horne*
William E. Horne
Chief Executive Officer
(Principal Executive Officer)

By: */s/ Charles Farrahar*
Charles Farrahar
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

31.1	Section 302 Certification of Principal Executive Officer*
31.2	Section 302 Certification of Principal Financial Officer*
32.1	Section 906 Certification of Principal Executive Officer and Principal Financial Officer***
101.INS	XBRL Instance Document **
101.SCH	XBRL Taxonomy Extension Schema Document **
101.CAL	XBRL Taxonomy Calculation Linkbase Document **
101.LAB	XBRL Taxonomy Labels Linkbase Document **
101.PRE	XBRL Taxonomy Presentation Linkbase Document **
101.DEF	XBRL Definition Linkbase Document **

* Filed herewith.

** Pursuant to Rule 406T of Regulation S-T adopted by the SEC, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise are not subject to liability under these sections.

*** This certification is being furnished solely to accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, and it is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934

I, William E. Horne, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2018 of MedoveX Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2018

/s/ William E. Horne
William Horne,
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934

I, Charles Farrahar, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2018 of MedoveX Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2018

/s/ Charles Farrahar
Charles Farrahar,
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

Each of the undersigned, Jarrett Gorlin and Charles Farrahar, certifies pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, that (1) this quarterly report on Form 10-Q for the quarter ended September 30, 2018, of MedoveX Corp. (the "Company") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (2) the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2018

/s/ William E. Horne
William E. Horne,
Chief Executive Officer

/s/ Charles Farrahar
Charles Farrahar,
Chief Financial Officer