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

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 26, 2019 (January 14, 2019)

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

Nevada	001-36763	46-3312262
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

201 E. Kennedy Blvd., Ste 700 Tampa, FL	33602
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (844) 633-6839

Copies to:

Arthur S. Marcus, Esq
Sichenzia Ross Ference LLP
1185 Avenue of the Americas
37th Floor
New York, New York 10036
(212) 930-9700
(212) 930-9725 (fax)

Former Address – 3060 Royal Boulevard S., Ste 150
Alpharetta, Georgia 30009

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d 2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

On January 14, 2019, Medovex Corporation (the "Company") filed a Current Report on Form 8-K disclosing the purchase of Regenerative Medicine Solutions, LLC, Lung Institute LLC, RMS Lung Institute Management LLC, Cognitive Health Institute LLC, RMS Shareholders LLC and RMS Acquisition Corp. which qualifies as a "significant acquisition" under Rule 3-05 of Regulation S-X under the Securities Act of 1933, as amended (the "Securities Act"). The Company filed a Current Report on Form 8-K on January 14, 2019 and is filing this Amendment No.1 to such report on Form 8-K (the "Amendment"), to disclose the financial statements required under Regulation S-X. This amendment No. 1 is being filed subsequent to other Form 8-K filings on January 25, 2019, February 8, 2019, and March 15, 2019 as those filings relate to additional closings of securities purchase agreements (as described in item 1.01) subsequent to the purchase of Regenerative Medicine Solutions, LLC. The information in Item 1.01, Item 2.01, Item 2.03, Item 3.02, Item 5.02 and Item 7.01 has been amended in certain respects to reflect changes or updates related to the acquisition and the adjustment of the purchase price to account for additional shares being issued in such private offering to preserve the agreed upon percentage ownership.

This Amendment No. 1 to Current Report on Form 8-K amends the Original Form 8-K to provide (i) the historical audited consolidated financial statements of Regenerative Medicine Solutions, LLC and Subsidiaries as of and for the years ended December 31, 2017 and 2016 (ii) the historical unaudited financial statements of Regenerative Medicine Solutions LLC, and Subsidiaries as of and for the nine months ended September 30, 2018 and (ii) the pro forma condensed combined financial information as required by Items 9.01(a) and 9.01(b) of Current Report on Form 8-K, respectively. Such financial information was excluded from the Original Form 8-K in reliance on the instructions to such Items.

Based on the terms of the Asset Purchase Agreement and the APA Amendment, the former RMS members had voting control of the combined company as of the closing of the RMS acquisition. RMS is deemed to be the acquiring company for accounting purposes and the transaction is accounted for as a reverse acquisition under the acquisition method of accounting for business combinations in accordance with accounting principles generally accepted in the United States.

Item 1.01 Entry into a Material Definitive Agreement.

As previously disclosed on a Form 8-K filed on October 18, 2018, MedoveX Corporation (the “Company”) entered into an Asset Purchase Agreement (the “Asset Purchase Agreement”) with Regenerative Medicine Solutions, LLC (“RMS”), Lung Institute LLC (“Lung Institute”), RMS Lung Institute Management LLC (“RMS Management”), Cognitive Health Institute Tampa, LLC (“CHIT”), RMS Shareholder, LLC (“RMS Shareholder”) and RMS Acquisition Corp. (“RMS Acquisition”) (collectively, the “Parties”). As previously disclosed on a Current Report on Form 8-K dated January 14, 2019, on January 8, 2019, the Parties to the Asset Purchase Agreement entered into an amendment thereto (the “APA Amendment”) to, among other things, i) update the contracts assigned to and liabilities assumed by RMS Acquisition, ii) amend the number of Series C preferred stock of the Company (the “Series C Preferred Stock”) issued to RMS Shareholder from 30,119 shares to 39,772 shares, iii) revise the lists of material contracts, real estate leases, legal proceedings, employees of RMS Management and Lung Institute Tampa, iv) state that the Company shall enter into an employment agreement with James St. Louis, v) include two additional members, Michael Yurkowsky and Raymond Monteleone, to the board of directors of the Company (the “Board”), and vi) revise the patient treatment arrangement among the Parties after closing of the Asset Purchase Agreement.

In connection with the Asset Purchase Agreement and APA Amendment, on January 8, 2019, RMS, Lung Institute, RMS Management, CHIT and RMS Acquisition executed an assignment and assumption agreement (the “Assignment and Assumption Agreement”), pursuant to which RMS, Lung Institute, RMS Management and CHIT assigned and transferred to RMS Acquisition all the rights and interests in the Assigned Contracts as listed in the APA Amendment and RMS Acquisition assumed all the obligations and liabilities under the Assumed Liabilities as defined in the APA Amendment.

Pursuant to the Asset Purchase Agreement, as amended, on January 8, 2019, the Company, RMS Shareholder, the holder of Series C preferred stock of the Company, and certain holders of at least 30% of the Common Stock entered into a voting agreement (the “Voting Agreement”). In accordance with the Voting Agreement, RMS Shareholder and such signatory shareholders of the Voting Agreement agreed to vote shares owned by such shareholders to i) reduce the size of the Board to three directors; ii) cause Michael Yurkowsky and Raymond Monteleone to be elected as members of the Board; and iii) increase the number of authorized shares of Common Stock to ensure that there will be sufficient number of shares available for conversion of all the preferred stock outstanding as of the date of the Voting Agreement.

On January 8, 2019, the Company entered into a securities purchase agreement (the "SPA") with four purchasers (the "Purchasers") pursuant to which the four Purchasers invested in the Company an aggregate amount of $2,000,000, with $1,800,000 in cash and $200,000 by cancellation of debt as explained below, in exchange for forty (40) units (the "Units"), each consisting of a convertible note (the "Convertible Note") with the principal amount of $50,000 and a warrant (the "Warrant") to purchase common stock (the "Common Stock") of the Company. Pursuant to this SPA, the Company initially offered a minimum of $1,000,000 and a maximum of $6,000,000, and subsequently increased to a maximum of $8,000,000 (the "Maximum Amount") of Units at a price of $50,000 per Unit until the earlier of i) the closing of the subscription of the Maximum Amount and ii) March 31, 2019 (the "Termination Date"), subject to the Company's earlier termination at its discretion. The SPA includes the customary representations and warranties from the Company and purchasers. Steve Gorlin, the Company's former Chairman of the Board, converted a $200,000 promissory note owed to him by the Company in exchange for four (4) Units on the same terms as all other Purchasers.

Each Convertible Note offered by the Company as part of the Unit bears an interest rate of 12% per annum, has a principal amount of $50,000, shall mature in one year from the original issue date on January 8, 2019, and will be convertible into shares of Common Stock at a price of $0.40 subject to adjustment stated in the Convertible Note. Pursuant to the terms of the Convertible Note, each holder of the Convertible Notes shall not own more than 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of Common Stock issuable upon exercise of such Convertible Note. Upon default, the penalty interest rate of the Convertible Note shall rise to 18% per annum. In addition, pursuant to the SPA, the Company offers, as part of the Unit, Warrants to purchase the Common Stock at a price of $0.75 per share (the "Exercise Price"), subject to adjustments stated therein. The holder of each Warrant may purchase the number of shares of Common Stock equal to the number of shares of Common Stock issuable upon conversion of each Convertible Note while the Warrant is exercisable. The Warrants have a term of three years and shall be exercised in cash or on a cashless basis as described in the Warrant.

As reported on other Form 8-K filings on January 25, 2019, February 8, 2019, and March 15, 2019, the Company entered into other SPA's with additional purchasers, which brought the aggregate amount of capital raised in all these offerings to $6,625,000, as of that latest date.

The foregoing description of the APA Amendment, Assignment and Assumption Agreement, Voting Agreement, SPA, Convertible Note, and Warrant is qualified in its entirety by reference to the respective agreements, a copy of which are attached hereto as Exhibits and are hereby incorporated by reference into this Item 1.01.

Item 2.01 Completion of Acquisition or Disposition of Assets

As described in Item 1.01 above and previously disclosed on a Form 8-K filed on October 18, 2018, and a Form 8-K on January 14, 2019, the Company entered into the Asset Purchase Agreement and the Amendment, respectively, with RMS and its subsidiaries and affiliates as stated above. Pursuant to the Asset Purchase Agreement and the Amendment, the Company purchased certain assets and liabilities of RMS, CHIT, Lung Institute and RMS Management and issued 39,772 shares of Series C Preferred Stock, and assumed certain liabilities as set forth in section 7.03 of the Asset Purchase Agreement, as amended.

Item 2.03 Creation of a Direct Financial Obligation

As described in Item 1.01 above, from January 8, 2019, through March 11, 2019, the Company issued one-year Convertible Notes in the aggregate principal amount of $6,625,000, with $6,425,000 received in cash and $200,000 by cancellation of debt, which encompasses the total amount owed by the Company to the various Purchasers. These Convertible Notes were converted into 16,562,500 shares of Common Stock on the first trading day after their respective closing dates of each SPA.

Item 3.02 Unregistered Sales of Equity Securities

As described in Section 1.01 hereof, on January 8, 2019, the Company issued 39,772 shares of Series C Preferred Stock in connection with the Asset Purchase Agreement and APA Amendment and the Convertible Notes with the aggregate principal amount of $2,000,000 and Warrants, together constituting the Units, pursuant to the SPA. Each share of Series C Preferred Stock is convertible into 1,000 shares of Common Stock. As reported in a Current Report on Form 8-K dated March 15, 2019, the Company issued an aggregate of 39,772,498 shares of common stock to RMS Shareholders, LLC ("RMS") upon the automatic conversion of the 39,772 shares of Series C Preferred Stock issued, and an additional 11,152,778 shares of Common Stock to RMS. Pursuant to the Asset Purchase Agreement disclosed and filed as an Exhibit in a Current Report on Form 8-K filed with the SEC on January 14, 2019, this represents all of the shares of Common Stock due to RMS in the acquisition. The shares of Common Stock held by RMS may not be sold or distributed until certain contingencies occur as set forth in the Asset Purchase Agreement.

Item 5.02 Departure of Directors or Certain Officers; Election of Director; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On January 8, 2019, in connection with the Asset Purchase Agreement and APA Amendment, the Board of the Company appointed Michael Yurkowsky and Raymond Monteleone as additional members of the Board.

Michael Yurkowsky, 46, operates his own family office, YP Holdings LLC, which has an investment portfolio of 50 private companies and participated in over 100 financing transactions with public companies since 2012. Previously Mr. Yurkowsky managed his own hedge fund and worked as a broker at several national broker-dealer firms.

Raymond Monteleone, 71, serves managerial and consultative roles at several enterprises. Mr. Monteleone currently serves as the chairman and president of Paladin Global Partners, LLC since 2007; a board member and vice president of Dannelly, Monteleone & Associates, LLC since 2010; sits on the board of Chenmoore Engineering Inc. since 2015; is a managing member at Diner Investment Partners, LLC since 2016 and Uyoya Management, LLC since 2013; a managing member and the chief financial officer at HBRE, LLC since 2013 and Horne Management, LLC since 2011; and the president at Monteleone & Associates Consulting, Inc. since 2005. Mr. Monteleone received a college degree from the New York Institute of Technology and an MBA degree from Florida Atlantic University.

There are no arrangements or understandings between the Company and Mr. Michael Yurkowsky and any other person or persons pursuant to which Mr. Yurkowsky was appointed as a member of the Board and there is no family relationship between Mr. Yurkowsky and any other director or executive officer of the Company or any person nominated or chosen by the Company to become a director or executive officer.

There are understandings between the Company and Mr. Raymond Monteleone as follows; $5,000 per quarter for Board of Director meetings, $5,000 per quarter as Audit Committee Chair, and $10,000 per month for advisory services. There is no family relationship between Mr. Monteleone and any other director or executive officer of the Company or any person nominated or chosen by the Company to become a director or executive officer.

Item 7.01 Regulation FD Disclosure

On January 14, 2019, the Company issued a press release (the "Press Release") announcing the closing of the acquisition of substantially all of the assets of RMS. A copy of the Press Release is attached hereto and incorporated herein by reference in its entirety as Exhibit 99.1.

The information contained in this Current Report on Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.
The furnishing of the information in this Current Report on Form 8-K is not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the information contained in this Current Report on Form 8-K constitutes material investor information that is not otherwise publicly available.

The Securities and Exchange Commission encourages registrants to disclose forward-looking information so that investors can better understand the future prospects of a registrant and make informed investment decisions. This Current Report on Form 8-K and exhibits may contain these types of statements, which are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and which involve risks, uncertainties and reflect the Registrant's judgment as of the date of this Current Report on Form 8-K. Forward-looking statements may relate to, among other things, operating results and are indicated by words or phrases such as "expects," "should," "will," and similar words or phrases. These statements are subject to inherent uncertainties and risks that could cause actual results to differ materially from those anticipated at the date of this Current Report on Form 8-K. Investors are cautioned not to rely unduly on forward-looking statements when evaluating the information presented within.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

In accordance with Item 9.01(a), the following are filed as exhibits to this Current Report on Form 8-K.

Audited Financial Statements of Regenerative Medicine Solutions, LLC and Subsidiaries as of and for the years ended December 31, 2017 and 2016 are filed as Exhibit 99.2 hereto.

The unaudited financial statements of Regenerative Medicine Solutions LLC, and Subsidiaries as of and for the nine months ended September 30, 2018 are filed as Exhibit 99.3.

The unaudited pro forma combined condensed financial information as of and for the year ended December 31, 2017 and for the nine months ended September 30, 2018 are filed herewith as Exhibit 99.4.

(b) Exhibits.

Reference is made to the Exhibit Index below on this Current Report on Form 8-K, which is incorporated herein by reference.

(c) Exhibits.

Exhibit Number	Description
4.1	Form of Convertible Note (Incorporated by reference from the Current Report on Form 8-K dated January 14, 2019)
4.2	Form of Warrant (Incorporated by reference from the Current Report on Form 8-K dated January 14, 2019)
9.1	Voting Agreement dated January 8, 2019 by and among the Company, RMS Shareholder and certain holders of the at least 30% of the Common Stock (Incorporated by reference from the Current Report on Form 8-K dated January 14, 2019)
10.1	Amendment to the Asset Purchase Agreement dated January 8, 2019 by and among the Company, RMS, Lung Institute, RMS Management, CHIT, RMS Shareholder and RMS Acquisition (Incorporated by reference from the Current Report on Form 8-K dated January 14, 2019)
10.2	Assignment and Assumption Agreement dated January 8, 2019 by and among Lung Institute, RMS Management, CHIT and RMS Acquisition (Incorporated by reference from the Current Report on Form 8-K dated January 14, 2019)
10.3	Form of Securities Purchase Agreement (Incorporated by reference from the Current Report on Form 8-K dated January 14, 2019)
99.1	Press Release: Medovex Corporation Closes Acquisition of Pulmonary Biomedical Services and Patient Delivery Platform of Regenerative Medicine Solutions, LLC (Incorporated by reference from the Current Report on Form 8-K dated January 14, 2019)
99.2	Audited consolidated financial statements of Regenerative Medicine Solutions, LLC and Subsidiaries as of and for the years ended December 31, 2017 and 2016.
99.3	Unaudited consolidated financial statements of Regenerative Medicine Solutions, LLC and Subsidiaries as of and for the nine months ended September 30, 2018 and 2017.
99.4	Unaudited pro forma condensed combined financial information of the Company as of and for the year ended December 31, 2017 and for the nine months ended September 30, 2018.

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 hereunto duly authorized.

MEDOVEX CORP.

Date: March 26, 2019	By: */s/ Jeremy Daniel*
	Jeremy Daniel
	Chief Financial Officer

Exhibit 99.2

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES

YEARS ENDED DECEMBER 31, 2017 (RESTATED) AND 2016 (RESTATED)

INDEX TO THE CONSOLIDATED

FINANCIAL STATEMENTS

SKODA MINOTTI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Delivering on the Promise.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS
REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES

We have audited the accompanying consolidated financial statements of Regenerative Medicine Solutions, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of Error

As discussed in Note 10 to the consolidated financial statements, certain errors in amounts previously reported as of December 31, 2017 and 2016, were discovered by management of the Company during the current year. Accordingly, amounts reported have been restated in the 2017 and 2016 consolidated financial statements now presented, and an adjustment has been made to members' equity as of January 1, 2016 to correct the error. Our opinion is not modified with respect to that matter.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Regenerative Medicine Solutions, LLC and Subsidiaries, as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Notes 7 and 9 to the consolidated financial statements, in January 2019, the Company executed a business merger with a third-party entity and transferred all of its assets and certain liabilities to that entity in exchange for stock of the third-party. The Company plans to dissolve certain legal entities including Nashville, Scottsdale, Pittsburgh, and Dallas. The remaining RMS entities remain in existence until resolution of its legal matters as described in Note 7.

SKODA MINOTTI & CO.

Skoda Minotti & Co.

Tampa, Florida
March 13, 2019

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

	Restated 2017	Restated 2016
ASSETS		
CURRENT ASSETS		
Cash	$ 251,330	$ 778,217
Accounts receivable, net	17,431	12,523
Prepaid expenses	134,465	155,838
Total current assets	403,226	946,578
PROPERTY AND EQUIPMENT, NET	772,460	430,872
OTHER ASSETS		
Patents, net	-	321,667
Related party receivable	61,485	5,953
Deposits and other assets	35,556	60,556
Total other assets	97,041	388,176
	$ 1,272,727	$ 1,765,626
LIABILITIES AND MEMBERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 795,295	$ 383,054
Accrued liabilities	304,944	114,099
Treatment deposits	22,000	211,950
Deferred revenue	635,439	300,189
Other current liabilities	87,440	111,944
Total current liabilities	1,845,118	1,121,236
LINES OF CREDIT	1,100,000	-
Total liabilities	2,945,118	1,121,236
MEMBERS' EQUITY (DEFICIT)	(1,268,454)	1,018,312
NON-CONTROLLING INTEREST	(403,937)	(373,922)
	$ 1,272,727	$ 1,765,626

The accompanying notes are an integral part of these consolidated financial statements.

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	Restated 2017	Restated 2016
REVENUES	$ 13,206,479	$ 13,596,102
OPERATING EXPENSES		
Salaries and other benefits	6,349,791	5,892,761
Medical supplies	1,319,679	1,498,991
Advertising	3,193,359	2,850,886
General and administrative	4,270,308	4,213,963
	15,133,137	14,456,601
OPERATING LOSS	(1,926,658)	(860,499)
OTHER EXPENSES		
Interest expense	4,680	48
Loss on patents	301,667	-
Loss on impairment	-	304,248
Loss on disposal of property and equipment	58,776	107,252
Loss on investment	25,000	-
	390,123	411,548
NET LOSS BEFORE NON-CONTROLLING INTEREST	(2,316,781)	(1,272,047)
NET LOSS ATTRIBUTED TO NON-CONTROLLING INTEREST	30,015	223,990
NET LOSS	$ (2,286,766)	$ (1,048,057)

The accompanying notes are an integral part of these consolidated financial statements.

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS CHANGES IN MEMBERS' EQUITY (DEFICIT)

YEARS ENDED DECEMBER 31, 2017 AND 2016

	MEMBERS' EQUITY (DEFICIT)	NON-CONTROLLING INTEREST	TOTAL
Balances at January 1, 2016	$ 1,969,015	$ -	$ 1,969,015
Prior period adjustment	147,354	(149,932)	(2,578)
Redemption of members' interest	(50,000)	-	(50,000)
Net loss (as restated)	(1,048,057)	(223,990)	(1,272,047)
Balances at December 31, 2016	1,018,312	(373,922)	644,390
Net loss (as restated)	(2,286,766)	(30,015)	(2,316,781)
Balances at December 31, 2017	$ (1,268,454)	$ (403,937)	$ (1,672,391)

The accompanying notes are an integral part of these consolidated financial statements.

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	Restated 2017	Restated 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,316,781)	$ (1,272,047)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Add back (deduct) items not affecting cash:		
Depreciation and amortization	117,006	119,672
Amortization of goodwill	-	33,805
Amortization of patents	20,000	22,987
Change in allowance for doubtful accounts	(25,385)	-
Loss on patents	301,667	-
Loss on impairment	-	304,248
Loss on disposal of property and equipment	58,776	107,252
Loss on investment	25,000	-
Cash provided by (used in) changes in the following items:		
Decrease in accounts receivable	20,477	485,001
(Increase) decrease in prepaid expenses	21,373	(41,257)
(Increase) decrease in related party receivable	(55,532)	34,641
Increase (decrease) in accounts payable	412,241	(197,057)
Increase in accrued liabilities	190,845	49,917
Increase (decrease) in treatment deposits	(189,950)	193,450
Increase in deferred revenue	335,250	300,189
Increase (decrease) in other current liabilities	(24,504)	54,711
Decrease in deferred rent	-	(44,473)
Net cash provided by (used in) operating activities	(1,109,517)	151,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(517,370)	(163,963)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from lines of credit	1,100,000	-
Redemption of members' interest	-	(50,000)
Net cash provided by (used in) financing activities	1,100,000	(50,000)
NET DECREASE IN CASH	(526,887)	(62,924)
CASH - BEGINNING OF YEAR	778,217	841,141
CASH - END OF YEAR	$ 251,330	$ 778,217
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the year for interest	$ 4,680	$ 48

The accompanying notes are an integral part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The accompanying consolidated financial statements include the financial activities of Regenerative Medicine Solutions, LLC (“RMS”), Lung Institute, LLC (“LI”), RMS Nashville, LLC (“Nashville”), RMS Pittsburgh, LLC (“Pittsburgh”), RMS Scottsdale, LLC (“Scottsdale”), RMS Dallas, LLC (“Dallas”), State, LLC (“State”), Cognitive Health Institute Tampa, LLC (“CHI”), RMS Lung Institute Management, LLC (“RMS LI MGMT”) and the variable interest entities noted below; collectively, (the “Company”, “Companies”, or “Parent”). With the exception of State, all entities are wholly-owned by RMS. RMS owns 50% of State and is the managing and majority member. The Companies were formed in the state of Delaware on various dates from 2012 to 2017.

The Company is a healthcare medical biosciences company that is focused on regenerative medicine in humans, including research, development, and treatments that involve regenerative medicine and the use of stem cells to patients throughout the United States. LI and CHI share an office in Tampa, Florida and provide medical consulting and treatments. Nashville, Pittsburgh, Scottsdale, Dallas, and RMS LI MGMT provide general oversight, management services, personnel training and other expertise for Lung Institute locations (“LI Clinics”) not owned by the Company. State is developing software applications and programs that are centered around non-meditative states such as breath, visual, and auditory and plans to market their products to businesses.

During 2018, the Company combined the operations of the individual management entities (Nashville, Pittsburgh, Scottsdale, and Dallas) into a single management company, RMS LI MGMT.

Principles of Consolidation

Accounting principles generally accepted in the United States of America (U.S. GAAP) require that a related entity be consolidated with a company when certain conditions exist. An entity is considered to be a variable interest entity (VIE) when it has equity investors who lack the characteristics of having a controlling financial interest, or its capital is insufficient to permit it to finance its activities without additional subordinated financial support. Consolidation of a VIE by the Parent would be required if it is determined that the Parent will absorb a majority of the VIE’s expected losses or residual returns if they occur, retain the power to direct or control the VIE’s activities, or both.

The Parent has consolidated Lung Institute Dallas (“LI Dallas”), Lung Institute Nashville (“LI Nashville”), Lung Institute Pittsburgh (“LI Pittsburgh”), and Lung Institute Scottsdale (“LI Scottsdale”), as VIEs.

The accompanying consolidated financial statements include the accounts of the Parent, its wholly-owned subsidiaries, its majority owned subsidiaries, and its variable interest entities.

All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The Company uses the accrual method of accounting for financial statement and tax return purposes. Under this method, revenues are recognized in the period when earned and expenses are recognized when incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Company records revenue when persuasive evidence of an arrangement exists, services have been rendered, the fee is fixed or determinable, and collectability is reasonably assured.

The Company generally recognizes revenue at the time the patient receives treatment. For certain treatment programs that require multiple sessions, the related revenue is allocated based on the benefit received by the patient from each session. The Company has deferred recognition of revenue amounting to approximately $635,000 and $300,000 as of December 31, 2017 and 2016, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Significant items subject to such estimates and assumptions include the valuation allowance for accounts receivable and certain accrued expenses. Actual results could differ from those estimates.

Accounts Receivable

Trade accounts receivable are stated net of an estimate made for doubtful accounts. Management evaluates the adequacy of the allowance for doubtful accounts regularly to determine if any account balances will potentially be uncollectible. Customer account balances are considered past due or delinquent based on the contractual agreement with each customer. Accounts are written off when, in management's judgment, they are considered uncollectible. There was an allowance for doubtful accounts of approximately $25,400 at December 31, 2016. Management believes these allowances are adequate. At December 31, 2017, management believes no allowance is necessary.

Property and Equipment

Purchases of property and equipment are recorded at cost. Maintenance and repairs which do not improve the efficiency or extend the useful lives are charged to operations as incurred. Property and equipment and accumulated depreciation and amortization amounts are relieved from the accounts for retirements or dispositions and the resulting gains or losses are reflected in income.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following useful lives:

Leasehold improvements	Lesser of useful life or remaining term of lease
Medical equipment	5 - 7 years
Computer software	3 - 7 years
Furniture and fixtures	5 - 7 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill, as recorded in the accompanying consolidated balance sheets, was recorded in connection with a business acquisition the Company made in a prior year. Effective January 1, 2016, the Company adopted Accounting Standards Update 2014-02, *Accounting for Goodwill* (ASU 2014-02), which permits a private company to amortize goodwill, prospectively, over a period of 10 years. Amortization expense related to goodwill was $33,805 for the year ended December 31, 2016.

The Company evaluates goodwill for impairment at the entity level (or the reporting unit level) when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value. During 2016, goodwill was tested for impairment and the evaluation resulted in an impairment loss of $304,248, reducing the balance to zero.

Patents

The Company acquired potential patents as the result of a business acquisition in a prior year. As of December 31, 2016, these patents were still pending and had not yet been approved by the U.S. Patent and Trademark Office. Management is amortizing the patents over 20 years beginning from the initial application date. As of December 31, 2016, these patents were recorded in the gross amount of $400,000 with accumulated amortization of $78,333 and amortization expense of $22,987 for the year ended December 31, 2016.

As of December 31, 2017, these patents were still pending approval. As a result, management has evaluated the status of the patents and the likelihood of receiving any future value from them and has determined that the patents should be written off. At December 31, 2017, the patents had a net book value of approximately $302,000 which was written off and recorded as a loss on the accompanying combined consolidated statements of operations and changes in members' equity (deficit).

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for financial impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Management evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against their estimated undiscounted future cash flows. If such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. No impairment losses, other than described above, were recorded for the years ending December 31, 2017 and 2016.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was $3,193,359 and $2,850,886 for the years ended December 31, 2017 and 2016, respectively.

Concentration of Risk

The Company maintains deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Company believes that there is no significant risk with respect to these deposits and has not experienced any losses on its deposits with financial institutions.

Income Taxes

The Companies and State, LLC are limited liability companies (LLCs) which have elected to be taxed as partnerships for federal income tax purposes. The income or loss generated by RMS and State will be passed through to the members and taxed at their individual tax rates. Therefore, no provision for income taxes is included in these consolidated financial statements.

The income or loss generated by the subsidiaries will be passed through to RMS and State and ultimately to the members of RMS and State and taxed at their individual income tax rates. Therefore, no income tax provision the subsidiaries is included in these consolidated financial statements.

New Accounting Pronouncements

On May 28 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers.* The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases.* The ASU requires all leases with lease terms more than 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the income statement. This ASU will be effective for the Company for the year ending December 31, 2020. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2017	2016
Leasehold improvements	$ 154,307	$ 154,307
Medical equipment	49,447	57,821
Computer software	552,265	86,598
Furniture and fixtures	236,507	322,743
	992,526	621,469
Less: accumulated depreciation and amortization	(220,066)	(190,597)
	$ 772,460	$ 430,872

Depreciation and amortization expense was approximately $117,000 and $120,000 for the years ended December 31, 2017 and 2016, respectively.

3. LINES OF CREDIT

During October and December of 2017, the Company obtained two separate lines of credit with two related party lenders which provided available borrowings of up to $1,700,000 with a 6% annual interest rate. As of December 31, 2017, the Company had an outstanding balance of $1,100,000 related to these lines of credit.

During March 2018, the Company consolidated the lines of credit into one note payable to a related party entity. The new agreement allows for up to $5.2 million in borrowings including the outstanding amount at December 31, 2017 for the two lines of credit. The note payable contains a 6% annual interest rate and matures in March 2021. Payments of interest only are due quarterly beginning on June 30, 2018.

4. PROFIT SHARING AGREEMENT

The Company has a profit sharing agreement that provides 3% of the net profits of the Company to eligible employees. A total of approximately $3,300 and $11,600 was provided for the years ended December 31, 2017 and 2016, respectively; this is included within salaries and other benefits on the consolidated statements of operations. This payment is made quarterly and has no clawback provision.

5. OPERATING LEASES

The Company leases office space and certain office equipment under operating leases expiring in various years through 2021. The leasing arrangements contain various renewal options that are adjusted for increases in the consumer price index or agreed upon rates. A member guarantees certain leases.

Future minimum lease payments as of December 31, 2017 are as follows:

Year Ending December 31,	
2018	$ 421,480
2019	367,245
2020	334,333
2021	53,887
	$ 1,176,945

6. RELATED PARTY TRANSACTIONS

As of December 31, 2017 and 2016, the Company had amounts receivable from related parties totaling $61,485 and $5,953, respectively. These receivables are not due within 12 months and are included in other assets on the consolidated balance sheets.

The Company also had two outstanding lines of credit as of December 31, 2017, each with a member of the Company. See Note 3.

7. LITIGATION

In the ordinary course of business, the Company is subject to, or party to, pending or threatened litigation, assessments, and claims. At December 31, 2017, and 2016, there are claims in various stages asserted against the Company. Except as noted below, all instances are in the preliminary stages. While it is not possible to predict with certainty the outcome of such matters individually or in the aggregate, management believes that the ultimate result will not have a material adverse effect on the financial position of the Company.

During January 2019, a final judgment was rendered against State regarding an outstanding payable from 2018. The judgment calls for State to pay approximately $290,000; however, State is currently non-operational due to the resignation of its Board of Directors (See Note 9), and there are no longer any decision makers remaining to resolve this matter.

8. GOING CONCERN

The Company's total liabilities exceeded its total assets by approximately $1,684,000 as of December 31, 2017, and the Company has incurred significant operating losses for the years ended December 31, 2017 and 2016. At December 31, 2017, the Company had a members' deficit of approximately $1,268,000. Management of the Company has taken certain steps intended to provide additional capital and liquidity to ensure the Company's ability to continue as a going concern. Such steps include restructuring the Company's lines of credit subsequent to year-end to increase the borrowing limit and achieve more favorable borrowing terms. See Note 3. Additionally, on January 9, 2019, the Company executed a business merger which provided additional capital and liquidity. See Note 9. Management believes that these actions will enable the Company to continue as a going concern through the date these financial statements were available to be issued.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the Independent Auditors' Report date, the date these consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

In January 2018, the Company combined the operations of the individual management entities (Nashville, Pittsburgh, Scottsdale, and Dallas) into a single management company, RMS Lung Institute Management, LLC.

In March 2018, the Company consolidated its two lines of credit with related party members into one note payable. See Note 3 and Note 8.

In May 2018, the two additional members of State resigned their positions as officers of the company and relinquished their current ownership in State (which was 25% each) leaving RMS the sole member of State as of the effective date.

RMS, by majority vote of the members, made an election to be taxed as a C-Corp on June 7, 2018.

In October 2018, each Member of RMS agreed to contribute the Member's entire interest in RMS in exchange for an equivalent Interest in RMS Shareholder, LLC (the Company's newly created parent entity).

In January 2019, the Company executed a business merger with a third-party entity and transferred all of its assets and certain liabilities to that entity in exchange for stock of the third-party. The Company plans to dissolve certain legal entities including Nashville, Scottsdale, Pittsburgh, and Dallas. The remaining RMS entities remain in existence until resolution of its legal matters as described in Note 7.

Except as disclosed above, there were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

10. PRIOR PERIOD ADJUSTMENT

Certain accounts as noted below, were restated as of December 31, 2017 and 2016, to reflect account errors related to the consolidation of VIEs, deferral of revenue, and the impairment of goodwill.

	As Previously Reported 2017	Restated 2017
CURRENT ASSETS		
Cash	$ 144,855	$ 251,330
Accounts receivable, net	178,215	17,431
Related party receivable	65,340	61,485
Prepaid expenses	129,298	134,465
	517,708	464,711
NON-CURRENT ASSETS		
Property and equipment, net	$ 761,752	$ 772,460
Goodwill, net	270,443	-
	1,032,195	772,460
CURRENT LIABILITIES		
Accounts payable	$ 683,346	$ 795,295
Accrued liabilities	299,548	304,944
Treatment deposits	15,500	22,000
Deferred revenue	-	635,439
Other current liabilities	55,296	87,440
	1,053,690	1,845,118
MEMBERS' EQUITY		
Members' equity (deficit)	$ (534,426)	$ (1,268,454)
Non-controlling interest	(33,805)	(403,937)
	(568,231)	(1,672,391)
REVENUES	$ 7,198,450	$ 13,206,479
OPERATING EXPENSES		
Salaries and other benefits	$ 4,872,968	$ 6,349,791
Medical supplies	238,441	1,319,679
Advertising	762,813	3,193,359
General and administrative	3,001,121	4,270,308
	8,875,343	15,133,137

10. PRIOR PERIOD ADJUSTMENT (continued)

		As Previously Reported 2016		Restated 2016
CURRENT ASSETS				
Cash	$	392,796	$	778,217
Accounts receivable, net		378,590		12,523
Prepaid expenses		106,840		155,838
		878,226		946,578
NON-CURRENT ASSETS				
Property and equipment, net	$	418,604	$	430,872
Goodwill, net		304,248		-
		722,852		430,872
CURRENT LIABILITIES				
Accounts payable	$	244,128	$	383,054
Accrued liabilities		114,369		114,099
Treatment deposits		51,700		211,950
Deferred revenue		-		300,189
Other current liabilities		80,272		111,944
		490,469		1,121,236
MEMBERS' EQUITY				
Members' equity (deficit)	$	1,498,785	$	1,018,312
Non-controlling interest		-		(373,922)
		1,498,785		644,390
REVENUES	$	7,661,314	$	13,596,102
OPERATING EXPENSES				
Salaries and other benefits	$	4,629,644	$	5,892,761
Medical supplies		281,470		1,498,991
Advertising		735,142		2,850,886
General and administrative		2,327,988		4,213,963
Loss on impairment		-		304,248
		7,974,244		14,760,849

Exhibit 99.3

INDEX TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (unaudited)	December 31, 2017
Assets		
Current Assets		
Cash	$ 77,827	$ 251,330
Accounts receivable, net	28,834	17,431
Prepaid expenses	113,089	134,465
Total Current Assets	219,750	403,226
Property and Equipment, net of accumulated depreciation	928,888	772,460
Other Assets		
Related party receivable	158,171	61,485
Deposits and other assets	38,889	35,556
Total Other Assets	197,060	97,041
Total Assets	$ 1,345,698	$ 1,272,727
Liabilities and Stockholders' (Deficit) Equity		
Current Liabilities		
Accounts payable	$ 997,621	$ 795,295
Accrued liabilities	258,982	304,944
Treatment deposits	17,750	22,000
Deferred revenue	280,688	635,439
Other current liabilities	100,855	87,440
Total Current Liabilities	1,655,896	1,845,118
Long-Term Liabilities		
Lines of Credit	3,467,724	1,100,000
Deferred rent	23,336	—
Total Long-Term Liabilities	3,491,060	1,100,000
Total Liabilities	5,146,956	2,945,118
Members' Equity	(3,397,321)	(1,268,454)
Non-Controlling Interest	(403,937)	(403,937)
Total Liabilities and Members' (Deficit) Equity	$ 1,345,698	$ 1,272,727

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenues	$ 6,991,253	$ 10,721,432
Operating Expenses		
Salaries and other benefits	4,333,951	4,805,910
Medical supplies	732,054	1,001,202
Advertising	1,555,856	2,352,710
General and administrative	2,377,336	3,096,412
Total Operating Expenses	8,999,197	11,256,233
Operating Loss	(2,007,944)	(534,891)
Other Expenses		
Interest expense	120,923	65
Total Other Expenses	120,923	65
Net Loss Before Non-Controlling Interest	(2,128,867)	(534,957)
Net Loss Attributed to Non-Controlling Interest	—	928
Net Loss	$ (2,128,867)	$ (534,029)

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' (DEFICIT) EQUITY
For the nine months ended September 30, 2018
(UNAUDITED)

	Members' (Deficit) Equity	Non-Controlling Interest	Total Members' (Deficit) Equity
Members' Equity – Beginning of Year	$ (1,268,454)	(403,937)	$ (1,672,391)
Net loss	(2,128,867)	—	(2,128,867)
Balance – September 30, 2018	**$ (3,397,321)**	**(403,937)**	**$ (3,801,258)**

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2018	**2017**
Cash Flows from Operating Activities		
Net loss	$ (2,128,867)	$ (534,029)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	74,694	87,754
Cash provided by (used in) changes in the following items:		
Increase (decrease) in accounts receivable	(11,403)	6,500
(Increase) decrease in prepaid expenses	21,376	(195,064)
Increase (decrease) in related party receivable	(96,686)	(23,236)
(Increase) decrease in deposits and other assets	(3,334)	—
Increase (decrease) in accounts payable	202,326	170,703
Increase (decrease) in accrued liabilities	(45,962)	286,393
Increase (decrease) in treatment deposits	(4,250)	47,500
Increase (decrease) in deferred revenue	(354,751)	(158,062)
Increase (decrease) in other current liabilities	13,415	87,701
Decrease (increase) in deferred rent	23,336	—
Net Cash Used in Operating Activities	(2,310,106)	(223,840)
Cash Flows from Investing Activities		
Purchases of property and equipment	(231,121)	(89,657)
Net Cash Provided by (Used in) Investing Activities	(231,121)	(89,657)
Cash Flows from Financing Activities		
Proceeds from lines of credit	2,367,724	—
Net Cash Provided by Financing Activities	2,367,724	—
Net (Decrease)/Increase in Cash	(173,503)	(313,497)
Cash - Beginning of period	251,330	778,217
Cash - End of period	$ 77,827	$ 464,721

REGENERATIVE MEDICINE SOLUTIONS, LLC AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR PERIOD ENDING SEPTEMBER 30, 2018 (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The accompanying consolidated financial statements include the financial activities of Regenerative Medicine Solutions, LLC ("RMS"), Lung Institute, LLC ("LI"), RMS Nashville, LLC ("Nashville"), RMS Pittsburgh, LLC ("Pittsburgh"), RMS Scottsdale, LLC ("Scottsdale"), RMS Dallas, LLC ("Dallas"), State, LLC ("State"), Cognitive Health Institute Tampa, LLC ("CHI"), RMS Lung Institute Management, LLC ("RMS LI MGMT") and the variable interest entities noted below; collectively, (the "Company", "Companies", or "Parent"). With the exception of State, all entities are wholly-owned by RMS. RMS owns 50% of State and is the managing and majority member. In 2018, STATE became wholly owned by RMS and became a single member LLC. The Companies were formed in the state of Delaware on various dates from 2012 to 2017.

The Company is a healthcare medical biosciences company that is focused on regenerative medicine in humans, including research, development, and treatments that involve regenerative medicine and the use of stem cells to patients throughout the United States. LI and CHI share an office in Tampa, Florida and provide medical consulting and treatments. Nashville, Pittsburgh, Scottsdale, Dallas, and RMS LI MGMT provide general oversight, management services, personnel training and other expertise for Lung Institute locations ("LI Clinics") not owned by the Company. State is developing software applications and programs that are centered around non-meditative states such as breath, visual, and auditory and plans to market their products to businesses.

During 2018, the Company combined the operations of the individual management entities (Nashville, Pittsburgh, Scottsdale, and Dallas) into a single management company, RMS LI MGMT.

Principles of Consolidation

Accounting principles generally accepted in the United States of America (U.S. GAAP) require that a related entity be consolidated with a company when certain conditions exist. An entity is considered to be a variable interest entity (VIE) when it has equity investors who lack the characteristics of having a controlling financial interest, or its capital is insufficient to permit it to finance its activities without additional subordinated financial support. Consolidation of a VIE by the Parent would be required if it is determined that the Parent will absorb a majority of the VIE's expected losses or residual returns if they occur, retain the power to direct or control the VIE's activities, or both.

The Parent has consolidated Lung Institute Dallas ("LI Dallas"), Lung Institute Nashville ("LI Nashville"), Lung Institute Pittsburgh ("LI Pittsburgh"), and Lung Institute Scottsdale ("LI Scottsdale"), as VIEs.

The accompanying consolidated financial statements include the accounts of the Parent, its wholly-owned subsidiaries, its majority owned subsidiaries, and its variable interest entities.

All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The Company uses the accrual method of accounting for financial statement and tax return purposes. Under this method, revenues are recognized in the period when earned and expenses are recognized when incurred.

Revenue Recognition

The Company records revenue when evidence of an arrangement exists, services have been rendered, the fee is fixed or determinable, and collectability is reasonably assured.

The Company generally recognizes revenue at the time the patient receives treatment. For certain treatment programs that require multiple sessions, the related revenue is allocated based on the benefit received by the patient from each session. The Company has deferred recognition of revenue amounting to approximately $281,000 and $635,000 as of September 30, 2018 and December 31, 2017, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Significant items subject to such estimates and assumptions include the valuation allowance for accounts receivable and certain accrued expenses. Actual results could differ from those estimates.

Accounts Receivable

Trade accounts receivable are stated net of an estimate made for doubtful accounts. Management evaluates the adequacy of the allowance for doubtful accounts regularly to determine if any account balances will potentially be uncollectible. Customer account balances are considered past due or delinquent based on the contractual agreement with each customer. Accounts are written off when, in management's judgment, they are considered uncollectible. At September 30, 2018, management believes no allowance is necessary.

Property and Equipment

Purchases of property and equipment are recorded at cost. Maintenance and repairs which do not improve the efficiency or extend the useful lives are charged to operations as incurred. Property and equipment and accumulated depreciation and amortization amounts are relieved from the accounts for retirements or dispositions and the resulting gains or losses are reflected in income.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following useful lives:

Leasehold improvements	Lesser of useful life or remaining term of lease
Medical equipment	5 - 7 years
Computer software	3 - 7 years
Furniture and fixtures	5 - 7 years

Patents

The Company acquired potential patents as the result of a business acquisition in a prior year. As of December 31, 2017, these patents were still pending and had not yet been approved by the U.S. Patent and Trademark Office. Management had been amortizing the patents over 20 years beginning from the initial application date.

As of December 31, 2017, these patents were still pending approval. As a result, management has evaluated the status of the patents and the likelihood of receiving any future value from them and has determined that the patents should be written off. At December 31, 2017, the patents had a net book value of approximately $302,000 which was written off and recorded as a loss at December 31, 2017.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for financial impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Management evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against their estimated undiscounted future cash flows. If such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. No impairment losses, other than described above, were recorded for the year ending December 31, 2017 or for the nine months ending September 30, 2018.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was approximately $1,435,784 and $2,352,710 for the nine-month period ended September 30, 2018 and 2017, respectively.

Concentration of Risk

The Company maintains deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Company believes that there is no significant risk with respect to these deposits and has not experienced any losses on its deposits with financial institutions.

Income Taxes

The Companies and State, LLC in 2017 were limited liability companies (LLCs) which had elected to be taxed as partnerships for federal income tax purposes. The income or loss generated by RMS and State were passed through to the members and taxed at their individual tax rates. Therefore, no provision for income taxes was included in these consolidated financial statements.

The income or loss generated by the subsidiaries were passed through to RMS and State and ultimately to the members of RMS and State and taxed at their individual income tax rates. Therefore, no income tax provision the subsidiaries was included in these consolidated financial statements.

In May 2018, STATE, LLC became a wholly owned single member LLC.

In June 2018 RMS LLC, elected to be treated as a C- Corporation for income tax purposes.

New Accounting Pronouncements

On May 28, 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers.* The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases.* The ASU requires all leases with lease terms more than 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the income statement. This ASU will be effective for the Company for the year ending December 31, 2020. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2018 and December 31, 2017.

	2018	2017
Leasehold improvements	$ 152,909	$ 154,307
Medical equipment	48,110	49,447
Computer software	783,386	552,265
Furniture and fixtures	236,508	236,507
	1,220,913	992,526
Less: accumulated depreciation and amortization	(292,023)	(220,066)
	$ 928,888	$ 772,460

Depreciation and amortization expense was approximately $75,000 and $88,000 for the periods ended September 30, 2018 and 2017, respectively.

3. LINES OF CREDIT

During October and December of 2017, the Company obtained two separate lines of credit with two related party lenders which provided available borrowings of up to $1,700,000 with a 6% annual interest rate. As of December 31, 2017, the Company had an outstanding balance of $1,100,000 related to these lines of credit

During March 2018, the Company consolidated the lines of credit into one note payable to a related party entity. The new agreement allows for up to $5.2 million in borrowings including the outstanding amount at December 31, 2017 for the two lines of credit. The note payable contains a 6% annual interest rate and matures in March 2021. Payments of interest only are due quarterly beginning on June 30, 2018. As of September 30, 2018, the new note payable has a principal balance of $3,467,724 and accrued interest of $98,826.

4. OPERATING LEASES

The Company leases office space and certain office equipment under operating leases expiring in various years through 2022. The leasing arrangements contain various renewal options that are adjusted for increases in the consumer price index or agreed upon rates. A member guarantees certain leases.

Future minimum lease payments as of September 30, 2018 are as follows:

Year Ending December 31,	
Three months remaining in 2018	$ 137,737
2019	462,717
2020	432,301
2021	155,599
2022	102,752
	$ 1,291,106

5. RELATED PARTY TRANSACTIONS

As of September 30, 2018 and December 31, 2017, the Company had amounts receivable from related parties totaling approximately $158,171 and $61,485, respectively. These receivables are not due within 12 months and are included in other assets on the consolidated balance sheets.

6. LITIGATION

In the ordinary course of business, the Company is subject to, or party to, pending or threatened litigation, assessments, and claims. At September 30, 2018, and 2017, there are claims in various stages asserted against the Company. Except as noted below, all instances are in the preliminary stages. While it is not possible to predict with certainty the outcome of such matters individually or in the aggregate, management believes that the ultimate result will not have a material adverse effect on the financial position of the Company.

During January 2019, a final judgment was rendered against State regarding an outstanding payable from 2018 which was accrued in accounts payable in the financial statements of State as of September 30, 2018. The judgment calls for State to pay approximately $290,000; however, State is currently non-operational due to the resignation of its Board of Directors , and there are no longer any decision makers remaining to resolve this matter.

7. GOING CONCERN

The Company's total liabilities exceeded its total assets by approximately $3,397,000 as of September 30, 2018, and the Company has incurred significant operating losses for the period ended September 30, 2018.

At September 30, 2018, the Company had a members' deficit of approximately $3,801,000. Management of the Company has taken certain steps intended to provide additional capital and liquidity to ensure the Company's ability to continue as a going concern. Such steps include restructuring the Company's lines of credit subsequent to year-end to increase the borrowing limit and achieve more favorable borrowing terms. See Note 3. Additionally, on January 9, 2019, the Company executed a business merger which provided additional capital and liquidity. See Note 8. Management believes that this action will enable the Company to continue as a going concern.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date these consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

In October 2018, each Member of Regenerative Medicine Solutions, LLC agreed to contribute the Member's entire interest in Regenerative Medicine Solutions, LLC in exchange for an equivalent Interest in RMS Shareholder, LLC.

In January 2019, the Company executed a business merger with a third-party entity and transferred certain assets and certain liabilities to that entity in exchange for stock of that entity. The Company plans to dissolve certain legal entities including RMS Nashville, RMS Scottsdale, RMS Pittsburgh, and RMS Dallas. The remaining RMS entities remain in existence until resolution of its legal matters as described in Note 6.

Except as disclosed above, there were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements give effect to the merger between Medovex and Regenerative Medicine Solutions, LLC ("RMS"). The transaction is accounted for under the acquisition method of accounting under existing U.S. generally accepted accounting principles, or GAAP, which are subject to change and interpretation. Based on the terms of the Asset Purchase Agreement and the APA Amendment, the former RMS members had voting control of the combined company as of the closing of the RMS acquisition. RMS is deemed to be the acquiring company for accounting purposes and the transaction is accounted for as a reverse acquisition under the acquisition method of accounting for business combinations in accordance with accounting principles generally accepted in the United States. Under the acquisition method of accounting, management of Medovex and RMS made a preliminary estimated purchase price allocation, calculated as described in Note 2 to these unaudited pro forma condensed combined financial statements. The assets acquired and liabilities assumed in connection with the merger are at their estimated acquisition date fair values. A final determination of these estimated fair values will be based on the actual net tangible and intangible assets of Medovex that exist as of January 8, 2019, the date of the completion of the merger.

The unaudited pro forma condensed combined financial statements presented below are based upon the historical financial statements of Medovex and RMS, adjusted to give effect to the acquisition of Medovex by RMS, for accounting purposes. The pro forma adjustments are described in the accompanying notes presented on the following pages.

The unaudited pro forma condensed combined balance sheet as of September 30, 2018 gives effect to the merger as if it occurred on September 30, 2018 and combines the historical balance sheets of Medovex and RMS at September 30, 2018. The RMS balance sheet information was derived from its unaudited September 30, 2018 balance sheet included herein. The Medovex balance sheet information was derived from its unaudited September 30, 2018 balance sheet as filed on Form 10-Q on November 14, 2018 and included by reference herein.

The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2018 is presented as if the merger was consummated on January 1, 2017, combines the historical results of Medovex and RMS for the nine months ended September 30, 2018 and reflects only ongoing continuing operations. The historical results of RMS were derived from its unaudited nine months ended September 30, 2018 statement of operations included herein. The historical results of Medovex were derived from its unaudited consolidated statement of operations as filed on Form 10-Q on November 14, 2018 and included by reference herein.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2017 is presented as if the merger was consummated on January 1, 2017, combines the historical results of Medovex and RMS for the year ended December 31, 2017 and reflects only ongoing continuing operations. The historical results of RMS were based on its audited December 31, 2017 statement of operations included herein. The historical results of Medovex were based on its audited December 31, 2017 consolidated statement of operations filed on Form 10-K on March 30, 2018 and included by reference herein.

These unaudited pro forma condensed combined financial statements have been prepared based on preliminary estimates of fair values. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial data. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and Medovex's future results of operations and financial position. The actual amounts recorded as of the completion of the merger may differ materially from the information presented in these unaudited pro forma condensed combined financial statements. The final allocation may include (1) changes in fair values of property, plant and equipment, (2) changes in allocations to intangible assets such as trade names, technology and customer relationships as well as goodwill and (3) other changes to assets and liabilities.

INDEX TO THE UNAUDITED PROFORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Unaudited Pro Forma Condensed Combined Balance Sheet
September 30,2018

		RMS		Medovex		Pro Forma Merger Adjustments			Pro Forma Combined
Assets									
Current Assets									
Cash	$	77,827	$	227,960	$	2,000,000	A	$	1,876,721
						(350,000)	C		
						(77,827)	F		
						(1,239)	H		
Accounts receivable		28,834		141,290					170,124
Other receivables		—		9,537					9,537
Inventory		—		206,495					206,495
Prepaid expenses		113,089		59,068					172,157
Short-term receivable		—		—					—
Contingent consideration						4,461,111	D		4,461,111
Total Current Assets		219,750		644,350		6,032,045			6,896,145
Property and Equipment, net		928,888		66,551		(605,000)	H		390,439
Goodwill						10,461,277	C		3,555,721
						(6,905,556)	D		
Other Intangibles		—		—		4,000,000	C		4,000,000
Related party receivable		158,171							158,171
Security Deposit		38,889		2,751					41,640
Total Assets	$	1,345,698	$	713,652	$	12,982,767		$	15,042,117
Liabilities and Stockholders' Equity									
Current Liabilities									
Interest payable	$	—	$	80,709					80,709
Accounts payable		997,621		688,958		(284,800)	H		1,401,779
Accounts payable to related parties		—		69,503					69,503
Accrued Payroll		—		124,817					124,817
Accrued liabilities		258,982		477,413		238,016	E		941,232
						(33,179)	F		
Notes payable, current portion		—		54,363					54,363
Short-term convertible notes payable, net of debt discount		—		533,128					533,128
Dividend Payable		—		30,063					30,063
Deferred Revenue		280,688							280,688
Other current liabilities		118,605		—					118,605
Total Current Liabilities		1,655,896		2,058,954		(79,963)			3,634,887
Long-Term Liabilities									
Notes Payable, net of current portion		3,467,724		—		(3,467,724)	G		—
Deferred Rent		23,336		67					23,403
Total Long-Term Liabilities		3,491,060		67		(3,467,724)			23,403
Total Liabilities	$	5,146,956	$	2,059,021	$	(3,547,687)		$	3,658,290
Stockholders' (Deficit) Equity									
Series A Preferred stock		—		—					—
Series B Preferred stock		—		9		—			9
Common stock		—		23,473		5,000	A		68,245
						39,772	B		
Additional paid-in capital		—		35,278,207		1,995,000	A		15,676,285
						(39,772)	B		
						(36,647,058)	C		
						14,111,277	C		
						(2,444,444)	D		
						33,179	F		
						(77,827)	F		
						3,467,724	G		
Accumulated deficit		(3,397,321)		(36,647,058)		36,647,058	C		(3,956,776)
						(238,016)	E		
						(321,439)	H		
Non-contorlling Interest		(403,937)							(403,937)
Total Stockholders' (Deficit) Equity		(3,801,258)		(1,345,369)		16,530,453			11,383,826
Total Liabilities and Stockholders' (Deficit) Equity	$	1,345,698	$	713,652	$	12,982,767		$	15,042,117

See notes to unaudited proforma condensed combined financial statements

Unaudited Pro Forma Condensed Combined Statements of Operations

	Nine Months Ended September 30, 2018				
	RMS	Medovex	Pro Forma Merger Adjustments		Pro Forma Combined
Revenues	$ 6,991,253	$ 605,058	$ (28,789)	H	$ 7,567,522
Less: Discounts allowed	—	(6,285)			(6,285)
Cost of Goods Sold	—	(425,399)			(425,399)
Gross Profit	6,991,253	173,374	(28,789)		7,135,838
Operating Expenses					
General and administrative	6,636,593	2,918,251	(146,378)	E	8,882,882
			(293,126)	E	
			(170,107)	F	
			(62,351)	H	
Sales & Marketing	1,555,856	666,092	(16,084)	H	2,205,864
Medical Supplies	732,054	—			732,054
Research and development	—	201,529			201,529
Depreciation	74,694	20,622			95,316
Amortization of intangibles			500,000	C	500,000
Total Operating Expenses	8,999,197	3,806,494	(188,046)		12,617,645
Operating Loss From Continuing Operations	(2,007,944)	(3,633,120)	159,257		(5,481,807)
Other Income	—	—			—
Other Expenses					
Loss on asset disposal	—	—	—		—
Foreign Currency Transaction Loss	—	15,881	—		15,881
Interest Expense	120,913	72,957	(98,286)	G	95,584
Total Other Expenses	120,913	88,838	(98,286)		111,465
Net Loss	(2,128,857)	(3,721,958)	257,543		(5,593,272)
Dividend on outstanding Series B Preferred Stock	—	(30,063)			(30,063)
Deemed dividend on adjustment to exercise price on certain warrants	—	(107,697)			(107,697)
Deemed Dividend on Beneficial Conversion Features	—	(259,350)			(259,350)
Net loss attributable to common shareholders	$ (2,128,857)	$ (4,119,068)			$ (5,990,382)
Net loss per common share - Basic and diluted		$ (0.18)			$ (0.10)
Weighted average outstanding shares used to compute basic and diluted net loss per share		22,786,208	39,772,499		62,558,707

See notes to unaudited proforma condensed combined financial statements

Unaudited Pro Forma Condensed Combined Statements of Operations

	Year Ended December 31, 2017				
	RMS	Medovex	Pro Forma Merger Adjustments		Pro Forma Combined
Revenues	$ 13,206,479	$ 207,396			$ 13,413,875
Less: Discounts allowed	—	(52)			(52)
Cost of Goods Sold	—	(162,837)			(162,837)
Gross Profit	13,206,479	44,507	—		13,250,986
Operating Expenses					
General and administrative	10,503,093	4,721,893	(390,834)	**E**	14,466,144
			(300,399)	**F**	
			(67,609)	**H**	
Sales & Marketing	3,193,359	865,377			4,058,736
Medical supplies	1,319,679	—			1,319,679
Research and development	—	491,076			491,076
Depreciation	117,006	27,100			144,106
Amortization of intangibles	—	—	666,667	**C**	666,667
Impairment and other	360,443	—	—		360,443
Total Operating Expenses	15,493,580	6,105,446	(92,175)		21,506,851
Operating Loss From Continuing Operations	(2,287,101)	(6,060,939)	92,175		(8,255,865)
Other Income	—	957			957
Other Expenses					
Loss on investment	25,000				
Interest Expense	4,680	395,332			400,012
Total Other Expenses	29,680	395,332	—		400,012
Total Loss From Continuing Operations	(2,316,781)	(6,455,314)	92,175		(8,679,920)
Discontinued Operations					
Loss from discontinued operations	—	1,163			1,163
Total Loss from Discontinued Operations	—	(1,163)	—		(1,163)
Net loss before non-controlling interest	$ (2,316,781)	$ (6,456,477)	$ 92,175		(8,681,083)
					—
Net loss attributable to non-controlling interest	30,015	—			30,015
Net loss attributable to common shareholders	$ (2,286,766)	$ (6,456,477)			$ (8,651,068)
Net loss per common share - Basic and diluted		$ (0.34)			$ (0.15)
Weighted average outstanding shares used to compute basic net loss per share		19,142,795	39,772,499		58,915,294

See notes to unaudited proforma condensed combined financial statements

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

On January 8, 2019 Medovex Corporation completed its business combination with Regenerative Medicine Solutions LLC, ("RMS) under which Medovex purchased certain assets and assumed certain liabilities of RMS. Pursuant to the terms of the Purchase Agreement and the Amendment, Medovex issued to the shareholders of RMS 39,772 shares of Series C Preferred Stock where each share of Series C Preferred stock will, at the date of closing, automatically convert into 1,000 shares of Common Stock and represent approximately fifty-five percent (55%) of the outstanding voting shares of the Company.

Under the terms of the Purchase Agreement, subsequent to the closing, the Company will issue additional "Exchange Shares" to the shareholders of RMS to maintain the 55% ownership and not be diluted by the sale of convertible securities ("New Shares Sold") until Medovex raises an additional $5.65 million via the issuance of new securities. On the date of closing the company issued 6,111 additional Exchange Shares to RMS Shareholders as a result of the issuance of additional securities, which are included in the 39,772 shares above. Subsequent to the closing of the purchase transaction all additional Exchange Shares representing contingent consideration have been issued to the shareholders of RMS.

Because RMS shareholders own approximately 55% of the voting stock of Medovex after the transaction, RMS is deemed to be the acquiring company for accounting purposes and the transaction is accounted for as a reverse acquisition under the acquisition method of accounting for business combinations in accordance with accounting principles generally accepted in the United States. The assets acquired and the liabilities assumed of RMS included as part of the purchase transaction are recorded at historical cost. Accordingly, the assets and liabilities of Medovex are recorded as of the merger closing date at their estimated fair values.

2. Preliminary Purchase Price Allocation

The purchase price for the acquisition has been allocated to the assets acquired and liabilities assumed for purposes of the unaudited pro forma condensed combined financial information based on their estimated relative fair values. The purchase price allocation herein is preliminary. The final purchase price allocation will be determined after completion of a thorough analysis to determine the fair value of all assets acquired and liabilities assumed but in no event later than one year following completion of the acquisition. Accordingly, the final acquisition accounting adjustments could differ materially from the pro forma adjustments presented herein. Any increase or decrease in the fair value of the assets acquired and liabilities assumed, as compared to the information shown herein, could also change the portion of purchase price allocated to goodwill and could impact the operating results of the Company following the acquisition due to differences in purchase price allocation, depreciation and amortization related to some of these assets and liabilities.

The acquisition-date fair value of the consideration transferred as of January 8, 2019 is as follows:

Common shares issued and outstanding		24,717,271
Common shares reserved for issuance upon conversion of the outstanding Series B Preferred Stock		2,312,500
Common shares reserved for issuance upon conversion of 12% Senior Convertible Notes		1,875,000
Total Common shares		28,904,771
Closing price per share of MDVX Common stock on January 8, 2019	$	0.40
		11,561,908
Fair value of Outstanding Warrants and Options		1,904,000
Cash consideration to RMS		(350,000)
		13,115,908
Contingent consideration to RMS shareholders - Common shares		(6,905,556)
Total Consideration	$	6,210,353

On September 30, 2018, Medovex had 24,473 million shares of common stock outstanding at a market capitalization of $9.8 million. The estimated fair value of the net assets of Medovex was $8.4 million as of September 30, 2018. Measuring the fair value of the net assets to be received by RMS was readily determinable based upon the underlying nature of the net assets. The fair value of the Medovex common stock is above the fair value of its net assets. The Medovex net asset value is primarily comprised of definite-lived Intangibles ($4.0 million as of September 30, 2018), and the RMS interest in the merger is significantly related to obtaining access to the public market. Therefore, the fair value of the Medovex stock price and market capitalization as of September 30, 2018 is considered to be the best indicator of the fair value and, therefore, the estimated purchase price consideration.

Contingent consideration is recorded as an asset in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"). The shares are measured at fair value using the per share price of the Company's common stock on the closing date of the transaction.

The calculation of contingent consideration to be transferred is as follows:

Total new shares issued by Medovex		14,125,000
Medovex ownership %		0.45
		31,388,889
RMS ownership %		0.55
Total additional Exchange Shares		17,263,889
Closing price per share of Medovex Common stock on January 8, 2019	$	0.40
Total contingent consideration	$	6,905,556
Total additional exchange shares		17,263,889
Exchange shares issued at closing per January 8, 2019 SPA		(6,111,111)
Remaining Exchange Shares to be issued		11,152,778
	$	0.40
Total contingent consideration @ 9/30/18	$	4,461,111
Total contingent consideration transferred at closing		2,444,444

The Acquisition was accounted for as a business combination under the acquisition method of accounting in accordance with ASC 805. Accordingly, the tangible assets and identifiable intangible assets acquired and liabilities assumed were recorded at fair value as of the date of acquisition, with the remaining purchase price recorded as goodwill.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the date of acquisition on January 8, 2019:

Cash	$	227,960
Accounts receivable, net		150,827
Inventory		206,495
Prepaid expenses		59,068
Contingent consideration		6,905,556
Property and equipment		66,551
Other		2,751
Intangibles		4,000,000
Goodwill		3,555,721
Total assets acquired	$	15,174,929
Accounts payable and other accrued liabilities		1,390,754
Interest-bearing liabilities and other		668,267
Net assets acquired	$	13,115,908

The purchase price allocation has been prepared on a preliminary basis and is subject to change as additional information becomes available concerning the fair value and allocation of consideration to the identifiable intangible assets acquired.

This preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma balance sheet and income statement. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include (1) changes in fair values of property, plant and equipment, (2) changes in allocations to intangible assets such as trade names, technology and customer relationships as well as goodwill and (3) other changes to assets and liabilities. Intangible assets will be recorded as definite-lived assets and amortized over the estimated period of economic benefit. Goodwill is calculated as the difference between the acquisition-date fair value of the consideration transferred and the fair values of the assets acquired and liabilities assumed. Goodwill is not expected to be deductible for income tax purposes. Goodwill is recorded as an indefinite-lived asset and is not amortized but tested for impairment on an annual basis or when indications of impairment exist.

3. Pro Forma and Acquisition Accounting Adjustments

The unaudited pro forma condensed combined financial statements include pro forma adjustments to give effect to certain capital transactions of Medovex occurring as a direct result of the purchase transaction, the acquisition of Medovex by RMS for accounting purposes and adjustments for employee severance liabilities and salaries and other employee costs for employees terminated as a result of the transaction, transactions costs, and certain assets, liabilities and operations not assumed in connection with transaction.

The pro forma adjustments are as follows:

(A) To reflect on the date of closing the purchase transaction pursuant to the Securities Purchase Agreement, $2.0 million of additional investment consisting of the issuance of 40 units, each consisting of a $50,000 12% convertible note and a warrant to purchase common stock at an exercise price of $0.75 per share. The $2 million is comprised of $1.8 million in cash and $200,000 in convertible debt that was issued subsequent to September 30, 2018. The notes have a one-year maturity and were converted into shares of common stock. The notes were automatically, on the closing date, converted into shares of common stock. For purposes of the pro forma results we have reflected the shares as issued and outstanding on the date of the acquisition.

(B) To reflect the issuance of 39,772 common shares to RMS members at the date of closing to represent approximately fifty-five (55%) ownership of the outstanding voting shares of the combined entity.

(C) To reflect the estimated fair value of Medovex's net assets and record goodwill and other identifiable intangible assets of $3.6 million ($10.5 million before the contingent consideration adjustment, see adjustment (D) below) and $4.0 million, respectively, resulting from the merger transaction and the elimination of the additional paid-in-capital and accumulated deficit of Medovex at the close of the merger transaction referred to in Note 1. See purchase price allocation in Note 2. Total estimated amortization expense of $500,000 and $666,667 related to the identifiable intangibles have been included in the nine months ended September 30, 2018 and the twelve months ended December 31, 2017 unaudited pro forma condensed combined statements of operations, respectively. These expenses have been included in the unaudited pro forma condensed combined statement of operations, because they are expected to have a continuing impact on operations

As part of the preliminary valuation analysis, the Company identified intangible assets. The fair value of identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows. Since all information required to perform a detailed valuation analysis of Medovex's intangible assets could not be obtained as of the date of this filing, for purposes of these unaudited pro forma condensed combined financial statements, the Company used certain assumptions based on publicly available transaction data for the industry. These preliminary estimates of fair value and estimated useful lives will likely differ from final amounts the Company will calculate after completing a detailed valuation analysis, and the difference could have a material effect on the accompanying unaudited pro forma condensed combined financial statements. A 10% change in the valuation of intangible assets would cause a corresponding increase or decrease in the balance of goodwill and annual amortization expense of approximately $600,000 and $66,667 respectively, assuming an overall weighted-average useful life of 6 years.

(D) To reflect total contingent consideration of $6.9 million, the transfer of $2.4 million to RMS shareholders on the date of closing, and the remaining contingent consideration of $4.6 million to be transferred to RMS shareholders subsequent to the closing of the purchase transaction as discussed in Note 1 and 2.

(E) Represent estimated transaction costs of $166,335 to consummate the merger and accrual of severance to employees of $71,681 for total accrued expense of $238,016 incurred upon closing of the transaction. These items are not reflected in the unaudited pro forma condensed combined statement of operations because they will not have a continuing impact on operations. In addition, transaction costs and employee salaries of $146,378 and $293,126 included in the nine months ended September 30, 2018 have been removed from the unaudited pro forma condensed combined statement of operations. Employee salaries of $390,834 included in the twelve months ended December 31, 2017 have been removed from the unaudited pro forma condensed combined statement of operations.

(F) Represent cash not transferred and certain accrued legal costs of $33,179 not assumed as part of the merger transaction. These legal costs of $170,107 and $300,399 for the nine months ending September 30, 2018 and the year ended December 31, 2017, respectively, have been removed from the unaudited pro forma condensed combined statement of operations, because they will not have a continuing impact on operations.

(G) Represent $3.5 million RMS note payable not assumed as part of the merger transactions. Related interest expense of $98,286 included in the unaudited pro forma statement of operations for the nine months ended September 30, 2018, have been removed from the unaudited proforma condensed statement of operations. This item has been removed from the unaudited pro forma condensed combined statement of operations because they will not have a continuing impact on operations.

(H) Represents certain assets and liabilities and operations pertaining to a legal entity of RMS not included as part of the Purchase Agreement. Related revenues and expenses included in the unaudited pro forma statements of operations for the nine and twelve months ended September 30, 2018 and December 31, 2017, respectively, have been removed from the unaudited pro forma condensed statements of operations. These items have been removed for the unaudited pro forma condensed combined statements of operations because the will not have a continuing impact on operations.