

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 March 31, 2017**

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 333-184948**

**Heatwurx, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**45-1539785**  
(IRS Employer  
Identification No.)

**530 S Lake Avenue #615  
Pasadena, CA 91101**  
(Address of principal executive offices and Zip Code)

**(626) 364-5342**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant 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) YES  NO

Indicate by check mark whether the registrant 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

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The registrant has 11,017,388 shares of common stock outstanding as of September 28, 2017.

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**HEATWURX, INC.**  
**FORM 10-Q**  
**For the Quarter Ended March 31, 2017**

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

**HEATWURX, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
*(Unaudited)*

	March 31, 2017	December 31, 2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,639	\$ 3,237
Total current assets	1,639	3,237
<b>TOTAL ASSETS</b>	<b>\$ 1,639</b>	<b>\$ 3,237</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 179,322	\$ 166,165
Accrued liabilities	144,027	134,513
Interest payable	123,758	108,608
Interest payable, related party	379,362	332,566
Income taxes payable	200	200
Current portion of senior secured notes payable, related party	962,361	962,361
Current portion of unsecured notes payable	420,000	420,000
Revolving line of credit	91,980	91,980
Revolving line of credit, related party	138,000	138,000
Total current liabilities	2,439,010	2,354,393
<b>TOTAL LIABILITIES</b>	<b>2,439,010</b>	<b>2,354,393</b>
<b>STOCKHOLDERS' DEFICIT:</b>		
Series D preferred stock, \$0.0001 par value, 178,924 shares issued and outstanding at March 31, 2017 and December 31, 2016; liquidation preference of \$875,331 at March 31, 2017 and \$864,743 at December 31, 2016	18	18
Common stock, \$0.0001 par value, 20,000,000 shares authorized; 11,017,388 issued and outstanding at March 31, 2017 and December 31, 2016	1,102	1,102
Additional paid-in capital	14,329,057	14,329,057
Accumulated deficit	(15,341,132)	(15,254,917)
Stockholder's deficit from discontinued operations	(1,426,416)	(1,426,416)
Total stockholders' deficit	(2,437,371)	(2,351,156)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 1,639</b>	<b>\$ 3,237</b>

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

**HEATWURX, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>REVENUE:</b>		
Equipment sales	\$ -	\$ 5,000
Total revenues	-	5,000
<b>COST OF GOODS SOLD</b>		
	-	-
<b>GROSS PROFIT</b>	-	5,000
<b>EXPENSES:</b>		
Selling, general and administrative	13,599	80,515
Research and development	83	-
Total expenses	13,682	80,515
<b>LOSS FROM OPERATIONS</b>	(13,682)	(75,515)
<b>OTHER INCOME AND EXPENSE:</b>		
Interest expense	(61,945)	(56,106)
Total other income and expense	(61,945)	(56,106)
<b>LOSS BEFORE INCOME TAXES</b>	(75,627)	(131,621)
Income taxes	-	-
<b>LOSS FROM CONTINUED OPERATIONS, net of tax</b>	(75,627)	(131,621)
<b>LOSS FROM DISCONTINUED OPERATIONS, net of tax</b>	-	(2,004)
<b>NET LOSS</b>	<b>\$ (75,627)</b>	<b>\$ (133,625)</b>
Preferred Stock Cumulative Dividend and Deemed Dividend	(10,588)	(10,705)
Net loss applicable to common stockholders	\$ (86,215)	\$ (144,330)
Net loss per common share basic and diluted from continuing operations	(0.01)	(0.01)
Net loss per common share basic and diluted from discontinued operations	(0.00)	(0.00)
Net loss per common share basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average shares outstanding used in calculating net loss per common share	11,017,388	11,017,388

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

**HEATWURX, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (75,627)	\$ (133,625)
Less: Loss from discontinued operations, net of tax	-	2,004
Loss from continuing operations	(75,627)	(131,621)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation expense	-	159
Amortization of discount on note payable	-	967
Stock-based compensation	-	5,062
Changes in current assets and liabilities:		
Increase in receivables	-	(25,000)
Decrease in prepaid and other current assets	-	46,453
Decrease (increase) in accounts payable	13,157	10,021
Decrease in accrued liabilities	(1,074)	(840)
Increase in interest payable	15,150	8,325
Increase in interest payable, related party	46,796	42,574
<b>Net cash used in operating activities from continuing operations</b>	<b>(1,598)</b>	<b>(43,900)</b>
<b>Net cash used in operating activities from discontinued operations</b>	<b>-</b>	<b>(6,469)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of assets held for sale	-	27,000
<b>Net cash provided by investing activities from continuing operations</b>	<b>-</b>	<b>27,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of senior secured notes payable	-	15,000
<b>Net cash provided by financing activities from continuing operations</b>	<b>\$ -</b>	<b>\$ 15,000</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,598)</b>	<b>(8,369)</b>
<b>CASH AND CASH EQUIVALENTS,</b>		
beginning of period, including discontinued operations	3,237	14,440
<b>CASH AND CASH EQUIVALENTS,</b>		
Continuing Operations, end of period	<b>\$ 1,639</b>	<b>\$ 2,439</b>
<b>CASH AND CASH EQUIVALENTS,</b>		
Discontinued Operations, end of period	<b>\$ -</b>	<b>\$ 3,632</b>

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

**HEATWURX, INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**1. PRINCIPAL BUSINESS ACTIVITIES:**

*Organization and Business* - Heatwurz, Inc. ("Heatwurz," the "Company") is an asphalt repair equipment and technology company.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

*Basis of Presentation* - These unaudited interim consolidated financial statements and related notes are presented in accordance with the accounting principles generally accepted in the United States ("U.S. GAAP") and are expressed in U.S. dollars. Accordingly, they do not include all disclosures required in the annual financial statements by U.S. GAAP. In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments considered necessary to present fairly in all material respects the financial position as of March 31, 2017.

The Company's consolidated financial statements include Dr. Pave, LLC and Dr. Pave Worldwide, LLC; both wholly-owned subsidiaries of the Company, which are represented in the Company's discontinued operations (Note 3). All intercompany balances and transactions have been eliminated in the consolidated financial statements.

*Interim Financial Statements* - These financial statements should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2016, and have been prepared on a consistent basis with the accounting policies described in Note 2 - Summary of Significant Accounting Policies of the Notes to Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016. Our accounting policies did not change in the first three months of 2017. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017 or any future period.

*Use of estimates* - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Such estimates include management's assessments of the carrying value of certain assets.

*Going Concern and Management's Plan* - The Company's financial statements are prepared using U.S. GAAP and are subject to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company faces certain risks and uncertainties that are present in many emerging companies regarding product development, future profitability, ability to obtain future capital, protection of patents and property rights, competition, rapid technological change, government regulations, recruiting and retaining key personnel, and third party manufacturing organizations.

The Company has previously relied exclusively on private placements with a small group of investors to finance its business and operations. The Company has had little revenue since inception. For the three months ended March 31, 2017, the Company incurred a net loss from continuing operations of approximately \$75,627 and used approximately \$1,598 in net cash from operating activities from continuing operations. The Company had total cash on hand of approximately \$1,639 as of March 31, 2017. The Company is not able to obtain additional financing adequate to fulfill its commercialization activities, nor achieve a level of revenues adequate to support the Company's cost structure. The Company does not currently have any revenue under contract nor does it have any immediate sales prospects. The Company has significantly reduced employees and overhead. The decision to cease operations of Dr. Pave, LLC and Dr. Pave Worldwide, LLC was made on December 31, 2015. These business components are captured within discontinued operations as of March 31, 2017 (Note 3). The Company has significantly scaled back operations to maintain only a minimal level of operations necessary to support our licensee, warehouse the equipment held for the licensee and look for potential merger candidates. It is the Company's intention to move forward as a public entity and to seek potential merger candidates. If the Company fails to merge or be acquired by another company, we will be required to terminate all operations.

Based upon the Company's current financial position and inability to obtain additional financing, the Company was not able to satisfy the mandatory principal payments in 2016 under the \$2,000,000 senior secured debt. The Company will continue to work with the lenders to explore extension or conversion options, but there is no guarantee the lenders will agree to modify the repayment terms of the notes under conditions that will allow the Company to continue to repay the notes, if at all. As these notes are secured by all the assets of the Company, including intellectual property rights, the Company is in default in regard to interest payments on the notes, and the lenders may call the notes and foreclose on the Company's assets.

The issues described above raise substantial doubt about the Company's ability to continue as a going concern. The Company has been solely reliant on raising debt and capital in order to maintain its operations. Previously the Company was able to raise debt and equity financing through the assistance of a small number of investors who have been substantial participants in its debt and equity offerings since the Company's formation. These investors have chosen not to further assist the Company with its capital raising initiatives and, at this time, the Company is not able to obtain any alternative forms of financing and the Company will not be able to continue to satisfy its current or long term obligations. The Company needs to merge with or be acquired by another company. If a candidate is not identified, the Company will be forced to cease operations all together.

The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be different should the Company be unable to continue as a going concern.

Cash and cash equivalents - The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Net income (loss) per share - The Company computes basic and diluted earnings per share amounts pursuant to ASC 260-10-45. Basic earnings per share is computed by dividing net income (loss) available to common shareholders, by the weighted average number of shares of common stock outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted earnings per share is computed by dividing net income (loss) available to common shareholders by the diluted weighted average number of shares of common stock during the period. The diluted weighted average number of common shares outstanding is the basic weighted number of shares adjusted as of the first day of the year for any potentially diluted debt or equity. The computation does not assume conversion, exercise or contingent exercise of securities since that would have an anti-dilutive effect on earnings during the three months ended March 31, 2017 and 2016, respectively.

Subsequent events - The Company follows the guidance in ASC 855-10-50 for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued.

Recent Accounting Pronouncements - From time to time, the Financial Accounting Standards Board ("FASB") or other standard setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting Standards Update ("ASU"). Unless otherwise discussed, we believe that the impact of recently issued guidance will not be material to our consolidated financial statements upon adoption.

In October 2016, the FASB issued ASU 2016-16, Accounting for Income Taxes - Intra-Entity Asset Transfers of Assets other than Inventory ("ASU 2016-16"), which would require the recognition of the tax expense from the sale of an asset other than inventory when the transfer occurs, rather than when the asset is sold to a third party or otherwise recovered through use. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The amendments in this update should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Early adoption is permitted. We are considering the impact the adoption of ASU 2016-16 may have on our results of operations, financial condition, and cash flows.

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (“ASU 2016-15”), which standardizes cash flow statement classification of certain transactions, including cash payments for debt prepayment or extinguishment, proceeds from insurance claim settlements, and distributions received from equity method investments. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The amendments in this update should be applied using a retrospective transition method to each period presented. If impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. Early adoption is permitted. We are considering the impact the adoption of ASU 2016-15 may have on our presentation of cash flows.

From May 2014 through December 2016, the FASB issued several ASUs related to Revenue from Contracts with Customers. These ASUs are intended to provide greater insight into both revenue that has been recognized and revenue that is expected to be recognized in the future from existing contracts. The new guidance is effective for interim and annual periods beginning after December 15, 2017, although entities may adopt one year earlier if they choose. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. We do not believe this new standard will have a material impact on our results of operations, financial condition or cash flows.

### 3. DISCONTINUED OPERATIONS:

In efforts to streamline operations and expenses the Company elected to discontinue the Dr. Pave and Dr. Pave Worldwide entities during 2015. The financial results of these events are represented in discontinued operations included in the March 31, 2017 and 2016 financial statements.

The operating results of the discontinued operations of Dr. Pave and Dr. Pave Worldwide for the three months ended March 31, 2017 and 2016 are summarized below:

	2017	2016
Revenue	\$ --	\$ --
Expense	--	2,004
Net Loss, before taxes	--	(2,004)
Income tax benefit	--	--
Net Loss, net of tax	<u>\$ --</u>	<u>\$ (2,004)</u>

There were no assets or liabilities from discontinued operations as of March 31, 2017 and December 31, 2016.

### 4. NOTES PAYABLE:

Notes consisted of the following as of March 31, 2017.

	Principal Balance	Interest Rate	Accrued Interest	Warrants issued	Warrant Fair Value - Discount	Unamortized Discount
Unsecured notes payable	\$ 420,000	12%	\$ 100,715	139,997	\$ 115,159	\$ --
Secured notes payable	962,361	12% - 18%	335,417	--	--	--
Revolving line of credit	229,980	12% - 18%	66,988	--	--	--
	<u>\$ 1,612,341</u>		<u>\$ 503,120</u>	139,997	\$ 115,159	\$ --

Based upon the Company’s financial position, the Company does not believe it will be able to satisfy the mandatory principal payments in 2017. The Company will work with the lenders to explore extension or conversion options. There is no guarantee the lenders will accommodate our requests. The Company is in default in regard to interest payments on the notes, the Company’s assets may be foreclosed upon.

5. **STOCKHOLDERS' EQUITY:**

Stock Options

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balance, December 31, 2016	269,500	\$ 1.88	2.04
Granted	--	\$ --	--
Exercised	--	\$ --	--
Cancelled	(22,000)	\$ 1.64	--
Balance, March 31, 2017	247,500	\$ 1.90	1.95
Exercisable, March 31, 2017	247,500	\$ 1.90	1.95

The Company recognized no stock-based compensation expense during the three months ended March 31, 2017 and \$5,062 during the three months ended March 31, 2016.

As of March 31, 2017 there was no unrecognized compensation expense related to the issuance of the stock options. As of March 31, 2016 there was \$1,629 of unrecognized compensation expense related to the issuance of the stock options.

Performance Stock Options

There were no performance stock options granted during the three months ended March 31, 2017 and 2016.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2016	40,000	\$ 2.00
Granted	--	--
Exercised	--	--
Cancelled	--	--
Balance, March 31, 2017	40,000	\$ 2.00
Exercisable, March 31, 2017 and December 31, 2016	40,000	\$ 2.00

Warrants

There were no warrants issued during the three months ended March 31, 2017.

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balance, December 31, 2016	2,000,304	\$ 2.36	0.63
Granted	--	--	--
Exercised	--	--	--
Cancelled	(333,329)	\$ 3.00	--
Balance, March 31, 2017	1,666,975	\$ 2.23	0.49

**6. NET LOSS PER COMMON SHARE:**

The Company computes loss per share of common stock using the two-class method required for participating securities. The Company's participating securities include all series of its convertible preferred stock. Undistributed earnings allocated to these participating securities are added to net loss in determining net loss applicable to common stockholders. Basic and Diluted loss per share are computed by dividing net loss applicable to common stockholder by the weighted-average number of shares of common stock outstanding.

Outstanding options and warrants underlying 1,954,475 shares were not included in the computation of diluted loss per share because the exercise price was greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

The calculation of the numerator and denominator for basic and diluted net loss per common share is as follows:

	Three months ended	
	March 31,	
	2017	2016
Net loss from continuing operations	\$ (75,627)	\$ (131,621)
Net loss from discontinued operations	--	(2,004)
Net Loss	(75,627)	(133,625)
<b>Basic and diluted:</b>		
Preferred stock cumulative dividend - Series D	(10,588)	(10,705)
Income applicable to preferred stockholders	(10,588)	(10,705)
Net loss applicable to common stockholders	\$ (86,215)	\$ (144,330)

**7. COMMITMENTS AND CONTINGENCIES:**

*Vendors and Debt* - The Company has significant liabilities as of March 31, 2017 with limited cash flow generated by the sale of Company assets and revenue. The Company has \$323,349 in accounts payable and accrued expenses from continuing operations. In addition, the Company has \$2,115,461 in debt and accrued interest from continuing operations. The Company will work with their vendors and lenders to establish payment plans, explore extensions and conversion of debt.

**8. RELATED PARTY TRANSACTIONS:**

*Dividend and Interest activity*

Justin Yorke is the manager of the JMW Fund, LLC, the San Gabriel Fund, LLC, and the Richland Fund, LLC; and is a director of the Company. Mr. McGrain, our Interim Chief executive officer and Interim Chief financial officer is also a member of the JMW Fund, LLC, the San Gabriel Fund, LLC, and the Richland Fund, LLC. These funds own 4,725,721 shares of common stock and holds warrants to purchase 1,278,186 common shares in the aggregate.

As of March 31, 2017 and December 31, 2016 the Company had secured notes payable with JMW Fund, LLC, the San Gabriel Fund, LLC and the Richland Fund, LLC in the aggregate amount of \$962,361. An outstanding balance of \$138,000 on the revolving line of credit as of March 31, 2017 and December 31, 2016. Mr. Yorke, as the manager of these funds, earned interest from loans payable for the three months ended March 31, 2017 and 2016 of \$46,796 and \$49,739, respectively. Total accrued interest as of March 31, 2017 and 2016 was \$379,362 and \$189,577, respectively.

**9. SUPPLEMENTAL CASH FLOW INFORMATION:**

	Three Months ended	
	March 31,	
	2017	2016
Cash paid for interest	\$ --	\$ 5,211
Cash paid for income taxes	--	--
<b>Non-Cash investing and financing transactions</b>		
Series D Dividend payable in accrued expenses	\$ 10,588	\$ 10,706

**10. SUBSEQUENT EVENTS:**

*Debt offerings*

The Company entered into Secured notes under the senior secured loan agreement in the aggregate amount of \$75,000 on June 9, 2017; \$15,000 on July 26, 2017 and \$105,000 on August 7, 2017.

*Other*

On July 17, 2017, the Company issued a press release entitled “Heatwurx Announces Letter of Intent with Promet Therapeutics, LLC Relating to a Reverse Merger” in which the Company disclosed that it has entered into a non-binding letter of intent to engage in a reverse merger with Promet Therapeutics, LLC.

*Board of Directors*

On August 24, 2017, Mr. Justin Yorke and Mr. Christopher Bragg were appointed to the Board of Directors of the Company.

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

*The following discussion and analysis should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and audited consolidated financial statements and related notes thereto included in our 2016 Annual Report on Form 10-K, and with the unaudited condensed consolidated financial statements and related notes thereto presented in this Quarterly Report on Form 10-Q.*

### **Forward-Looking Statements**

The statements contained in this report that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, need for financing, competitive position, potential growth opportunities, potential operating performance improvements, ability to retain and recruit personnel, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believes," "intends," "may," "should," "anticipates," "expects," "could," "plans," or comparable terminology or by discussions of strategy or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such forward-looking statements.

Factors that may cause actual results to differ materially from current expectations include, but are not limited to:

- risks associated with the asphalt repair industry, including competition, increases in wages, labor relations, energy and fuel costs, actual and threatened pandemics, actual and threatened terrorist attacks, and downturns in domestic and international economic and market conditions;
- risks associated with the asphalt repair industry, including changes in laws or regulations, increases in taxes, rising insurance premiums, costs of compliance with environmental laws and other governmental regulations;
- the availability and terms of financing and capital and the general volatility of securities markets;
- changes in the competitive environment in the asphalt repair industry;
- risks related to natural disasters;
- litigation; and
- other risk factors discussed in the 2016 Annual Report on Form 10-K, filed by the Company with the Securities and Exchange Commission.

Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those expected. We disclaim any intention or obligation to update publicly or revise such statements whether as a result of new information, future events or otherwise.

### **Overview and Basis of Presentation**

Heatwurx, Inc. was incorporated under the laws of the State of Delaware on March 29, 2011 as Heatwurxaq, Inc. and subsequently changed its name to Heatwurx, Inc. on April 15, 2011.

We are an asphalt preservation and repair, equipment company. Our innovative, and eco-friendly hot-in-place recycling process corrects surface distresses within the top 3 inches of existing pavement by heating the surface material to a temperature between 325° and 375° Fahrenheit with our electrically powered infrared heating equipment, mechanically loosening the heated material with our processor/tiller attachment that is optimized for producing a seamless repair, and mixing in additional recycled asphalt pavement and a binder (asphalt-cement), and then compacting repaired area with a vibrating roller or compactor. We consider our equipment to be eco-friendly as the Heatwurx process reuses and rejuvenates distressed asphalt, uses recycled asphalt pavement for filler material, eliminates travel to and from asphalt batch plants, and extends the life of the roadway. We believe our equipment, technology and processes provide savings over other processes that can be more labor and equipment intensive.

Our hot-in-place recycling process and equipment was selected by the Technology Implementation Group of the American Association of State Highway Transportation Officials (“AASHTO TIG”) as an “additionally Selected Technology” for the year 2012. We develop, manufacture and intend to sell our unique and innovative and eco-friendly equipment to federal, state and local agencies as well as contractors for the repair and rehabilitation of damaged and deteriorated asphalt surfaces.

During 2014, we acquired Dr. Pavé, LLC a service company offering asphalt repair and restoration utilizing the Heatwux asphalt repair technology and established a new entity Dr. Pavé Worldwide LLC to house our franchise program providing franchisees with the exclusive Heatwux equipment and processing. We launched our franchise sales program throughout the U.S. in the third quarter of 2014; however, to date, no franchises have been sold. The Company decided not to renew its franchise registrations throughout the U.S. do to the extensive costs. In 2015, we offered license agreements, which grants a license of all Heatwux equipment and supplies and the use of the Heatwux intellectual property within a specified territory. We have one licensee as of March 31, 2017.

We are no longer receiving financial support and we do not believe we will be able to obtain financing from another source. We do not believe we are able to achieve a level of revenues adequate to support our cost structure. Do to the slow growth in the service sector and the high cost of the franchise registrations, we discontinued the operations of Dr. Pavé, LLC and Dr. Pavé Worldwide LLC. In addition, we significantly scaled back operations to maintain only a minimal level of operations necessary to support our licensee and look for potential merger candidates. The Company sold the remaining equipment and inventory to the licensee during 2016. Based upon the Company’s current financial position, the Company does not believe it will be able to satisfy the mandatory principal payments. The Company will work with the lenders to explore extension or conversion options. There is no guarantee the lenders will accommodate our requests. As of March 31, 2017; principal in the amount of \$962,361 is outstanding and payable under the secured notes. These notes are secured by all the assets of the Company, including intellectual property rights. We are in default on the notes, and as a result the Company’s assets may be foreclosed upon.

The issues described above raise substantial doubt about the Company’s ability to continue as a going concern. It is our intention to move forward as a public entity and to seek potential merger candidates. If the Company fails to merge or be acquired by another company, we will be required to terminate all operations.

Section 107 of the JOBS Act provides that an “emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to “opt out” of such extended transition period, and as a result, we will comply with new or revised standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

### **Results of operations**

The following discussion of the financial condition and results of operations should be read in conjunction with the financial statements included herewith. This discussion should not be construed to imply that results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future.

#### *For the three months ended March 31, 2017 compared to the three months ended March 31, 2016*

For the three months ended March 31, 2017, our net loss was approximately \$76,000, compared to a net loss of approximately \$134,000 including loss from discontinued operations of approximately \$2,000 for the same period of 2016. Further description of these losses is provided below.

### ***Revenue***

The Company did not recognize any revenue during the three months ended March 31, 2017 compared to \$5,000 in revenue in the three months ended March 31, 2016. Operations have been significantly reduced; the Company sold equipment to our licensee in the first quarter of 2016. The Company does not anticipate any revenue during 2017 from equipment sales.

### ***Cost of goods sold***

The Company had no cost of goods sold during the three months ended March 31, 2017 and 2016.

### ***Selling, general and administrative***

Selling, general and administrative expenses decreased to approximately \$14,000 for the three months ended March 31, 2017 from approximately \$81,000 for the three months ended March 31, 2016. The decrease in selling, general and administrative expenses is principally due to the significant reduction in operating activities which include a decrease in employee expenses of approximately \$51,000; a decrease in travel and office expenses of approximately \$8,000 which includes commercial insurance, rent and other expenses; and a decrease in legal and investor relations expenses of \$8,000.

### ***Research and Development***

The Company had approximately \$100 in research and development costs during the three months ended March 31, 2017; and no research and development costs during the three months ended March 31, 2016. The Company is only utilizing legal representation to maintain the existing patents.

### ***Liquidity and capital resources***

#### ***Overview***

We have incurred operating losses, accumulated deficit and negative cash flows from operations since inception. As of March 31, 2017, we had an accumulated deficit of approximately \$15,341,000 from operating activities. The Company had total cash on hand of approximately \$1,600 as of March 31, 2017. The Company is not able to obtain additional financing adequate to fulfill its commercialization activities, nor achieve a level of revenues adequate to support the Company's cost structure.

#### ***Operating Activities***

During the three months ended March 31, 2017, the Company used \$1,598 in cash for continuing operations compared to cash used of \$43,900 for continuing operations and \$6,469 for discontinued operations during the three months ended March 31, 2016. This decrease in cash used for operating activities was due to the significant reduction in employees and overhead expenses. The Company has had little revenue since inception. The Company does not currently have any revenue under contract nor does it have any immediate sales prospects. The Company has significantly scaled back operations to maintain only a minimal level of operations necessary to support our licensee and look for potential merger candidates. For the year three months ended March 31, 2017, the Company incurred a net loss from continuing operations of approximately \$76,000. The operations of Dr. Pave, LLC and Dr. Pave Worldwide, LLC were discontinued in 2015 and have not activity in the current period. These business components are included in discontinued operations as of March 31, 2017. It is the Company's intention to move forward as a public entity and to seek potential merger candidates. If the Company fails to merge or be acquired by another company, we will be required to terminate all operations.

#### ***Investing Activities***

There were no investing activities during the three months ended March 31, 2017 compared to proceeds of \$27,000 from the sale of assets held for sale during the three months ended March 31, 2017.

### ***Financing Activities***

There were no investing activities during the three months ended March 31, 2017 compared to cash provided by financing activities of \$15,000 in the three months ended March 31, 2016. This decrease in cash provided by financing activities was due to the Company no longer receiving financial support for the business and operations from their small group of investors. The Company entered into a Senior secured loan agreement on February 16, 2015, extended on March 23, 2016, with JMW Fund, Richland Fund, and San Gabriel Fund (collectively, the "lenders") whereby the lenders agreed to loan to the Company up to an aggregate of \$2,000,000. The interest rate on the notes is 12% per annum and monthly interest payments are due the first day each month beginning March 1, 2015. The notes mature six months from the date of issuance. If any interest payment remains unpaid in excess of 90 days, and the lender has not declared the entire principal and unpaid accrued interest due and payable, the interest rate on that amount only will be increased to 18% per annum, until the past due interest amount is paid in full. The notes and any future notes under the loan agreement are secured by all the assets of the Company, including intellectual property rights. Upon the occurrence of an event of default the lenders have the right to foreclose on the assets of the Company.

Based upon the Company's current financial position and inability to obtain additional financing, we do not believe it will be able to satisfy the mandatory principal payments under the \$2,000,000 senior secured debt. We will continue to work with the lenders to explore additional extension or conversion options as needed. These notes are secured by all the assets of the Company, including intellectual property rights. We are in default on the notes, our assets may be foreclosed upon.

### ***Cash Requirements***

The issues described above raise substantial doubt about our ability to continue as a going concern. We have been solely reliant on raising capital or borrowing funds in order to maintain our operations. We were able to raise debt and equity financing through the assistance of a small number of our investors who have been substantial participants in its debt and equity offerings since our formation. These investors have chosen not to assist us with our capital raising initiatives. At this time we are not able to obtain any alternative forms of financing and we will not be able to continue to satisfy our current or long term obligations. We desire to merge or be acquired by another company. If a candidate is not identified we will cease operations all together.

### **Recent accounting pronouncements**

There were no new accounting pronouncements issued during the three months ended March 31, 2017 that had a material impact or are anticipated to have a material impact on our financial position, cash flows or operating results.

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

As a smaller reporting company, we have elected not to provide the disclosure required by this item.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### ***Evaluation of disclosure controls and procedures***

Our management, with the participation of our Chief Executive Officer, who also serves as our Chief Financial Officer, has concluded, based on evaluation, as of the end of the period covered by this report, that our disclosure controls and procedures (as defined in Rule 15d-15(e) under the Exchange Act) are (1) not effective to ensure that material information required to be disclosed by us in reports filed or submitted by us under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission due to the material weakness noted below, and (2) lacking design to ensure that material information required to be disclosed by us in such reports is accumulated, organized and communicated to our management, including our principal executive officer and principal financial officer, as appropriated, to allow timely decisions regarding required disclosure.

**Material Weakness and Related Remediation Initiatives**

Our management concluded that as of March 31, 2017, the following material weaknesses existed: 1. Due to the Company’s budget constraints, the Company’s accounting department does not maintain the number of accounting personnel (either in-house or external) necessary to ensure more complete and effective financial reporting controls.

Through the efforts of management, external consultants, and our Director, we have developed a specific action plan to remediate the material weaknesses. Due to the significant reduction in operations, the Company was unable to remediate the material weakness during 2017.

We have fewer than 300 record holders and, thus, our reporting obligations were automatically suspended. As a voluntary filer, we may choose to cease filing Exchange Act reports at any time.

**Changes in internal control over financial reporting**

There has been no change in our internal control over financial reporting, as defined in Rules 13a-15(f) of the Exchange Act, during our most recent fiscal quarter ended March 31, 2017, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**ITEM 1A. RISK FACTORS**

See “Item 1A - Risk Factors” as disclosed in Form 10-K as filed with the Securities and Exchange Commission on September 25, 2017.

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

None

**ITEM 6. EXHIBITS**

<b>SEC Ref. No.</b>	<b>Title of Document</b>
31.1	Rule 15d-14(a) Certification by Principal Executive Officer and Principal Financial Officer
32.1	Section 1350 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 Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

**SIGNATURES**

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

**Heatwurx, Inc.**

Date: October 4, 2017

By: /s/ John P. McGrain  
John P. McGrain, Interim Chief Executive Officer and  
Interim Chief Financial Officer  
(Principal Executive Officer and Principal Financial and  
Accounting Officer)

## Certification

I, John McGrain, certify that:

1. I have reviewed this Form 10-Q quarterly report of Heatwurx, Inc. for the quarter ended March 31, 2017;
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: October 4, 2017

/s/ John P. McGrain

John P. McGrain, Chief Executive Officer and Chief Financial Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Heatwurx, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission (the "Report"), the undersigned principal executive officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 4, 2017

/s/ John P. McGrain

John P. McGrain, Chief Executive Officer and Chief Financial Officer  
(Principal Executive Officer)