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

# FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 201 7

or

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

For the transition period from _____ to _____

Commission file number: 001-36763

## MEDOVEX CORP.

(Exact Name of Registrant as Specified in Its Charter)

| **Nevada** | **46-3312262** |
|---|---|
| (State or Other Jurisdiction of Incorporation or Organization) | (IRS Employer Identification Number) |
| **1950 Airport Rd. Suite A Atlanta, Georgia** | **30341** |
| (Address of Principal Executive Offices) | (Zip Code) |

**(844) 633-6839**
(Registrant's Telephone Number, Including Area Code)

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

☒Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

☒Yes ☐ No

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

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☐ | Smaller Reporting Company ☐ |
| (Do not check if smaller reporting company) | Emerging growth Company ☒ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒No

As of August 11, 2017, 20,922,634 shares of the registrant’s common stock were outstanding.

**MEDOVEX CORP.**

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

**MEDOVEX CORP. AND SUBSIDIARY**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

| | June 30, 2017 (unaudited) | December 31, 2016 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 748,928 | $ 892,814 |
| Inventory | 55,978 | -- |
| Prepaid expenses | 136,706 | 364,822 |
| Short-term receivable | 150,000 | -- |
| **Total Current Assets** | 1,091,612 | 1,257,636 |
| **Long Term Receivable** | -- | 150,000 |
| **Property and Equipment, net of accumulated depreciation** | 95,159 | 97,590 |
| **Deposits** | 2,751 | 2,751 |
| **Total Assets** | $ 1,189,522 | $ 1,507,977 |
| **Liabilities and Stockholders' Equity** | | |
| **Current Liabilities** | | |
| Interest payable | $ 69,222 | $ 69,222 |
| Accounts payable | 102,097 | 225,725 |
| Accrued liabilities | 90,000 | 459,800 |
| Notes payable, current portion | 61,131 | 126,086 |
| Short-term note payable, net of debt discount | -- | 970,240 |
| **Total Current Liabilities** | 322,450 | 1,851,073 |
| **Long-Term Liabilities** | | |
| Notes payable, net of current portion | 71,681 | 103,742 |
| Deferred rent | 1,179 | 1,179 |
| **Total Long-Term Liabilities** | 72,860 | 104,921 |
| **Total Liabilities** | 395,310 | 1,955,994 |
| **Stockholders' Equity (Deficit)** | | |
| Preferred stock - $.001 par value: 500,000 shares authorized, 12,740 shares issued and outstanding at June 30, 2017 (unaudited), no shares issued and outstanding at December 31, 2016 | 13 | -- |
| Common stock - $.001 par value: 49,500,000 shares authorized, 17,966,591and 14,855,181 shares issued and outstanding at June 30, 2017 (unaudited)and December 31, 2016, respectively | 17,967 | 14,855 |
| Additional paid-in capital | 30,611,396 | 25,898,054 |
| Accumulated deficit | (29,835,164) | (26,360,926) |
| **Total Stockholders' Equity (Deficit)** | 794,212 | (448,017) |
| **Total Liabilities and Stockholders' Equity (Deficit)** | $ 1,189,522 | $ 1,507,977 |

See notes to condensed consolidated financial statements

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Operating Expenses** | | | | |
| General and administrative | $ 1,025,938 | $ 1,100,082 | $ 2,448,416 | $ 2,150,961 |
| Sales and marketing | 145,621 | 40,496 | 227,758 | 61,768 |
| Research and development | 56,333 | 233,303 | 391,774 | 376,486 |
| Depreciation | 6,671 | 2,046 | 12,892 | 4,009 |
| Impairment of goodwill | -- | 6,455,645 | -- | 6,455,645 |
| **Total Operating Expenses** | 1,234,563 | 7,831,572 | 3,080,840 | 9,048,869 |
| **Operating Loss** | (1,234,563) | (7,831,572) | (3,080,840) | (9,048,869) |
| **Other Expenses** | | | | |
| Interest expense | 1,438 | -- | 392,235 | 344,093 |
| **Total Other Expenses** | 1,438 | -- | 392,235 | 344,093 |
| **Total Loss from Continuing Operations** | (1,236,001) | (7,831,572) | (3,473,075) | (9,392,962) |
| **Discontinued Operations** | | | | |
| Loss from discontinued operations | -- | 128,163 | 1,163 | 399,060 |
| Impairment loss | -- | 1,584,048 | -- | 1,584,048 |
| **Total Loss from Discontinued Operations** | -- | (1,712,211) | (1,163) | (1,983,108) |
| **Net Loss** | $ (1,236,001) | $ (9,543,783) | $ (3,474,238) | $(11,376,070) |
| **Loss per share – Basic and Diluted:** | | | | |
| Continuing Operations | $ (0.07) | $ (0.60) | $ (0.20) | $ (0.76) |
| Discontinued Operations | -- | (0.13) | -- | (0.16) |
| Net Loss per share | $ (0.07) | $ (0.73) | $ (0.20) | $ (0.92) |
| Weighted average outstanding shares used to compute basic and diluted net loss per share | 17,966,591 | 13,057,476 | 17,171,528 | 12,340,839 |

See notes to condensed consolidated financial statements

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2017** | **2016** |
| **Cash Flows from Operating Activities** | | |
| Net loss | $ (3,474,238) | $(11,376,070) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 12,892 | 4,137 |
| Amortization of intangible assets | -- | 189,522 |
| Amortization of debt discount | 31,772 | 246,086 |
| Debt conversion expense | 355,985 | 68,694 |
| Impairment loss | -- | 1,584,048 |
| Goodwill impairment loss | -- | 6,455,645 |
| Stock based compensation | 500,408 | 332,639 |
| Straight-line rent adjustment | -- | 592 |
| Non-cash investor relations fees | -- | 48,000 |
| Non-cash directors fees | -- | 10,000 |
| Adjustment of fair value of warrant modification | -- | 25,720 |
| Changes in operating assets and liabilities, net of effects of acquisition: | | |
| Accounts receivable | -- | 33,045 |
| Prepaid expenses | 228,116 | 42,075 |
| Inventory | (55,978) | -- |
| Accounts payable | (123,628) | (96,962) |
| Interest payable | -- | (3,670) |
| Accrued liabilities | (129,800) | 64,116 |
| **Net Cash Used in Operating Activities** | (2,654,471) | (2,372,383) |
| | | |
| **Cash Flows from Investing Activities** | | |
| Expenditures for property and equipment | (10,461) | (5,265) |
| **Net Cash Used in Investing Activities** | (10,461) | (5,265) |
| **Cash Flows from Financing Activities** | | |
| Principal payments under note payable obligations | (97,016) | (80,654) |
| Proceeds from issuance of preferred and common stock, net of offering costs | 1,816,045 | 969,191 |
| Proceeds from issuance of warrants, net of offering costs | 802,017 | 207,079 |
| **Net Cash Provided by Financing Activities** | 2,521,046 | 1,095,616 |
| **Net (Decrease) in Cash** | (143,886) | (1,282,032) |
| **Cash - Beginning of period** | 892,814 | 1,570,167 |
| **Cash - End of period** | $ 748,928 | $ 288,135 |
| **Supplementary Cash Flow Information** | | |
| **Cash paid for interest** | $ 4,476 | $ 5,359 |
| **Non-cash investing and financing activities** | | |
| Financing agreement for insurance policy | $ 66,895 | $ -- |
| Conversion of note and accrued interest to common stock | 718,079 | 1,072,513 |
| Conversion of short-term loan to common stock | 126,720 | -- |
| Issuance of common stock for consideration of cancellation of warrants | 208,000 | -- |
| Issuance of warrants for conversion of notes | 305,201 | -- |
| Issuance of common stock for investor relations services | -- | 48,000 |
| Common stock issued for board fees | 240,000 | -- |
| Issuance of common stock for preferred stock conversion | 931 | -- |
| Issuance of common stock warrants for placement agent fees | 304,183 | -- |
| Repayment of due from stockholder through foregone director fees | -- | 10,000 |

See notes to condensed consolidated financial statements

**MEDOVEX CORP.**
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Description of the Company**

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

**Note 2 – Basis of presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") and with the rules and regulations of the Securities and Exchange Commission ("SEC") that permit reduced disclosure for interim periods. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments which included only normal recurring adjustments, necessary to present fairly the Company's financial position as of June 30, 2017 and December 31, 2016, the results of operations for the three and six months ended June 30, 2017 and 2016, and cash flows for the six months ended June 30, 2017 and 2016. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2016, included in the Company's Annual Report on Form 10-K. The results for the three and six months ended June 30, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017 or for any other interim period or for any future year.

***PRINCIPLES OF CONSOLIDATION***

These unaudited condensed consolidated financial statements that present the Company's results of operations for the three and six months ended June 30, 2017 and 2016, and cash flows for the six months ended June 30, 2017 and 2016, include Debride and the accounts of the Company as well as its formerly wholly-owned subsidiary, Streamline Inc. ("Streamline"). All intercompany accounts and transactions have been eliminated in consolidation.

***USE OF ESTIMATES***

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

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

***RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS***

In August 2014, FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, or ASU 2014-15. ASU 2014-15 explicitly requires a company's management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. The new standard is effective in the first annual period ending after December 15, 2016. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

In April 2015, FASB issued ASU No. 2015-03, Interest – Imputation of Interest (Subtopic 835-30): Simplifying the presentation of Debt Issuance Costs, to reduce the complexity of having different balance sheet presentation requirements for debt issuance costs and debt discounts and premiums. The guidance requires debt issuance costs related to a recognized debt liability be reported on the balance sheet as a direct deduction from the carrying amount of that debt liability. ASU 2015-03 is effective for public companies for annual reporting periods beginning after December 15, 2015, and interim periods within those fiscal years. The Company adopted the amendments of ASU 2015-03 effective January 1, 2016. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330)," which requires inventory measured using any method other than last-in, first-out or the retail inventory method to be subsequently measured at the lower of cost or net realizable value, rather than the lower of cost or market. ASU No. 2015-11 is effective for fiscal years beginning after December 15, 2016, including interim periods within those years. The Company adopted the amendments of ASU 2015-11 effective January 1, 2017. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

In November 2015, FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes. ASU 2015-17 simplifies the presentation of deferred taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the balance sheet. ASU 2015-17 is effective for public companies for annual reporting periods beginning after December 15, 2016, and interim periods within those fiscal years. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

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

**Note 3 - Inventory**

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

Inventories consisted of the following items as of June 30, 2017, and December 31, 2016:

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Denervex device | $ 17,228 | $ -- |
| Pro-40 generator | 38,750 | -- |
| **Total** | $ 55,978 | $ -- |

**Note 4 - Property and Equipment**

Property and equipment, net, consists of the following:

| | Useful Life | June 30, 2017 | December 31, 2016 |
|---|---|---|---|
| Furniture and fixtures | 5 years | $ 65,987 | $ 65,987 |
| Computers and software | 3 years | 27,309 | 19,928 |
| Leasehold improvements | 5 years | 35,673 | 32,593 |
| | | 128,969 | 118,508 |
| Less accumulated depreciation | | (33,810) | (20,918) |
| **Total** | | $ 95,159 | $ 97,590 |

Depreciation expense amounted to $6,671 and $12,892, respectively, for the three and six months ended June 30, 2017. Depreciation and amortization expense, excluding depreciation and amortization from Streamline, amounted to $2,046 and $4,009, respectively, for the three and six months ended June 30, 2016.

**Note 5 - Equity Transactions**

***COMMON STOCK ISSUANCE***

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

***Stock-Based Compensation Plan***

***2013 Stock Option Incentive Plan***

During the six months ended June 30, 2017, the Board of Directors authorized the Company to issue options to purchase an aggregate of 189,159 shares of common stock to certain employees. The stock options vest as follows: 25% on date of grant and 25% on each of the next three years after the grant date. The options granted were at the market value of the common stock on the date of the grant.

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

We use a simplified method provided in Securities and Exchange Commission release, *Staff Accounting Bulletin No. 110,* which averages an award's weighted average vesting period and contractual term for "plain vanilla" share options. The expected volatility was estimated by analyzing the historic volatility of similar public biotech companies in an early stage of development. No dividend payouts were assumed as we have not historically paid, and do not anticipate paying, dividends in the foreseeable future. The risk-free rate of return reflects the weighted average interest rate offered for US treasury rates over the expected term of the options.

The significant assumptions used to estimate the fair value of the equity awards granted are;

| Grant date | February 3 | March 28 |
|---|---|---|
| Fair value of options granted | $ 0.7992 | $ 0.9114 |
| Expected term (years) | 6 | 6 |
| Risk-free interest rate | 2.10% | 2.11% |
| Volatility | 82.53% | 76.86% |
| Dividend yield | None | None |

For the three and six months ended June 30, 2017, the Company recognized approximately $135,000 and $501,000, respectively, as compensation expense with respect to the stock options. For the three and six months ended June 30, 2016, the Company recognized approximately $262,000 and $333,000, respectively, as compensation expense with respect to the stock options.

***Stock Option Activity***

As of June 30, 2017, there were 645,569 shares of time-based, non-vested stock options outstanding. As of June 30, 2017, there was approximately $409,000 of total unrecognized stock-based compensation related to these non-vested stock options. That expense is expected to be recognized on a straight-line basis over a weighted average period of 2.03 years.

The following is a summary of stock option activity at June 30, 2017:

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Term (Years) |
|---|---|---|---|
| Outstanding at 12/31/2016 | 1,124,900 | $ 2.15 | 9.0 |
| Granted | 189,159 | $ 1.15 | 9.62 |
| Outstanding at 6/30/2017 | 1,314,059 | $ 2.01 | 8.70 |
| Exercisable at 6/30/2017 | 668,490 | $ 3.95 | 8.44 |

***Private Placement***

On February 9, 2017, the Company entered into a Unit Purchase Agreement with selected accredited investors whereby the Company had the right to sell in a private placement a minimum of $3,000,000 and up to a maximum of $5,000,000 of units. Each Unit had a purchase price of $100,000 and consisted of (i) 96,154 shares of the Company's common stock, par value $0.001 per share at a purchase price of $1.04 per share, and (ii) a warrant to purchase 48,077 shares of common stock. Each warrant has an initial exercise price of $1.50 per share and is exercisable for a period of five (5) years from the date of issuance. Investors had the option to request shares of Series A Preferred stock in lieu of common stock, on a basis of one share of preferred stock for every one hundred shares of common stock.

The offering resulted in gross proceeds of $3,022,000 and resulted in the issuance of an aggregate of 1,631,730 shares of common stock, 12,740 shares of Series A convertible preferred stock and warrants to purchase 1,452,887 shares of common stock. The placement agent collected an aggregate of approximately $350,000 in total fees related to the offering and warrants to purchase an aggregate of 405,577 shares of common stock at a price of $1.50 per share.

Each share of Series A preferred stock may be converted into shares of fully paid and non-assessable shares of common stock at a rate of one hundred shares of the Company's common stock for every share of Series A preferred stock.

***Debt Conversion***

On February 9, 2017, the Company's $1,150,000 short-term note payable was converted into an aggregate of 165,865 shares of common stock and 9,399 shares of Series A convertible preferred stock, eliminating the Company's debt obligation. The debt was converted into shares at $1.04 per share, which was the offering price of the Company's stock in the February private placement. Each share of Series A preferred stock may be converted into shares of fully paid and non-assessable shares of common stock at a rate of one hundred shares of the Company's common stock for every share of Series A preferred stock.

As consideration for converting the debt, the noteholders' agreed to receive common stock in lieu of the 200,000 warrants to purchase common stock that were issued in conjunction with the short-term loan, see Note 8.

As a result, the 200,000 warrants were cancelled, and the Company issued to the noteholders' an aggregate of 200,000 shares of common stock. The closing price of the Company's stock on February 9, 2017, the day the shares were issued, was $1.04 per share. The fair value of the common stock issued was approximately $208,000.

***Preferred Stock Conversion***

On March 31, 2017, 4,147 shares of Series A Preferred stock were converted into an aggregate of 414,663 restricted shares of authorized common stock, par value $0.001 per share.

On April 21, 2017, 5,252 shares of Series A Preferred stock were converted into an aggregate of 525,240 restricted shares of authorized common stock, par value $0.001 per share.

**Note 6 - Commitments**

***Operating Leases***

***Office Space***

The Company pays TAG Aviation, a company owned by its Chief Executive Officer, Jarrett Gorlin ("Mr. Gorlin") for office space that is currently being used as the Company's principal business location plus utilities cost (see "Related Party Transactions") on a monthly basis. Base annual rent is $2,147 per month. Rent expense and utilities cost paid to TAG Aviation amounted to approximately $6,300 and $15,700 for the three and six months ended June 30, 2017, respectively. Rent expense and utilities cost paid to TAG Aviation amounted to approximately $7,500 and $15,000 for the three and six months ended June 30, 2016, respectively.

On July 8, 2015, the Company entered into a 3 year lease agreement for a commercial building which commenced on August 1, 2015. Base rent for the three and six months ended June 30, 2017 was $2,849 per month. Total lease expense for the three and six months ended June 30, 2017 was approximately $8,550 and $17,100, respectively, related to this lease. Total lease expense for the three and six months ended June 30, 2016 was approximately $8,250 and $16,500, respectively, related to this lease.

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

For the year ending:

| | |
|---|---|
| December 31, 2017 | $ 17,600 |
| December 31, 2018 | 21,000 |
| | $ 38,600 |

***Equipment***

The Company entered into a non-cancelable 36 month operating lease agreement for equipment on April 22, 2015. The agreement is renewable at the end of the term and requires the Company to maintain comprehensive liability insurance. Total lease expense was approximately $700 and $1,400, respectively, for the three and six months ended June 30, 2017 and 2016.

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

For the year ending:

| | |
|---|---|
| December 31, 2017 | $ 1,400 |
| December 31, 2018 | 800 |
| | $ 2,200 |

***Purchase Orders***

For the three and six months ended June 30, 2017, the Company had approximately $130,000 in outstanding purchase order obligations related to the build of the DenerveX System to Bovie Medical Corporation ("Bovie").

***Consulting Agreements***

In January 2017, the consulting agreement with one of the Company's founding stockholders to provide business development consulting services was modified from $5,000 per month to $10,000 per month and extended through January 2018. The Company paid $30,000 and $55,000, respectively, for the three and six months ended June 30, 2017 under this new arrangement. The Company paid $15,000 and $30,000, respectively, for the three and six months ended June 30, 2016 under the previous arrangement.

***Employment Agreements***

The Company has Employment Agreements with each of its five executive officers for aggregate compensation amounting to approximately $994,000 per annum, plus customary benefits. These employment agreements, having commenced at separate dates, are for terms of three years which began in October 2013 and end in January 2018.

***Generator development agreement***

The Company is obligated to reimburse Bovie up to $295,000 for the development of the Pro-40 electrocautery generator. The Company paid approximately $0 and $31,000, respectively, for the three and six months ended June 30, 2017 under this agreement. The Company paid approximately $24,000 for the three and six months ended June 30, 2016 under this agreement.

**Note 7 – Short Term Liabilities**

***Finance Agreement***

The Company entered into a commercial insurance premium finance and security agreement in December 2016. The agreement finances the Company's annual D&O insurance premium. Payments are due in quarterly installments of approximately $23,000 and carry an annual percentage interest rate of 4.9%.

The Company had paid the yearly premium in full and had no outstanding balance at June 30, 2017 related to the agreement.

***Promissory Notes***

In conjunction with the consummation of the Streamline acquisition on March 25, 2015, the Company assumed two promissory notes for approximately $135,000 and $125,000 to the Bank of North Dakota New Venture Capital Program and North Dakota Development Fund, both outside non-related parties. Payments on both of the notes are due in aggregate monthly installments of approximately $5,700 and carry an interest rate of 5%. Both of the notes have a maturity date of August 1, 2019. The promissory notes, including interest, had outstanding balances of approximately $147,000 and $181,000 at June 30, 2017 and December 31, 2016, respectively.

Expected future payments related to the promissory notes as of June 30, 2017, are approximately as follows:

For the year ending:

| | |
|---|---|
| December 31, 2017 | $ 34,000 |
| December 31, 2018 | 68,000 |
| December 31, 2019 | 45,000 |
| | $ 147,000 |

The Company paid interest expense related to the promissory notes for the three and six months ended June 30, 2017 in the amount of approximately $2,000 and $3,800, respectively. The Company paid interest expense related to the promissory notes for the three and six months ended June 30, 2016 in the amount of approximately $2,600 and $5,400, respectively. The Company had unpaid accrued interest in the amount of approximately $69,000 at June 30, 2017 and December 31, 2016 related to the promissory notes.

**Note 8 – Common Stock Warrants**

A summary of the Company's warrant issuance activity and related information for the six months ended June 30, 2017 is as follows:

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life |
|---|---|---|---|
| Outstanding at 12/31/2016 | 3,504,847 | $ 1.85 | 3.9 |
| Issued | 2,411,338 | $ 1.50 | 4.6 |
| Cancelled | (200,000) | $ 1.625 | -- |
| Outstanding and exercisable at 6/30/2017 | 5,716,185 | $ 1.89 | 3.8 |

As described in Note 5, 200,000 warrants were cancelled and 200,000 shares of common stock were issued to the Noteholders' as consideration for converting the Company's short-term debt.

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

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

| Event Description | Date | MDVX Stock Price | Exercise Price of Warrant | Grant Date Fair Value | Life of Warrant | Risk Free Rate of Return (%) | Annualized Volatility Rate (%) |
|---|---|---|---|---|---|---|---|
| Private Placement | 2/8/17 | $ 1.04 | $ 1.50 | $ 0.75 | 5 years | 1.81 | 104.49 |

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

**Note 9 – Discontinued operations**

Effective December 7, 2016, the Company sold all Streamline related assets after the Board authorized management to seek buyers for Streamline in May 2016. The Company sought additional funds to complete the development and launch of the Company's primary product, the DenerveX System, and the decision to sell the Streamline assets helped raise part of the necessary funds required for continuing operations of the Company in a non-dilutive manner to existing shareholders.

The results of the discontinued operations, which represents Streamline's IV Suspension System ("ISS"), for the three and six months ended June 30, 2017 and 2016 are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **Revenues** | $ -- | $ -- | $ -- | $ -- |
| **Operating Expenses** | | | | |
| General and administrative | -- | 64,797 | 1,163 | 144,631 |
| Research and development | -- | 13,318 | -- | 59,418 |
| Depreciation and amortization | -- | 47,445 | -- | 189,652 |
| **Total Operating Expenses** | -- | 125,560 | 1,163 | 393,701 |
| **Operating Loss** | -- | (125,560) | (1,163) | (393,701) |
| **Other Expenses** | | | | |
| Interest expense | -- | 2,603 | -- | 5,359 |
| **Total Other Expenses** | -- | 2,603 | -- | 5,359 |
| **Net Loss** | $ -- | $ (128,163) | $ (1,163) | $ (399,060) |

Cash flows from discontinued operations are as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| **Cash Flows used in Operating Activities** | $ (1,163) | $ (418,605) |
| **Cash Flows used in Investing Activities** | -- | -- |
| **Cash Flows used in Financing Activities** | -- | (30,113) |
| **Net Cash Used in Discontinued Operations** | $ (1,163) | $ (448,718) |

No amortization expense was recognized related to the discontinued intangible assets for the three and six months ended June 30, 2017. Amortization expense related to the discontinued intangible assets for the three and six months ended June 30, 2016 was approximately $47,000 and $190,000, respectively.

No depreciation expense was recognized for the three and six months ended June 30, 2017. Depreciation expense amounted to $64 and $128, respectively, for the three and six months ended June 30, 2016.

**Note 10 - Income Taxes**

For the period from February 1, 2013 (inception) to June 30, 2017, the Company has incurred net losses and, therefore, has no current income tax liability. The net deferred tax asset generated by these losses, which principally consist of start-up costs deferred for income tax purposes, is fully reserved as of June 30, 2017 and December 31, 2016, since it is currently more likely than not that the benefit will not be realized in future periods.

The Company is required to file federal income tax returns and state income tax returns in the states of Florida, Georgia and Minnesota. There are no uncertain tax positions at June 30, 2017 or December 31, 2016. The Company has not undergone any tax examinations since inception.

**Note 11 - Related-Party Transactions**

***Royalty Agreement***

The Company has a Contribution and Royalty Agreement with Dr. Haufe. The agreement provides for the Company to pay Dr. Haufe royalties equal to 1% of revenues earned from sales of any and all products derived from the use of the DenerveX technology. No royalties have been paid or are payable as of June 30, 2017.

***Co-Development Agreement***

The Company has a Co-Development Agreement with Dr. Andrews. The agreement provides for the Company to pay Dr. Andrews a royalty of 2% of revenues earned from applicable product sales over a period of 5 years. No royalties have been paid or are payable as of June 30, 2017.

***Aviation Expense***

Periodically the Company may charter general aviation aircraft from TAG Aviation LLC (“TAG”), a company owned by Mr. Jarrett Gorlin. The Company believes that such aircraft charter is on terms no less favorable then it would receive from a third party. No general aviation expenses were paid to TAG for the three and six months ended June 30, 2017. General aviation expenses paid to TAG for the three and six months ended June 30, 2016, were approximately $0 and $9,000, respectively

***Operating Lease***

As described in Note 6, the Company pays TAG Aviation LLC, (“TAG”), a company owned by Mr. Gorlin, for month to month rental of office space at Dekalb-Peachtree Airport in Atlanta Georgia plus cost of utilities. Rent payments under this arrangement were $1,800 per month through August 31, 2016. Effective September 1, 2016, rent payments under this arrangement increased to $2,147 per month.

Rent expense and utilities cost paid to TAG Aviation amounted to approximately $6,300 and $15,700 for the three and six months ended June 30, 2017, respectively. Rent expense and utilities cost paid to TAG Aviation amounted to approximately $7,500 and $15,000 for the three and six months ended June 30, 2016, respectively.

***Consulting Expense***

As described in Note 6, the Company paid $30,000 and $55,000, respectively, for the three and six months ended June 30, 2017 to a founding stockholder for business advisory services. The Company paid $15,000 and $30,000, respectively, for the three and six months ended June 30, 2016.

**Note 12 - Research and Development**

***Devicix Prototype Manufacturing Agreement***

In November 2013, the Company accepted a proposal from Devicix, a Minneapolis, Minnesota based FDA registered contract designer and developer, to develop a commercially viable prototype of its product that could be used to receive regulatory approval from the FDA and other international agencies for use on humans to relieve pain associated with Facet Joint Syndrome. Through June 30, 2017, we have paid approximately $1,769,000 to Devicix, of which approximately $16,000 was included in accounts payable as of June 30, 2017.

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

The Company incurred expenses of approximately $32,000 and $239,000, respectively, for the three and six months ended June 30, 2017. The Company incurred expenses of approximately $119,000 and $237,000, respectively, for the three and six months ended June 30, 2016.

***Denervex Generator Manufacturing Agreement***

The DenerveX device requires a custom electrocautery generator for power. As described in Note 6, in November 2014, the Company contracted with Bovie to customize one of their existing electrocautery generators for use with DenerveX Device, and then manufacture that unit on a commercial basis once regulatory approval for the DenerveX is obtained. The Bovie agreement requires a base $295,000 development fee to customize the unit, plus additional amounts if further customization is necessary beyond predetermined estimates.

The Company paid approximately $0 and $31,000, respectively, for the three and six months ended June 30, 2017 to Bovie. The Company paid approximately $24,000 for the three and six months ended June 30, 2016 to Bovie. Through June 30, 2017, we have paid approximately $420,000 to Bovie.

***Nortech Manufacturing Agreement***

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

Actual work on development of the final units began in November 2014. The Company paid approximately $68,000 and $140,000, respectively, to Nortech for the three and six months ended June 30, 2017. The Company paid approximately $83,000 and $112,000, respectively, to Nortech for the three and six months ended June 30, 2016.

Through June 30, 2017, we have incurred expenses of approximately $884,000 to Nortech, of which approximately $39,000 was included in accounts payable as of June 30, 2017.

**Note 13– Liquidity, Going Concern and Management's Plans**

The Company incurred net losses of approximately $3,475,000 and $11,376,000 for the six months ended June 30, 2017 and 2016, respectively. The Company will continue to incur losses until such time as it can bring a sufficient number of approved products to market and sell them with margins sufficient to offset expenses.

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

As discussed in Note 5, in February 2017, the Company obtained approximately $2,618,000, net of fees, in a private equity financing. The Company will require additional cash in 2017 and is exploring other fundraising options for 2017. No assurances can be provided regarding the success of such efforts. Furthermore, if the Company is unable to raise sufficient financing in 2017, it could be required to undertake initiatives to conserve its capital resources, including delaying or suspending the development of its technology. These matters raise substantial doubt about the Company's ability to continue as a going concern.

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

**Note 14 - Subsequent Events**

On July 14, 2017, the Company entered into a Securities Purchase Agreement with selected accredited investors whereby the Company sold an aggregate of 2,956,043 shares of common stock and 1,478,022 warrants to purchase common stock. The Offering resulted in $2,657,000 in net proceeds to the Company. The common stock shares were sold at $0.91 per share which was the closing price of the Company's common stock on July 13, 2017, the day prior to the agreement. Each warrant has an exercise price of $1.15 and is exercisable for a period of five years commencing six months from the date of issuance.

Nasdaq continues to monitor the Company's ongoing compliance with the stockholders' equity requirement after a deficiency notice was received in August 2016 for non-compliance with listing rule 5550(b), which requires a minimum $2,500,000 stockholders' equity for continued listing on the Nasdaq capital market. The Company's stockholders' equity of $794,212, as reported in this current quarterly report on form 10-Q for the quarter ended June 30, 2017, evidenced non-compliance with the listing rule. However, as reported in the Form 8-K dated August 4, 2017, after receiving net proceeds of approximately $2,657,000 in a private placement of equity, the Company received a letter from the Nasdaq hearings panel which determined to grant the Company's request for continued listing on The Nasdaq Stock Market

subject to the conditions described therein.

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

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

**Overview**

MedoveX was incorporated in Nevada on July 30, 2013 as Spinez Corp. MedoveX is the parent company of Debride, which was incorporated under the laws of Florida on October 1, 2012. The Company is in the business of designing and marketing proprietary medical devices for commercial use in the United States and Europe. The Company received CE marking in June 2017 for the DenerveX System and is currently seeking approval from the FDA.

**DenerveX**

Our first acquisition was the DenerveX device. We believe that the DenerveX device can be developed to encompass a number of medical applications, including pain relief.

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

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

Our intention is to market the product as a disposable, single-use kit which will include all components of the DenerveX device product. In addition to the DenerveX device itself, we are developing a dedicated Electro Surgical Generator, the DenerveX Pro-40, to power the DenerveX device.

The generator would be provided to customers agreeing to purchase the DenerveX device, and could not be used for any other purpose.

We accepted a proposal from Devicix, a Minneapolis, Minnesota third party design and development firm, in November 2013, to develop a prototype device. This proposal included a 5-phase development plan, culminating in the production of a prototype that could be used for validation purposes. We have recently completed the final stages of the build and test phase of the device, culminating in receiving CE marking to market the product in Europe. We anticipate very minimal, if any, additional build and test related expenses, which consists of product design verification activities, in the future as we launch the DenerveX System in Europe. Through June 30, 2017, we have paid approximately $1,769,000 to Devicix.

In November 2014, we selected Nortech Systems Inc. ("Nortech"), a Minneapolis, Minnesota based FDA registered contract manufacturer, to produce test DenerveX devices from the prototype supplied by Devicix for use in final development and non-clinical testing. The agreement with Nortech includes agreed upon per unit prices for delivery of the devices. Actual work on development of the final units began in November 2014. Through June 30, 2017, we have paid approximately $884,000 to Nortech.

Also in November 2014, we engaged Bovie Medical Corporation ("Bovie"), a Delaware Corporation, to develop the Electro Surgical Generator and provide post production support services. Per our agreement with Bovie, we are invoiced based on deliverables produced by Bovie, which was originally supposed to amount to $295,000 upon completion of all the deliverables. Through June 30, 2017, we have paid approximately $420,000 to Bovie for production services. The original $295,000 agreement was a base number along the pathway of development. Additional requirements were incurred as the research and development process progressed and as a result certain prices increased and additional costs were incurred to further customize the DenerveX System.

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

Additionally, the company has tested the DenerveX System in an extensive living tissue model under very strict Good Laboratory Practice Standards to measure, verify, and establish its' effectiveness for performance as a system. Other testing will include device sterilization, shelf life verification and shipping and performance testing to very specific standards.

The DenerveX System (the DenerveX Device and the DenerveX Pro-40 generator) was successfully tested as a system by SGS, a world leader in safety performance testing, and received certification of compliance in January 2017. SGS, a highly respected testing and verification firm, tested the DenerveX System using an extensive set of testing standards.

*Regulatory Approval*

The Company received CE marking in June 2017 for the DenerveX System and it is now commercially available throughout the European Union and countries that accept CE Mark. In the future, the Company will seek marketing clearance from the FDA for commercialization of the DenerveX System in the US.

We will provide a copy of the CE certificate along with other necessary documentation to obtain regulatory approval for commercialization of the DenerveX System throughout certain other countries which may include Columbia, Peru, Argentina, Mexico, Turkey, Israel, New Zealand, Australia and other countries. The documentation required to accompany the CE Mark to obtain regulatory approval in the aforementioned countries may include copies of the ISO 3485 certification, the SGS certificate of approval and a statement of Good Manufacturing Practices ("GMP").

*First Sales of the DenerveX System*

Following receipt of the CE mark certificate in June 2017, we have subsequently received the first commercial orders of the DenerveX System from multiple distributors in Europe. We will be reporting revenue for the first sales of the DenerveX System in the Company's next quarterly report for the three month period ending September 30, 2017.

**Critical Accounting Policies and Estimates**

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

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

Our significant accounting policies are described in more detail in the notes to our consolidated financial statements for the fiscal year ended December 31, 2016, included in the Company's Annual Report on Form 10K.

**Factors Which May Influence Future Results of Operations**

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

**Operating Expenses**

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

***Research and Development Expenses***

Research and development costs and expenses consist primarily of fees paid to external service providers, laboratory supplies, costs for facilities and equipment, and other costs for regulatory, patent, and research and development activities. For the three and six months ended June 30, 2017, the Company incurred approximately $56,000 and $392,000, respectively, in research and development expenses. For the three and six months ended June 30, 2016, the Company incurred approximately $233,000 and $376,000, respectively, in research and development expenses.

Research and development expenses are recorded in operating expenses in the period in which they are incurred. Estimates have been used in determining the liability of certain costs where services have been performed but not yet invoiced.

We monitor levels of performance under each significant contract for external service providers, including the extent of patient enrollment and other activities through communications with the service providers to reflect the actual amount expended.

We anticipate a significant decline in research and development related expenses in the future as we launch the DenerveX System in Europe.

***General and Administrative Expenses***

For the three and six months ended June 30, 2017, the Company incurred approximately $461,000 and $917,000, respectively, in personnel costs. For the three and six months ended June 30, 2016, the Company incurred approximately $400,000 and $800,000, respectively, in personnel costs.

Professional fees were approximately $359,000 and $802,000, respectively, for the three and six months ended June 30, 2017. Professional fees were approximately $349,000 and $698,000, respectively, for the three and six months ended June 30, 2016.

Professional fees consist primarily of accounting, legal, patent and public company compliance costs as well as regulatory costs incurred to obtain CE Mark in Europe.

Travel expenses were approximately $66,000 and $102,000, respectively, for the three and six months ended June 30, 2017. Travel expenses were approximately $58,000 and $80,000, respectively, for the three and six months ended June 30, 2016.

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

***Sales and Marketing Expenses***

For the three and six months ended June 30, 2017, the Company incurred approximately $146,000 and $228,000, respectively, in sales and marketing expenses. For the three and six months ended June 30, 2016, the Company incurred approximately $40,000 and $62,000, respectively, in sales and marketing expenses. Sales and marketing expense consists primarily of fees paid to vendors for tradeshows and consultants in correlation with the pre-launch of the DenerveX System in Europe.

***Depreciation and Amortization***

Depreciation and amortization expense are recorded in the period in which they are incurred. The Company recognized approximately $7,000 and $13,000, respectively, in depreciation expense for the three and six months ended June 30, 2017. The Company recognized approximately $2,000 and $4,000, respectively, in depreciation expense for the three and six months ended June 30, 2016.

For the three and six months ended June 30, 2016, the Company recognized approximately $47,000 and $190,000, respectively, in amortization expense. Amortization expense is a result of amortizing the intangible assets acquired in the Streamline acquisition in March 2015. Amortization expense is included in the total loss from discontinued operations for the three and six months ended June 30, 2016.

**Results of Continued Operations**

***Three and Six Months Ended June 30, 2017 Compared to the Three and Six Months Ended June 30, 2016***

Total operating expenses decreased approximately $6,597,000, or 84%, to approximately $1,235,000 for the three months ended June 30, 2017, as compared to approximately $7,832,000 for the three months ended June 30, 2016. The significant decrease is the result of the goodwill impairment loss of approximately $6,456,000 that was recognized in June 2016 with the write-down of the Streamline related intangible assets. Impairment charges aside, total operating expenses would have approximated $1,376,000 for the three months ended June 30, 2016, resulting in a decrease of approximately $141,000, or 10%, for the three months ended June 30, 2017.

Total operating expenses decreased approximately $5,968,000, or 66%, to approximately $3,081,000 for the six months ended June 30, 2017, as compared to approximately $9,049,000 for the six months ended June 30, 2016. The significant decrease is the result of the goodwill impairment loss of approximately $6,456,000 that was recognized in June 2016 with the write-down of the Streamline related intangible assets. Impairment charges aside, total operating expenses would have approximated $2,593,000 for the six months ended June 30, 2016, resulting in an increase of approximately $488,000, or 19%, for the six months ended June 30, 2017.

Without the impairment charges, the increase in expenses during the six month period ending June 30, 2017 over the prior year for the same period is primarily the result of additional sales and marketing and investor relations expenses incurred to pay consultants to help promote market awareness of the Company’s common stock. Additionally, the increase is attributable to additional research and development as well as regulatory costs incurred as we entered into the final stages of the development and verification of the DenerveX System and applied for CE Mark certification. We continued to incur similar costs associated with being a public entity.

**Results of Discontinued Operations**

Our discontinued operations generated net losses of approximately $1,000 and $399,000, respectively, for the six months ended June 30, 2017 and 2016.

**Funding Requirements**

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

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

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

**Going Concern**

Our independent registered public accounting firm has included an explanatory paragraph with respect to our ability to continue as a going concern in its report on our consolidated financial statements for the years ended December 31, 2016 and 2015. The presence of the going concern explanatory paragraph suggests that we may not have sufficient liquidity or minimum cash levels to operate the business. Since our inception, we have incurred losses and anticipate that we will continue to incur losses until such time as our products can generate enough revenue to offset our operating expenses. We received approximately $2,618,000 of net proceeds in a private placement of common stock in February 2017. We also received approximately $2,657,000 of net proceeds from another private placement of common stock in July 2017. We believe these funds will be sufficient to maintain uninterrupted operations while we pursue our near term operational plans and pursue other fund raising initiatives that will be required in 2017. No assurances can be provided regarding the success of such efforts. Furthermore, if the Company is unable to raise sufficient financing in 2017, it could be required to undertake initiatives to conserve its capital resources. These matters raise substantial doubt about the Company's ability to continue as a going concern.

**Liquidity and Capital Resources**

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

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

**Sources of Liquidity**

*Equity*

On February 9, 2017, the Company entered into a Unit Purchase Agreement with selected accredited investors whereby the Company had the right to sell in a private placement a minimum of $3,000,000 and up to a maximum of $5,000,000 of units. Each Unit had a purchase price of $100,000 and consisted of (i) 96,154 shares of the Company's common stock, par value $0.001 per share at a purchase price of $1.04 per share, and (ii) a warrant to purchase 48,077 shares of common stock. Each warrant has an initial exercise price of $1.50 per share and is exercisable for a period of five (5) years from the date of issuance.

The offering resulted in gross proceeds of $3,022,000 and resulted in the issuance of an aggregate of 1,631,730 shares of common stock, 12,740 shares of Series A convertible preferred stock and warrants to purchase 2,005,761 shares of common stock. The placement agent collected an aggregate of approximately $350,000 in total fees related to the offering and warrants to purchase an aggregate of 405,577 shares of common stock at a price of $1.50 per share.

Each share of Series A preferred stock may be converted into shares of fully paid and non-assessable shares of common stock at a rate of one hundred shares of the Company's common stock for every share of Series A preferred stock.

On July 14, 2017, the Company entered into a Securities Purchase Agreement with selected accredited investors whereby the Company sold an aggregate of 2,956,043 shares of common stock and 1,478,022 warrants to purchase common stock. The Offering resulted in $2,657,000 in net proceeds to the Company. The common stock shares were sold at $0.91 per share which was the closing price of the Company's common stock on July 13, 2017, the day prior to the agreement. Each warrant has an exercise price of $1.15 and is exercisable for a period of five years commencing six months from the date of issuance.

*Debt*

On February 9, 2017, the Company's $1,150,000 short-term note payable was converted into an aggregate of 165,865 shares of common stock and 9,399 shares of Series A convertible preferred stock, eliminating the Company's debt obligation. The debt was converted into shares at $1.04 per share, which was the offering price of the Company's stock in the February private placement. The Series A convertible preferred stock is convertible into shares of common stock at $1.04 per share.

Each share of Series A preferred stock may be converted into shares of fully paid and non-assessable shares of common stock at a rate of one hundred shares of the Company's common stock for every share of Series A preferred stock.

As consideration for converting the debt, the noteholders' agreed to receive common stock in lieu of the 200,000 warrants to purchase common stock that were issued in conjunction with the short term loan, see Note 7 of the condensed consolidated financial statements.

As a result, the 200,000 warrants were cancelled, and the Company issued to the noteholders' an aggregate of 200,000 shares of common stock. The closing price of the Company's stock on February 9, 2017, the day the shares were issued, was $1.04 per share. The fair value of the common stock issued was approximately $208,000.

| **Working Capital Surplus (Deficit)** | **June 30, 2017** | **December 31, 2016** |
|---|---|---|
| Current Assets | $ 1,092,000 | $ 1,258,000 |
| Current Liabilities | 322,000 | 1,851,000 |
| Working Capital Surplus (Deficit) | $ 770,000 | $ (593,000) |

***Cash Flows***

Cash activity for the six months ended June 30, 2017 and 2016 is summarized as follows:

| | **Six Months Ended June 30,** | |
|---|---|---|
| | **2017** | **2016** |
| Cash used in operating activities | $ (2,655,000) | $ (2,373,000) |
| Cash used in investing activities | (10,000) | (5,000) |
| Cash provided by financing activities | 2,521,000 | 1,096,000 |
| Net (decrease) in cash and cash equivalents | $ (144,000) | $ (1,282,000) |

As of June 30, 2017, the Company had approximately $749,000 of cash on hand.

**Off-Balance Sheet Arrangements**

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

**Contractual Obligations and Commercial Commitments**

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

The Company rents commercial office space in Alpharetta, GA. Base annual rent is currently set at $2,849 per month and the lease term ends July 31, 2018.

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

The Company has a consulting agreement with Lifeline Industries Inc., a related party, at a monthly fee of $10,000 through February 9, 2018.

The Company has outstanding material purchase order obligations of approximately $130,000 related to the build of the DenerveX device at June 30, 2017.

The Company has a consulting agreement with a sales manager in Europe to provide sales, marketing, and distribution consulting services at a monthly fee of €11,667 through April 30, 2019.

The Company also has employment agreements with the executive officers that commit the Company to a six month severance and benefits package if those employees separate under certain conditions, including a change in control of the Company.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not applicable to smaller reporting companies.

**ITEM 4. CONTROLS AND PROCEDURES.**

*Disclosure Controls and Procedures*

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework*. Based on our assessment, management concluded that a material weakness existed in internal control over financial reporting and our disclosure controls. Specifically, our Chief Financial Officer currently performs almost all of the accounting related functions. In order to achieve proper segregation of accounting related duties, another person will have to be hired and duties allocated so this material weakness can be corrected.

*Changes in Internal Control Over Financial Reporting*

During the quarter ended June 30, 2017, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

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

### ITEM 1A. RISK FACTORS.

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

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

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

### ITEM 5. OTHER INFORMATION.

Not applicable.

### ITEM 6. EXHIBITS.

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

**SIGNATURES**

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

Date: August 14, 2017

MEDOVEX CORP

By: /s/ Jarrett Gorlin
Jarrett Gorlin
*Chief Executive Officer*
*(Principal Executive Officer)*

By: /s/ Jeffery Wright
Jeffery Wright
*Chief Financial Officer*
*(Principal Financial Officer and Principal Accounting Officer)*

**EXHIBIT INDEX**

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

* Filed herewith.

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

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

**EXHIBIT 31.1**

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

I, Jarrett Gorlin, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2017, of MedoveX Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2017

/s/ Jarrett Gorlin
Jarrett Gorlin,
Chief Executive Officer

**EXHIBIT 31.2**

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

I, Jeffery Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2017, of MedoveX Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2017

/s/ Jeffery Wright
Jeffery Wright,
Chief Financial Officer

**EXHIBIT 32.1**

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

Each of the undersigned, Jarrett Gorlin and Jeffery Wright, certifies pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, that (1) this quarterly report on Form 10-Q for the quarter ended June 30, 2017, of MedoveX Corp. (the "Company") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (2) the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2017

/s/ Jarrett Gorlin
Jarrett Gorlin,
Chief Executive Officer

/s/ Jeffery Wright
Jeffery Wright,
Chief Financial Officer