

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

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: 001-37854

Ekso Bionics Holdings, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

99-0367049

(I.R.S. Employer
Identification No.)

**101 Glacier Point, Suite A
San Rafael, CA**

(Address of principal executive offices)

94901

(Zip Code)

(510) 984-1761

(Registrant's telephone number, including area code)

(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: Title of each class Trading Name of each exchange on which registered:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	EKSO	Nasdaq Capital Market

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

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 ☒

The number of shares of registrant's common stock outstanding as of October 23, 2023 was 14,234,818.

Ekso Bionics Holdings, Inc.
Quarterly Report on Form 10-Q
Table of Contents

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	4
Condensed Consolidated Balance Sheets as of September 30, 2023 (unaudited) and December 31, 2022	4
Condensed Consolidated Statements of Operations and Comprehensive Loss for the Three and Nine Months ended September 30, 2023 and 2022 (unaudited)	5
Condensed Consolidated Statements of Stockholders' Equity for the Three and Nine Months ended September 30, 2023 and 2022 (unaudited)	6
Condensed Consolidated Statements of Cash Flows for the Nine Months ended September 30, 2023 and 2022 (unaudited)	8
Notes to Condensed Consolidated Financial Statements (unaudited)	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	32
Item 3. Quantitative and Qualitative Disclosures About Market Risk	41
Item 4. Controls and Procedures	41
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	42
Item 1A. Risk Factors	42
Item 5. Other Information	42
Item 6. Exhibits	43
Signatures	44

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Ekso Bionics Holdings, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except par value)

	September 30, 2023	December 31, 2022
	(unaudited)	(Note 2)
Assets		
Current assets:		
Cash and restricted cash	\$ 9,937	\$ 20,525
Accounts receivable, net of allowances of \$8 and \$40, respectively	5,873	4,625
Inventories	5,487	5,187
Prepaid expenses and other current assets	1,065	700
Total current assets	22,362	31,037
Property and equipment, net	2,086	2,680
Right-of-use assets	1,053	1,307
Intangible assets, net	4,972	5,217
Goodwill	431	431
Other assets	279	231
Total assets	<u>\$ 31,183</u>	<u>\$ 40,903</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,502	\$ 3,151
Accrued liabilities	2,096	2,278
Deferred revenues, current	1,635	1,121
Notes payable, current	1,250	2,310
Lease liabilities, current	351	341
Total current liabilities	7,834	9,201
Deferred revenues	2,064	1,032
Notes payable, net	5,066	3,767
Lease liabilities	817	1,087
Warrant liabilities	47	233
Other non-current liabilities	98	141
Total liabilities	15,926	15,461
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Convertible preferred stock, \$0.001 par value; 10,000 shares authorized; none issued and outstanding at September 30, 2023 and December 31, 2022	—	—
Common stock, \$0.001 par value; 141,429 shares authorized; 14,235 and 13,203 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	14	13
Additional paid-in capital	250,441	248,813
Accumulated other comprehensive income	733	563
Accumulated deficit	(235,931)	(223,947)
Total stockholders' equity	15,257	25,442
Total liabilities and stockholders' equity	<u>\$ 31,183</u>	<u>\$ 40,903</u>

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

Ekso Bionics Holdings, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 4,607	\$ 3,329	\$ 13,432	\$ 9,361
Cost of revenue	2,151	1,643	6,722	4,825
Gross profit	2,456	1,686	6,710	4,536
Operating expenses:				
Sales and marketing	2,052	1,742	6,489	5,212
Research and development	1,159	887	3,712	2,680
General and administrative	2,176	2,711	8,172	7,764
Total operating expenses	5,387	5,340	18,373	15,656
Loss from operations	(2,931)	(3,654)	(11,663)	(11,120)
Other (expense) income, net:				
Interest expense, net	(64)	(34)	(236)	(90)
Gain on revaluation of warrant liabilities	60	112	186	1,011
Unrealized loss on foreign exchange	(433)	(732)	(223)	(1,704)
Other income (expense), net	3	4	(48)	1
Total other expense, net	(434)	(650)	(321)	(782)
Net loss	\$ (3,365)	\$ (4,304)	\$ (11,984)	\$ (11,902)
Other comprehensive income	374	652	170	1,503
Comprehensive loss	\$ (2,991)	\$ (3,652)	\$ (11,814)	\$ (10,399)
Net loss per share applicable to common shareholders, basic and diluted	\$ (0.24)	\$ (0.33)	\$ (0.88)	\$ (0.92)
Weighted average number of shares outstanding, basic and diluted	14,073	13,071	13,672	12,896

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

Ekso Bionics Holdings, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Convertible Preferred Stock		Common Stock		Additional	Accumulated		Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Other Comprehensive (Loss) Income		Deficit	Stockholders' Equity
Balance as of December 31, 2022	—	\$ —	13,203	\$ 13	\$ 248,813	\$ 563	\$ (223,947)	\$ 25,442	
Net loss	—	—	—	—	—	—	(4,389)	(4,389)	
Issuance of common stock under:									
Equity incentive plan	—	—	139	—	—	—	—	—	
Stock-based compensation expense	—	—	—	—	424	—	—	424	
Foreign currency translation adjustments	—	—	—	—	—	(194)	—	(194)	
Balance as of March 31, 2023	—	\$ —	13,342	\$ 13	\$ 249,237	\$ 369	\$ (228,336)	\$ 21,283	
Net loss	—	—	—	—	—	—	(4,230)	(4,230)	
Issuance of common stock under:									
Matching contribution to 401(k) plan	—	—	161	—	249	—	—	249	
Equity incentive plan	—	—	304	1	—	—	—	1	
Stock-based compensation expense	—	—	—	—	514	—	—	514	
Foreign currency translation adjustments	—	—	—	—	—	(10)	—	(10)	
Balance as of June 30, 2023	—	\$ —	13,807	\$ 14	\$ 250,000	\$ 359	\$ (232,566)	\$ 17,807	
Net loss	—	—	—	—	—	—	(3,365)	(3,365)	
Issuance of common stock under:									
Equity incentive plan	—	—	428	—	—	—	—	—	
Stock-based compensation expense	—	—	—	—	441	—	—	441	
Foreign currency translation adjustments	—	—	—	—	—	374	—	374	
Balance as of September 30, 2023	—	\$ —	14,235	\$ 14	\$ 250,441	\$ 733	\$ (235,931)	\$ 15,257	

Ekso Bionics Holdings, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Convertible Preferred Stock		Common Stock		Additional	Accumulated		Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Other Comprehensive (Loss) Income		Deficit	Stockholders' Equity
Balance as of December 31, 2021	—	\$ —	12,693	\$ 13	\$ 246,090	\$ (17)	\$ (208,867)	\$ 37,219	
Net loss	—	—	—	—	—	—	(4,620)	(4,620)	
Issuance of common stock under:									
Matching contribution to 401(k) plan	—	—	68	—	176	—	—	176	
Equity incentive plan	—	—	83	—	—	—	—	—	
Stock-based compensation expense	—	—	—	—	499	—	—	499	
Foreign currency translation adjustments	—	—	—	—	—	212	—	212	
Balance as of March 31, 2022	—	\$ —	12,844	\$ 13	\$ 246,765	\$ 195	\$ (213,487)	\$ 33,486	
Net loss	—	—	—	—	—	—	(2,978)	(2,978)	
Issuance of common stock under:									
Equity incentive plan	—	—	166	—	—	—	—	—	
Stock-based compensation expense	—	—	—	—	582	—	—	582	
Foreign currency translation adjustments	—	—	—	—	—	639	—	639	
Balance at June 30, 2022	—	\$ —	13,010	\$ 13	\$ 247,347	\$ 834	\$ (216,465)	\$ 31,729	
Net loss	—	—	—	—	—	—	(4,304)	(4,304)	
Issuance of common stock under:									
Equity incentive plan	—	—	117	—	—	—	—	—	
Stock-based compensation expense	—	—	—	—	537	—	—	537	
Foreign currency translation adjustments	—	—	—	—	—	652	—	652	
Balance as of September 30, 2022	—	\$ —	13,127	\$ 13	\$ 247,884	\$ 1,486	\$ (220,769)	\$ 28,614	

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

Ekso Bionics Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
Operating activities:		
Net loss	\$ (11,984)	\$ (11,902)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,023	629
Changes in allowance for doubtful accounts	25	(11)
Gain on revaluation of warrant liabilities	(186)	(1,011)
Amortization of debt discounts	243	3
Stock-based compensation expense	1,379	1,618
Common stock contribution to 401(k) plan	304	147
Unrealized loss on foreign currency transactions	223	1,704
Changes in operating assets and liabilities:		
Accounts receivable	(1,348)	1,044
Inventories	(162)	(1,477)
Prepaid expenses and other assets, current and noncurrent	(370)	(277)
Accounts payable	(647)	(704)
Accrued, lease and other liabilities, current and noncurrent	(522)	(270)
Deferred revenues	1,552	(537)
Net cash used in operating activities	(10,470)	(11,044)
Investing activities:		
Acquisition of property and equipment	(114)	(141)
Net cash used in investing activities	(114)	(141)
Effect of exchange rate changes on cash	(4)	(41)
Net decrease in cash	(10,588)	(11,226)
Cash and restricted cash at beginning of period	20,525	40,406
Cash and restricted cash at end of period	<u>\$ 9,937</u>	<u>\$ 29,180</u>
Supplemental disclosure of cash flow activities		
Cash paid for interest	\$ 145	\$ 88
Cash paid for income taxes	\$ 33	\$ 14
Supplemental disclosure of non-cash activities		
Transfer of inventory (from) to property and equipment	\$ (146)	\$ 192
Initial recognition of operating lease liability and right of use asset	\$ —	\$ 1,459
Modification of operating lease right-of-use asset and lease liability	\$ (10)	\$ —
Share issuance for common stock contribution to 401(k) plan	\$ 249	\$ 176

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

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

1. Organization

Description of Business

Ekso Bionics Holdings, Inc. (the “Company”) designs, develops, and markets exoskeleton products to augment human strength, endurance and mobility. The Company’s exoskeleton technology serves multiple markets and can be utilized both by able-bodied users and by persons with physical disabilities. The Company has marketed devices that (i) enable individuals with neurological conditions affecting gait, including acquired brain injury (“ABI”) and multiple sclerosis (“MS”), and spinal cord injury (“SCI”), to rehabilitate and to walk again, (ii) assist individuals with a broad range of upper extremity impairments, and (iii) allow industrial workers to perform difficult repetitive work for extended periods. Founded in 2005, the Company is headquartered in the San Francisco Bay area and listed on the Nasdaq Capital Market under the symbol “EKSO”.

On December 5, 2022, the Company acquired the Human Motion and Control (“HMC”) Business Unit from Parker Hannifin Corporation (“Parker”), an Ohio corporation. The assets acquired from the business unit include intellectual property rights for devices which are U.S. Food and Drug Administration (“FDA”)-cleared lower-limb powered exoskeletons that enable task-specific, overground gait training to patients with weakness or paralysis in their lower extremities. Products include Ekso Indego Personal, a light-weight exoskeleton for safe use in most home and community environments, and Ekso Indego Therapy, an adjustable exoskeleton for patients with spinal cord injury and stroke, complementing Ekso’s product offering in outpatient facilities.

Liquidity and Going Concern

As of September 30, 2023, the Company had an accumulated deficit of \$235,931. Largely as a result of significant research and development activities related to the development of the Company’s advanced technology and commercialization of such technology into its medical device business, the Company has incurred significant operating losses and negative cash flows from operations since inception. In the nine months ended September 30, 2023, the Company used \$10,470 of cash in its operations. Cash on hand as of September 30, 2023 was \$9,937.

As described in Note 10, Notes payable, net, borrowings under the Company’s secured term loan agreement with Pacific Western Bank have a liquidity covenant requiring minimum cash on hand equivalent to the current outstanding principal balance. As of September 30, 2023, \$2,000 of cash must remain as restricted. After considering cash restrictions, effective unrestricted cash as of September 30, 2023 is approximately \$7,937.

Our expectation to generate operating losses and negative operating cash flows in the future and the need for additional funding to support our planned operations raise substantial doubt regarding our ability to continue as a going concern for a period of one year after the date that the financial statements are issued. Management intends to raise funds through one or more financings. However, due to several factors, including those outside management’s control, there can be no assurance that the Company will be able to complete such financings on acceptable terms or in amounts sufficient to continue operating the business under the operating plan. If we are unable to complete sufficient additional financings, management’s plans include delaying or abandoning certain product development projects, cost reduction efforts for our products, and refocused sales efforts to accelerate revenue growth above historical results. We have concluded the likelihood that our plan to successfully reduce expenses to align with our available cash, while reasonably possible, is less than probable. Accordingly, we have concluded that substantial doubt exists about our ability to continue as a going concern for a period of at least 12 months from the date of issuance of these unaudited financial statements.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

2. Basis of Presentation and Summary of Significant Accounting Policies and Estimates

Basis of Presentation and Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on March 28, 2023.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared on a consistent basis with the audited consolidated financial statements for the fiscal year ended December 31, 2022, and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth herein.

Certain reclassifications have been made to the amounts in prior periods to conform to the current period's presentation.

The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or any future periods.

The condensed consolidated financial statements include the financial statements of Ekso Bionics Holdings, Inc. and its subsidiaries. All significant transactions and balances between Ekso Bionics Holdings, Inc. and its subsidiaries have been eliminated in consolidation.

Use of Estimates

The preparation of the condensed consolidated 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 balance sheet, and the reported amounts of revenues and expenses during the reporting period. For the Company, these estimates include, but are not limited to, assets acquired and liabilities assumed in business combinations, revenue recognition, deferred revenue, the valuation of warrants and employee equity awards, future warranty costs, accounting for leases, useful lives assigned to long-lived assets, valuation of inventory, realizability of deferred tax assets, and contingencies. Actual results could differ from those estimates.

Foreign Currency

The assets and liabilities of foreign subsidiaries and equity investments, where the local currency is the functional currency, are translated from their respective functional currencies into U.S. dollars at the rates in effect at the balance sheet date, and revenue and expense amounts are translated at average rates during the period, with resulting foreign currency translation adjustments recorded in accumulated other comprehensive income as a component of stockholders' equity. Gains and losses from the re-measurement of balances denominated in currencies other than the entities' functional currencies, are recorded in other expense, net in the accompanying condensed consolidated statements of operations and comprehensive loss.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

Inventory

Inventories are recorded at the lower of cost or net realizable value. Cost is computed using the standard cost method, which approximates actual cost on a first-in, first-out basis. Materials from vendors are received and recorded as raw materials. Once the raw materials are incorporated in the fabrication of the product, the related value of the component is recorded as work in progress ("WIP"). Direct and indirect labor and applicable overhead costs are also allocated and recorded to WIP inventory. Finished goods are comprised of completed products that are ready for customer shipment. The Company periodically evaluates the carrying value of inventory on hand for potential excess amounts over sales and forecasted demand. Excess and obsolete inventories identified, if any, are recorded as an inventory impairment charge within the condensed consolidated statements of operations and comprehensive loss. The Company's estimate of write-downs for excess and obsolete inventory is based on a detailed analysis which includes on-hand inventory and purchase commitments in excess of forecasted demand. Subsequent disposals of inventories are recorded as a reduction of inventory.

Leases

The Company records its leases in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, *Leases*. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present. Operating lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company utilizes its incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Certain adjustments to the right-of-use asset may be required for items, such as initial direct costs paid or incentives received.

Lease expense is recognized over the expected lease term on a straight-line basis. Operating leases are recognized on the balance sheet as right-of-use assets, lease liabilities current and lease liabilities non-current.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company recognizes the lease expense for such leases on a straight-line basis over the lease term.

Revenue Recognition

The Company records its revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of products and services, which when capable of being distinct, are accounted for as separate performance obligations. Revenue recognition is evaluated based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

For multiple-element arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price. Standalone selling prices are determined based on observable prices at which the Company separately sells its products or services. If a standalone selling price is not directly observable, judgment is made to estimate the selling price based on market conditions and entity-specific factors including cost plus analyses, features and functionality of the product and/or services, the geography of the Company's customers, and type of customer. Any discounts or other reductions to the transaction price are allocated proportionately to all performance obligations within the multiple-element arrangement. The Company periodically validates the stand-alone selling price for performance obligations by evaluating whether changes in the key assumptions used to determine the stand-alone selling prices will have a significant effect on the allocation of transaction price between multiple performance obligations.

The Company exercised judgement to determine that a product return reserve was not required as historical returns activity have not been material.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows. The Company extends credit to customers in the normal course of business. Concentrations of credit risk with respect to accounts receivable exist to the full extent of amounts presented in the condensed consolidated financial statements. The Company does not require collateral from its customers to secure accounts receivable.

Accounts receivable are derived from the sale of products shipped and services performed for customers primarily located in the U.S., Europe, Asia, and Australia. Invoices are aged based on contractual terms with the customer. The Company reviews accounts receivable for collectability and provides an allowance for potential credit losses. The allowance for potential credit losses on trade receivables reflects the Company's best estimate of probable losses inherent in the accounts receivable balance based on known troubled accounts, historical experience, and other currently available evidence. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 90 days. The Company has not experienced material losses related to accounts receivable as of September 30, 2023 and December 31, 2022.

Many of the sales contracts with customers outside of the U.S. are settled in a foreign currency other than the U.S. dollar. The Company does not enter into any foreign currency hedging agreements and is susceptible to gains and losses from foreign currency fluctuations. To date, the Company has not experienced significant gains or losses upon collecting receivables denominated in a foreign currency.

At September 30, 2023 the Company had two customers with an accounts receivable balance totaling 10% or more of the Company's total accounts receivable (11% and 11%) as compared with no customers at December 31, 2022.

During the three months ended September 30, 2023, the Company had three customers with sales of 10% or more of the Company's total revenue (18%, 11% and 11%), as compared with two in the three months ended September 30, 2022 (20% and 14%).

During the nine months ended September 30, 2023 the Company had two customers with sales of 10% or more of the Company's total revenue (17% and 10%), as compared with one in the nine months ended September 30, 2022 (14%).

Accounting Pronouncements Adopted in 2023

In June 2016, the FASB issued Accounting Standard Update ("ASU") No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and subsequent amendments to the initial guidance under ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-10, which amended the current approach to estimate credit losses on certain financial assets, including trade and other receivables. Generally, this amendment requires entities to establish a valuation allowance for the expected lifetime losses of these certain financial assets. Upon the initial recognition of such assets, which is based on, among other things, historical information, current conditions, and reasonable supportable forecasts. Subsequent changes in the valuation allowance are recorded in current earnings and reversal of previous losses are permitted. Previously, U.S. GAAP required entities to write down credit losses only when losses were probable and loss reversals were not permitted. The Company adopted ASU 2016-13 as of January 1, 2023, using the modified retrospective transition method. The adoption of ASU 2016-13 did not have a material impact on the Company's financial position or the results of operations.

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU No. 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies the accounting for convertible instruments. ASU 2020-06 eliminates certain models that require separate accounting for embedded conversion features, in certain cases. Additionally, among other changes, the guidance eliminates certain of the conditions for equity classification for contracts in an entity's own equity. The guidance also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. This guidance is effective for the Company beginning in the first quarter of 2024 and must be applied using either a modified or full retrospective approach. Early adoption is permitted. The Company does not expect the impact of adopting ASU 2020-06 to be material on its condensed consolidated financial statements.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

3. Accumulated Other Comprehensive Income (Loss)

The Company's accumulated other comprehensive income (loss) consists of the accumulated net unrealized gains or losses on foreign currency translation adjustments. The change in accumulated other comprehensive income (loss) presented on the condensed consolidated balance sheets for the nine months ended September 30, 2023 and 2022, is reflected in the table below net of tax:

	Nine Months Ended September 30,	
	2023	2022
Balance at beginning of period	\$ 563	\$ (17)
Net unrealized gain on foreign currency translation	170	1,503
Balance at end of period	<u>\$ 733</u>	<u>\$ 1,486</u>

4. Human Motion and Control Acquisition

On December 5, 2022, the Company acquired the HMC business from Parker. The assets acquired from the business unit include intellectual property rights for devices which are FDA-cleared lower-limb powered exoskeletons that enable task-specific, overground gait training to patients with weakness or paralysis in their lower extremities. Products include Ekso Indego Personal, a light-weight exoskeleton for safe use in most home and community environments, and Ekso Indego Therapy, an adjustable exoskeleton for patients with spinal cord injury and stroke, complementing Ekso's product offering in outpatient facilities.

The assets purchased by the Company include intellectual property related to the aforementioned Ekso Indego devices and future products in the orthotics and prosthetics space, inventories related to the Ekso Indego product line, fixed assets configured for the manufacture of the Ekso Indego products, and Ekso Indego devices maintained for service and sales demonstrations. The Company did not acquire any cash in connection with the acquisition of the business unit.

As consideration for the assets acquired, the Company (i) paid Parker \$5,000 in cash and (ii) delivered to Parker a \$5,000 unsecured, subordinated zero percent interest promissory note (the "Promissory Note"). Under the terms of the Promissory Note, the Company shall pay Parker sixteen (16) equal quarterly installments of \$313, with the first payment being due and payable December 31, 2023, and the last payment being due and payable September 30, 2027. For additional information see Note 10.

The Company accounted for the acquisition as a business combination in accordance with ASC 805, Business Combinations, by applying the acquisition method, and accordingly, the purchase price of \$9,055, as calculated in the table below, was allocated to the assets acquired and liabilities assumed based on their fair values at the acquisition date. The fair values presented for fixed assets, intangible assets, and goodwill are preliminary figures pending final fair value analyses. In accordance with ASC 805, the acquirer has a year from the date of acquisition to recognize measurement period adjustments. The preliminary fair values presented below could be subject to change as result of the aforementioned adjustments. The excess of the purchase price over the preliminary net assets acquired of \$431 was recorded as goodwill. The goodwill recognized is attributed primarily to expected synergies of HMC with the Company. From the acquisition date through September 30, 2023, there were no changes in the recognized amounts of goodwill resulting from the acquisition.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The following table summarizes the preliminary fair values of the assets acquired, liabilities assumed and consideration given as of the acquisition date. These estimates are preliminary, pending final evaluation of certain assets, and therefore, are subject to revisions that may result in adjustments to the values presented below:

Inventories	\$	1,935
Fixed assets		1,599
Intangible assets		5,240
Goodwill		431
Total assets	\$	9,205
Accrued royalties		150
Total liabilities	\$	150
Net assets acquired	\$	9,055
Cash delivered at close	\$	5,000
Fair value of promissory note		4,055
Total consideration	\$	9,055

The fair value of finished goods inventories acquired was estimated at retail selling price less estimated costs to sell and a reasonable profit allowance for the selling effort. The fair value of raw materials acquired were estimated using current prices from suppliers. The preliminary fair value of fixed assets was estimated using a cost approach, adjusting historical gross asset values for inflation, reduced for the remaining estimated economic life of the assets. The preliminary fair values of intangible assets were estimated using a relief from royalty method, the excess earnings method, and a distributor method, all income approaches, which required significant estimates from management regarding future sales expectations, long-term operating margins, the weighted average cost of capital or other appropriate discount rates, and royalty rates. The fair value of the promissory note was estimated as the present value of scheduled principal payments discounted at the Company's estimated borrowing rate.

The Company recorded \$5,240 to intangible assets as of the acquisition date and is amortizing the value of the developed technology, customer relationships and intellectual property over a weighted average estimated useful life of eight years. Amortization expense related to the acquired definite lived intangible assets was \$82 and \$245 for the three and nine months ended September 30, 2023, respectively, and was included as a component of operating expenses and cost of revenue in the condensed consolidated statement of operations and comprehensive loss. Of the \$431 of goodwill, none was expected to be deductible for tax purposes.

5. Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Three levels of inputs, of which the first two are considered observable and the last unobservable, may be used to measure fair value which are the following:

- **Level 1**—Quoted prices in active markets for identical assets or liabilities. The Company considers a market to be active when transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2**—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3**—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The valuation of Level 3 investments requires the use of significant management judgments or estimation.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The Company's fair value hierarchies for its financial assets and liabilities, which require fair value measurement on a recurring basis are as follows:

	Total	Level 1	Level 2	Level 3
September 30, 2023				
Liabilities				
Warrant liabilities	\$ 47	\$ —	\$ —	\$ 47
December 31, 2022				
Liabilities				
Warrant liabilities	\$ 233	\$ —	\$ —	\$ 233

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities for the nine months ended September 30, 2023, which were measured at fair value on a recurring basis:

	Warrant Liabilities
Balance as of December 31, 2022	\$ 233
Net gain on revaluation of warrants issued	(186)
Balance as of September 30, 2023	<u>\$ 47</u>

Refer to *Note 12. Capitalization and Equity Structure – Warrants* for additional information regarding the valuation of warrants.

6. Inventories

Inventories consisted of the following:

	September 30, 2023	December 31, 2022
Raw materials	\$ 4,271	\$ 3,837
Work in progress	365	487
Finished goods	851	863
Inventories	<u>\$ 5,487</u>	<u>\$ 5,187</u>

7. Revenue

The Company's medical device segment (EksoHealth) revenue is primarily generated through the sale and subscription of the EksoNR, Ekso Indego Therapy, Ekso Indego Personal devices, and Ekso UE along with the sale of support and maintenance contracts. Revenue from medical device product sales is recognized at the point in time when control of the product transfers to the customer. Transfer of control generally occurs upon shipment from the Company's facility for sales of the EksoNR, Ekso Indego Therapy, Ekso Indego Personal devices, and Ekso UE. Support and maintenance contracts extend coverage beyond the Company's standard warranty agreements. The separately priced support and maintenance contracts range from 12 to 48 months. The Company typically receives payment at the inception of the contract and recognizes revenue evenly over the term of the contracts. Revenue from medical device subscriptions is recognized evenly over the contract term, typically over 12 to 24 months.

The Company's industrial device segment (EksoWorks) revenue is primarily generated through the sale of the upper body exoskeleton EVO and associated accessories. Revenue from industrial device sales is recognized at the point in time when control of the product transfers to the customer. Transfer of control generally occurs upon shipment from the Company's facility. In June of 2022, the Company ceased commercialization of the EksoZeroG support arm and related products and accessories.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

Deferred Revenue

Deferred revenue is comprised mainly of unearned revenue related to extended support and maintenance contracts, but also includes other offerings for which the Company has been paid in advance and earns revenue when the Company transfers control of the product or service.

Deferred revenue consisted of the following:

	September 30, 2023	December 31, 2022
Deferred extended maintenance and support	\$ 3,619	2,124
Customer advances	80	29
Total deferred revenues	3,699	2,153
Less current portion	(1,635)	(1,121)
Deferred revenues, non-current	\$ 2,064	\$ 1,032

On September 25, 2023, the Company entered into a warranty claim lump-sum agreement with Parker, pursuant to which, among other things, Parker paid the Company \$700 for release of Parker's obligation to reimburse the Company for its costs and expenses associated with servicing certain product warranty obligations. The Company recorded the lump sum payment as deferred revenue and recognizes revenue as services are performed.

Deferred revenue activity consisted of the following for the nine months ended September 30, 2023:

Beginning balance	\$ 2,153
Deferral of revenue	3,506
Recognition of deferred revenue	(1,960)
Ending balance	\$ 3,699

The Company expects to recognize approximately \$518 of the deferred revenue during the remainder of 2023, \$1,456 in 2024, and \$1,725 thereafter.

In addition to deferred revenue, the Company has a non-cancellable backlog of \$1,445, expected to be recognized between 2023 and 2025, primarily related to its contracts for subscription units with its customers. These subscription contracts typically have 12 to 24 month terms, and subscription income is recognized on a straight-line basis over the term of the contract.

Disaggregation of Revenue

The following table disaggregates the Company's revenue by major source for the three months ended September 30, 2023:

	EksoHealth	EksoWorks	Total
Device revenue	\$ 3,390	\$ 190	\$ 3,580
Service and support	726	—	726
Subscriptions	245	—	245
Parts and other	27	29	56
	\$ 4,388	\$ 219	\$ 4,607

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The following table disaggregates the Company's revenue by major source for the nine months ended September 30, 2023:

	EksoHealth	EksoWorks	Total
Device revenue	\$ 10,041	\$ 308	\$ 10,349
Service and support	2,092	—	2,092
Subscriptions	781	—	781
Parts and other	158	52	210
	<u>\$ 13,072</u>	<u>\$ 360</u>	<u>\$ 13,432</u>

The following table disaggregates the Company's revenue by major source for the three months ended September 30, 2022:

	EksoHealth	EksoWorks	Total
Device revenue	\$ 2,338	\$ 72	\$ 2,410
Service and support	484	—	484
Subscriptions	237	—	237
Parts and other	165	33	198
	<u>\$ 3,224</u>	<u>\$ 105</u>	<u>\$ 3,329</u>

The following table disaggregates the Company's revenue by major source for the nine months ended September 30, 2022:

	EksoHealth	EksoWorks	Total
Device revenue	\$ 5,670	\$ 544	\$ 6,214
Service and support	1,440	—	1,440
Subscriptions	678	—	678
Parts and other	438	484	922
Collaborative arrangements	107	—	107
	<u>\$ 8,333</u>	<u>\$ 1,028</u>	<u>\$ 9,361</u>

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

8. Accrued Liabilities

Accrued liabilities consisted of the following:

	September 30, 2023	December 31, 2022
Salaries, benefits and related expenses	\$ 1,542	\$ 1,843
Device warranty	359	274
Other	195	161
Total	<u>\$ 2,096</u>	<u>\$ 2,278</u>

Warranty

The current portion of the device warranty liability is classified as a component of Accrued liabilities, while the long-term portion of the device warranty liability is classified as a component of Other non-current liabilities in the condensed consolidated balance sheets. A reconciliation of the changes in the device warranty liability for the three and nine months ended September 30, 2023 is as follows:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Balance at beginning of period	\$ 442	\$ 413
Additions for estimated future costs	91	327
Incurring costs	(75)	(282)
Balance at end of period	<u>\$ 458</u>	<u>\$ 458</u>

	Balance as of September 30, 2023
Current portion	\$ 359
Long-term portion	99
Total	<u>\$ 458</u>

9. Goodwill and Intangible Assets

Goodwill

The Company determined no impairment existed for goodwill for the three and nine months ended September 30, 2023.

Intangible Assets

The following table summarizes the components of preliminary gross assets, accumulated amortization, and net carrying values for definite and indefinite lived intangible asset balances as of September 30, 2023:

	September 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 2,310	\$ (237)	\$ 2,073
Trade name	2,310	—	2,310
Intellectual property	460	—	460
Customer relationships	140	(14)	126
Below market lease	20	(17)	3
Total intangible assets	<u>\$ 5,240</u>	<u>\$ (268)</u>	<u>\$ 4,972</u>

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

Definite lived intangible assets are amortized over their estimated lives using the straight line method, which is estimated as eight years for developed technology, 12 years for intellectual property, eight years for customer relationships and one year for below market lease. The acquired trade name was estimated to have an indefinite life, and consequently, no amortization expense was recorded. The Company determined no impairment existed for intangible assets for the three months ended September 30, 2023.

The estimated future amortization expenses related to definite lived intangible assets as of September 30, 2023 is as follows:

Fiscal Year	Amount
2023 - remainder	\$ 80
2024	306
2025	345
2026	345
2027	345
2028 and thereafter	1,240
Total	<u>\$ 2,661</u>

10. Notes Payable, net

PWB Term Loan

In August 2020, the Company entered into a loan agreement (the "PWB Loan Agreement") with a lender, Pacific Western Bank, and received a loan in the principal amount of \$2,000 (the "PWB Term Loan") that bore interest on the outstanding daily balance at a rate equal to the greater of: (a) 0.50% above the variable rate of interest announced by the lender as its "prime rate" then in effect; or (b) 4.50%. The PWB Loan Agreement created a first priority security interest with respect to substantially all assets of the Company, including proceeds of intellectual property, but expressly excluding intellectual property itself.

The Company was required to pay accrued interest on the current loan on the 13th day of each month through and including August 13, 2023, at which time the unpaid principal and accrued and unpaid interest was due and payable in full. On August 17, 2023, the Company entered into an amendment to the PWB Loan Agreement extending the maturity date to August 13, 2026 with interest only payments until such date, having daily borrowings bearing interest at a variable annual rate equal to the greater of the Lender's "prime rate" then in effect and 4.50%, and cause the Company to maintain all of its depository, operating, and investment accounts with Pacific Western Bank. The Company determined this amendment constituted a loan modification under ASC 470, and used the updated imputed interest rate to recalculate debt discounts, debt issuance costs and final payment to be amortized over the new term.

The PWB Loan Agreement contains a liquidity covenant, which requires that the Company maintain cash in accounts of the lender or subject to control agreements in favor of the lender in an amount equal to at least the outstanding balance of the PWB Term Loan, which was \$2,000 as of September 30, 2023. As of September 30, 2023 the Company was compliant with all covenants.

The interest rate of the PWB Term Loan is subject to increase in the event of late payment and after occurrence of and during the continuation of an event of default. The Company may elect to prepay the PWB Term Loan at any time, in whole or in part, without penalty or premium.

The debt issuance costs and debt discounts combined with the stated interest resulted in an effective interest rate of 9.00% and 8.80% for the three and nine months ended September 30, 2023, respectively. The debt issuance costs are amortized to interest expense using the effective interest method over the life of the loan.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The following table presents scheduled principal payments of the Company's PWB term loan as of September 30, 2023:

Period	Amount
2023-2025	\$ —
2026	2,000
Total principal payments	2,000
Less debt discount and issuance cost	3
Note payable, net	\$ 1,997
Current portion	\$ —
Long-term portion	1,997
Note payable, net	\$ 1,997

Parker Hannifin Promissory Note

In connection with the HMC Acquisition, on December 5, 2022, the Company delivered a \$5,000 unsecured, subordinated promissory note (the "Promissory Note") to Parker. The Promissory Note, subordinate to the PWB Term Loan, bears no interest with principal payable in sixteen equal installments due on the last day of each quarter, commencing on December 31, 2023 and maturing on September 30, 2027. For additional information see Note 4.

The Promissory Note, upon the occurrence of an event of default, allows for the levying of interest equal to the lesser of (a) 5% per annum and (b) the maximum interest rate permitted under applicable law on the then entire outstanding principal balance, and also for the acceleration of all outstanding liabilities and obligations, making them immediately payable. Under the terms of the Promissory Note, the following occurrences constitute a default, and could, upon written notice or declaration by Parker, allow for the levying of interest and or the acceleration of principal outstanding: (i) failure to pay any amount of the principal when due and payable, (ii) the dissolution of the Company (including the declaration of bankruptcy), and (iii) the acquisition of the Company by another entity or the sale of substantially all of its assets to another entity.

The Company recorded the Promissory Note of \$4,055 in its condensed consolidated balance sheets under the captions Notes Payable, Current and Notes Payable, Net, estimating an implicit discount rate of 7.5% via reference to the interest charged on the Company's PWB Term Loan and other relevant economic factors present at the execution date of the Promissory Note. The amortization of debt discounts resulted in an effective interest rate of 7.31% for the three and nine months ended September 30, 2023. The debt discount is amortized to interest expense using the effective interest method over the life of the loan. Interest expense on the Promissory Note was \$81 and \$239 for the three and nine months ended September 30, 2023, respectively.

The following table presents scheduled principal payments of the Company's note payable as of September 30, 2023:

Period	Amount
2023 - remainder	\$ 313
2024	1,250
2025	1,250
2026	1,250
2027	937
Total principal payments	5,000
Less debt discount	(680)
Note payable, net	\$ 4,320
Current portion	1,250
Long-term portion	3,070
Note payable, net	\$ 4,320

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

11. Lease Obligations

The Company maintained a five-year operating lease agreement for its headquarters and manufacturing facility in Richmond, California (the "Richmond Lease") which expired at the end of May 2022. The Company continued to maintain its tenancy at this location until the end of August 2022, while incurring monthly expenses equal to the most recent monthly lease payment under the expired lease agreement and common area maintenance costs.

In July 2022, the Company entered into an operating lease agreement for its new headquarters and manufacturing facility in San Rafael, California (the "San Rafael Lease") expiring in October 2026 with the option to renew for an additional three-year period at the prevailing market rate at the time of extension. At the end of August 2022, the Company relocated to its new headquarters and manufacturing facility in San Rafael.

The Company has determined that the new San Rafael Lease constitutes an operating lease under ASC 842 and estimates the lease term as July 2022 through October 2026. The option to extend for a three-year period lacks significant economic incentives and disincentives, which would make exercise reasonably certain. Fixed lease payments for identified lease components over the identified term have been discounted at the Company's estimated incremental borrowing rate as of the date of contract execution and are reflected in the condensed consolidated balance sheets under the captions Lease liabilities, current and Lease liabilities, and the corresponding right of use asset is reflected in the condensed consolidated balance sheets under the caption Right-of-use assets. Non-lease components, such as common area maintenance costs, are excluded from the lease liability calculation and expensed as incurred. The Company records a straight-line monthly rent expense for the San Rafael Lease equal to the sum of all fixed lease payments divided by the number of months in the lease term.

The Company previously maintained a five-year operating lease agreement for its European operations office in Hamburg, Germany, which was originally set to expire in July 2022. In February 2022, the Company executed a new lease agreement with the same landlord for a replacement office in Hamburg, Germany commencing May 1, 2022 and expiring June 30, 2025 with an option to renew for one five-year period. Upon the early termination of the previous lease agreement, it was agreed between the landlord and the Company that access to the previously leased office space would be revoked and the Company would be relieved of its payment obligations for the final two months of the lease term. Consequently, the Company removed the right of use asset and lease liability, \$15 and \$16 respectively, recorded in its condensed consolidated financial statements related to the original Hamburg tenancy.

The Company has determined that the new Hamburg lease agreement constitutes a lease under ASC 842 and estimates the lease term as May 2022 through June 2025. The option to extend for a five-year period lacks significant economic incentives and disincentives which would make exercise reasonably certain. Fixed lease payments for identified lease components over the identified term have been discounted at the Company's estimated incremental borrowing rate and are reflected in the condensed consolidated balance sheets under the captions Lease liabilities, current and Lease liabilities, and the corresponding right of use asset is reflected in the condensed consolidated balance sheets under the caption Right-of-use assets. Non-lease components, such as common area maintenance costs, are excluded from the lease liability calculation and expensed as incurred. The Company records a straight-line monthly rent expense for this lease equal to the sum of all fixed lease payments divided by the number of months in the lease term.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The Company's future lease payments as of September 30, 2023, which are presented as Lease liabilities, current and Lease liabilities on the Company's condensed consolidated balance sheets are as follows:

Periods	Operating Leases
2023 - remainder	\$ 107
2024	434
2025	415
2026	363
Total lease payments	1,319
Less: imputed interest	(152)
Present value of lease liabilities	\$ 1,167
Weighted-average remaining lease term (in years)	2.97
Weighted-average discount rate	8.2%

Lease expense under the Company's operating leases was \$146 and \$189 for the three months ended September 30, 2023 and 2022, respectively; and \$417 and \$455 for the nine months ended September 30, 2023 and 2022, respectively.

12. Capitalization and Equity Structure

Summary

The Company's authorized capital stock at September 30, 2023 and December 31, 2022 consisted of 141,429 shares of common stock and 10,000 shares of preferred stock. As of September 30, 2023 and December 31, 2022, there were 14,235 and 13,203, respectively, shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding.

At the Market Offering

In October 2020, the Company entered into an At The Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC (the "Agent"), under which the Company may issue and sell shares of its common stock, from time to time, to or through the Agent. The Company may offer and sell shares having an aggregate offering price of up to \$5,000 under the registration statement and prospectus supplement filed with the SEC related to such offering. In June 2023, the Company entered into an amendment to the ATM Agreement that removed the requirement that shares of the Company's common stock may not be sold for a price lower than \$6.75 per share. The Company did not sell any shares under the ATM agreement during the three and nine months ended September 30, 2023 and 2022.

Warrants

Warrants outstanding as of September 30, 2023 and December 31, 2022 were as follows:

Source	Exercise Price	Term (Years)	December 31, 2022	Issued	Exercised	September 30, 2023
2021 Warrants	\$ 12.81	5	273	—	—	273
June 2020 Investor Warrants	\$ 5.18	5.5	127	—	—	127
June 2020 Placement Agent Warrants	\$ 5.64	5	39	—	—	39
December 2019 Warrants	\$ 8.10	5	556	—	—	556
December 2019 Placement Agent Warrants	\$ 8.44	5	52	—	—	52
May 2019 Warrants	\$ 3.52	5	193	—	—	193
			1,240	—	—	1,240

No warrants were exercised during the three and nine months ended September 30, 2023 and 2022.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

2021 Warrants

In February 2021, the Company issued warrants (the "2021 Warrants"), exercisable for up to 273 shares of the Company's common stock at an exercise price of \$12.81 per share. The 2021 Warrants were exercisable immediately and will expire five years from the date of issuance, or on February 11, 2026.

In addition, the 2021 Warrants contain a cashless exercise provision, whereby, if, at the time a holder exercises its 2021 Warrants, a registration statement registering the issuance or the resale of the shares of common stock underlying the 2021 Warrants under the Securities Act is not then effective or available for the issuance of such shares, then in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the aggregate exercise price, the holder may elect to instead receive, upon such exercise (either in whole or in part), the net number of shares of the Company's common stock determined according to a formula set forth in the 2021 Warrants. The 2021 Warrants will be automatically exercised on a cashless basis on their expiration date. The 2021 Warrants could also require payment of liquidated damages by the Company in the form of cash payments in the event of a failure by the Company to timely deliver shares of common stock upon exercise of such warrants.

The 2021 Warrants also contain a put option, under which, if the Company enters into a Fundamental Transaction, as defined in the 2021 Warrants, the Company or any successor entity will, at the option of a holder of a 2021 Warrant, exercisable concurrently with or at any time within 30 days after the consummation of such Fundamental Transaction, purchase such holder's 2021 Warrant by paying to such holder an amount of cash equal to the Black-Scholes value of the remaining unexercised portion of such holder's 2021 Warrant within five trading days after the notice of exercise by the holder of the put option. Because of this put-option provision, the 2021 Warrants are classified as a liability and are marked to market at each reporting date.

The warrant liability related to the 2021 Warrants is measured at fair value upon issuance and at each reporting date using certain estimated inputs, which are classified within Level 3 of the fair value hierarchy. The following assumptions were used in the Black-Scholes Model to measure the fair value of the 2021 Warrants:

	September 30, 2023	December 31, 2022
Current share price	\$ 0.73	\$ 1.19
Conversion price	\$ 12.81	\$ 12.81
Risk-free interest rate	4.95%	4.21%
Expected term (years)	2.36	3.11
Volatility of stock	64.4%	99.6%

June 2020 Investor Warrants

In June 2020, the Company issued warrants (the "June 2020 Investor Warrants"), exercisable for up to 874 shares of the Company's common stock at an exercise price of \$5.18 per share. The June 2020 Investor Warrants were immediately exercisable and will expire five and one-half years from the date of issuance, or on December 10, 2025.

In addition, the June 2020 Investor Warrants contain a cashless exercise provision, whereby, if, at the time a holder exercises its June 2020 Investor Warrants, a registration statement registering the issuance or the resale of the shares of common stock underlying the June 2020 Investor Warrants under the Securities Act is not then effective or available for the issuance of such shares, then in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the aggregate exercise price, the holder may elect to instead receive, upon such exercise (either in whole or in part), the net number of shares of the Company's common stock determined according to a formula set forth in the June 2020 Investor Warrant. The June 2020 Investor Warrants will be automatically exercised on a cashless basis on their expiration date.

The June 2020 Investor Warrants could also require payment of liquidated damages by the Company in the form of cash payments in the event of a failure by the Company to timely deliver shares of common stock upon exercise of such warrants.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The June 2020 Investor Warrants also contain a put option, under which, if the Company enters into a Fundamental Transaction, as defined in the June 2020 Investor Warrants, the holders of the June 2020 Investor Warrants will be entitled to receive upon exercise of the June 2020 Investor Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the June 2020 Investor Warrants immediately prior to such Fundamental Transaction. Alternatively, the Company or any successor entity will, at the option of a holder of a June 2020 Investor Warrant, exercisable concurrently with or at any time within 30 days after the consummation of such Fundamental Transaction, purchase such holder's June 2020 Investor Warrant by paying to such holder an amount of cash equal to the Black-Scholes value of the remaining unexercised portion of such holder's June 2020 Investor Warrant. Because of this put-option provision, the June 2020 Investor Warrants are classified as a liability and are marked to market at each reporting date.

The warrant liability related to the June 2020 Investor Warrants is measured at fair value at each reporting and exercise date using certain estimated inputs, which are classified within Level 3 of the fair value hierarchy. The following assumptions were used in the Black-Scholes Model to measure the fair value of the June 2020 Investor Warrants:

	September 30, 2023	December 31, 2022
Current share price	\$ 0.73	\$ 1.19
Conversion price	\$ 5.18	\$ 5.18
Risk-free interest rate	4.99%	4.23%
Expected term (years)	2.19	2.94
Volatility of stock	65.9%	99.6%

June 2020 Placement Agent Warrants

In June 2020, the Company issued warrants (the "June 2020 Placement Agent Warrants"), exercisable for up to 122 shares of the Company's common stock, to the placement agent for such offering. The June 2020 Placement Agent Warrants have substantially the same form as the June 2020 Investor Warrants, including the put option described above, except that they have an exercise price per share equal to \$5.64, subject to adjustment in certain circumstances, and will expire on June 7, 2025.

Because of the put-option provision in the June 2020 Placement Agent Warrants, these warrants are classified as a liability and are marked to market at each reporting date.

The warrant liability related to the June 2020 Placement Agent Warrants is measured at fair value at each reporting and exercise date using certain estimated inputs, which are classified within Level 3 of the fair value hierarchy. The following assumptions were used in the Black-Scholes Model to measure the fair value of the June 2020 Placement Agent Warrants:

	September 30, 2023	December 31, 2022
Current share price	\$ 0.73	\$ 1.19
Conversion price	\$ 5.64	\$ 5.64
Risk-free interest rate	5.16%	4.33%
Expected term (years)	1.69	2.44
Volatility of stock	69.7%	73.5%

December 2019 Warrants

In December 2019, pursuant to a securities purchase agreement (the "December 2019 Offering"), the Company issued warrants (the "December 2019 Warrants") to purchase 556 shares of common stock. The December 2019 Warrants are currently exercisable, have an exercise price of \$8.10 per share, and will expire five years from the date they initially became exercisable, or on June 21, 2025.

The December 2019 Warrants also contain a cashless exercise provision and could require cash payments in the event of a failure to timely deliver securities or in the event of insufficient authorized shares. The December 2019 Warrants will be automatically exercised on a cashless basis on their expiration date. The December 2019 Warrants also contain a put option, under which, if the Company enters into a Fundamental Transaction, as defined in the December 2019 Warrants, the Company or any successor entity will, at the option of a holder of a December 2019 Warrant, exercisable concurrently with or at any time within 30 days after the consummation of such Fundamental Transaction, purchase such holder's December 2019 Warrant by paying to such holder an amount of cash equal to the Black-Scholes value of the remaining unexercised portion of such holder's December 2019 Warrant within five trading days after the notice of exercise by the holder of the put option. Because of this put-option provision, the December 2019 Warrants are classified as a liability and are marked to market at each reporting date.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The warrant liability related to the December 2019 Warrants is measured at fair value at each reporting date using certain estimated inputs, which are classified within Level 3 of the fair value hierarchy. The following assumptions were used in the Black-Scholes Model to measure the fair value of the December 2019 Warrants:

	September 30, 2023	December 31, 2022
Current share price	\$ 0.73	\$ 1.19
Conversion price	\$ 8.10	\$ 8.10
Risk-free interest rate	5.15%	4.32%
Expected term (years)	1.72	2.47
Volatility of stock	69.1%	73.3%

December 2019 Placement Agent Warrants

In December 2019, in connection with the December 2019 Offering, the Company issued warrants to purchase 52 shares of the Company's common stock to the placement agent for such offering (the "December 2019 Placement Agent Warrants"). The December 2019 Placement Agent Warrants have substantially the same form as the December 2019 Warrants, except that they have an exercise price per share equal to \$8.44, subject to adjustment in certain circumstances, and will expire on December 18, 2025.

The warrant liability related to the December 2019 Placement Agent Warrants is measured at fair value at each reporting date using certain estimated inputs, which are classified within Level 3 of the fair value hierarchy. The following assumptions were used in the Black-Scholes Model to measure the fair value of the December 2019 Placement Agent Warrants:

	September 30, 2023	December 31, 2022
Current share price	\$ 0.73	\$ 1.19
Conversion price	\$ 8.44	\$ 8.44
Risk-free interest rate	5.37%	4.42%
Expected term (years)	1.22	1.97
Volatility of stock	71.8%	71.8%

Management has assessed that the likelihood of a Change of Control (as defined in the December 2019 Placement Agent Warrants), occurring during the term of the December 2019 Placement Agent Warrants is low, and that if such an event were to occur, the difference between the cashless exercise value and the warrants fair value is nominal.

May 2019 Warrants

In May 2019, pursuant to an underwriting agreement, (the "May 2019 Offering"), the Company issued the warrants (the "May 2019 Warrants") to purchase 444 shares of common stock. The May 2019 Warrants are currently exercisable, have a current exercise price of \$3.52 per share, and will expire five years from the date of their issuance, or on May 24, 2024. The May 2019 Warrants contain a price protection feature, pursuant to which, subject to certain exceptions, if shares of common stock are sold or issued in the future, or securities convertible or exercisable for shares of the Company's common stock are sold or issued in the future, for consideration, or with an exercise price or conversion price, as applicable, per share less than the exercise price per share then in effect for the May 2019 Warrants, the exercise price of the May 2019 Warrants is reduced to the consideration paid for, or the exercise price or conversion price of, as the case may be, the securities issued in such offering. Pursuant to this provision, in connection with the June 2020 Offering, the exercise price of the May 2019 Warrants was reduced to \$3.52 per share, being the amount that is equal to the lower of (x) the consideration paid for the securities issued in the June 2020 Offering, or \$4.51 per share, (y) the lowest exercise price of the June 2020 Investor Warrants, or \$5.18, and (z) the lowest one-day volume-weighted average price of the Company's Common Stock on the Nasdaq Capital Market as measured each day during the five trading day period starting on June 8, 2020, rounded to the nearest share, or \$3.52.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

In addition, if the Company effects or enters into any issuance of common stock or options or convertible securities exercisable for or convertible into common stock at a price which varies or may vary with the market price of the shares of the Company's common stock, subject to certain exceptions, a May 2019 Warrant holder may, at the time of exercise of the holder's warrant, elect to exercise the warrant at such variable price.

The May 2019 Warrants include a put option, whereby while the May 2019 Warrants are outstanding, if the Company enters into a Change of Control, as defined in the May 2019 Warrants, the Company or any successor entity will, at the option of a 2019 Warrant holder exercise within 90 days after the public disclosure of the Change of Control transaction, purchase such holder's May 2019 Warrants by paying to such holder an amount of cash equal to the Black-Scholes value of the remaining unexercised portion of such warrants on the later date of consummation of the Change of Control transaction or two trading days after the notice of such request. Because of this put option provision, the May 2019 Warrants are classified as a liability and are marked to market at each reporting date.

The warrant liability related to the May 2019 Warrants is measured at fair value at each reporting and exercise date using certain estimated inputs, which are classified within Level 3 of the fair value hierarchy. Because of the price protection feature contained in the May 2019 Warrants, the Company uses a combination of the Black-Scholes Model and the Lattice Model to estimate the fair value of the warrants at each reporting period. The following assumptions were used in the Black-Scholes Model in combination with the Lattice Model to measure the fair value of the May 2019 Warrants:

	September 30, 2023	December 31, 2022
Share price	\$ 0.73	\$ 1.19
Conversion price	\$ 3.52	\$ 3.52
Risk-free interest rate	5.51%	4.6%
Expected term (years)	0.6	1.4
Volatility of stock	70.2%	74.5%

Management has assessed that the likelihood of a Change of Control occurring during the term of the warrants is low, and that if such an event were to occur, the difference between the cashless exercise value and the May 2019 Warrants fair value is nominal.

13. Stock-based Compensation

Shares available for grant

On June 8, 2023, the Company held its 2023 Annual Meeting of Stockholders and ratified an amendment to the Company's Amended and Restated 2014 Equity Incentive Plan to increase the total number of shares of common stock authorized for issuance by 1,200 shares. As of September 30, 2023, the total number of shares authorized for grant under the Company's Amended and Restated 2014 Equity Incentive Plan was 3,724, of which 425 were available for future grants.

Stock Options

The following table summarizes information about the Company's stock options outstanding as of September 30, 2023, and activity during the nine months then ended:

	Stock Awards	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2022	270	\$ 37.96		
Options forfeited	—	—		
Options cancelled	(16)	55.91		
Balance as of September 30, 2023	254	\$ 36.89	4.66	\$ —
Vested and expected to vest as of September 30, 2023	254	\$ 36.89	4.66	\$ —
Exercisable as of September 30, 2023	253	\$ 37.07	4.66	\$ —

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

As of September 30, 2023, total unrecognized compensation cost related to unvested stock options was \$8. This amount is expected to be recognized as stock-based compensation expense in the Company's condensed consolidated statements of operations and comprehensive loss over the remaining weighted average vesting period of 0.15 years.

There were no stock options awarded during the three and nine months ended September 30, 2023 and 2022.

Restricted Stock Units

The Company issues time-based restricted stock units ("RSUs") and performance-based restricted stock units ("PSUs") to employees and non-employee members of the Board. Each RSU and PSU represents the right to receive one share of the Company's common stock upon vesting and subsequent settlement. PSUs vest upon achievement of performance targets based on the Company's annual operating plan.

The fair values of RSUs and PSUs are determined based on the closing price of the Company's common stock on the date of grant.

Combined RSU and PSU activity for the nine months ended September 30, 2023 is summarized below:

	Number of Shares	Weighted- Average Grant Date Fair Value
Unvested as of December 31, 2022	1,383	\$ 2.17
Granted	873	1.37
Vested	(750)	2.11
Forfeited	(32)	1.53
Unvested as of September 30, 2023	1,474	\$ 2.26

As of September 30, 2023, \$1,730 of total unrecognized compensation expense related to unvested RSUs and PSUs was expected to be recognized over a weighted average period of 1.37 years.

Compensation Expense

Total stock-based compensation expense related to options, RSUs and PSUs granted to employees and non-employee members of the board of directors is included in the condensed consolidated statements of operations and comprehensive loss as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sales and marketing	\$ 69	\$ 61	\$ 209	\$ 202
Research and development	107	90	320	273
General and administrative	265	386	850	1,143
	\$ 441	\$ 537	\$ 1,379	\$ 1,618

401(k) Plan Share Match

During the nine months ended September 30, 2023 and 2022, the Company issued 161 and 68 shares of common stock with a fair value of \$249 and \$176, to eligible employees' deferral accounts for the 401(k) Plan matching contribution representing 50% of each eligible employee's elected deferral (up to the statutory limit) for the years ended December 31, 2022 and 2021, respectively.

The expense for the 401(k) plan share matching was \$304 and \$147 for the nine months ended September 30, 2023 and 2022, respectively.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

14. Income Taxes

There were no material changes to the unrecognized tax benefits in the nine months ended September 30, 2023, and the Company does not expect significant changes to unrecognized tax benefits through the end of the fiscal year.

15. Commitments and Contingencies

Material Contracts

The Company has two license agreements with the Regents of the University of California to maintain exclusive rights to certain patents. The Company is required to pay 1% of net sales of licensed medical devices sold to entities other than the U.S. government. In addition, the Company is required to pay 21% of consideration collected from any sub-licensee for the grant of the sub-license.

The Company entered into a research and development collaboration agreement in December 2021 with a party that develops technologies having utility in robotic exoskeletons from research and development activities associated with a specific set of government funded research projects. Since January 2022, the Company has assisted with research and development activities in exchange for access to a worldwide, royalty free, transferable, sublicensable, exclusive license to design and market products that use or incorporate the jointly-developed technology within Ekso's target market segments.

In connection with the HMC Acquisition, the Company assumed two license agreements with Vanderbilt University to maintain exclusive rights to patents on the Company's behalf. The Vanderbilt Exoskeleton License Agreement was entered into as of October 15, 2012 and will continue until April 29, 2038, unless sooner terminated. Under this agreement, the Company is required to pay 6% of net sales of licensed patent products and 3% of net sales of licensed software products. The minimum annual royalty for licensed products is \$250 after July 31, 2018. The Vanderbilt Knee License Agreement was entered into as of March 1, 2022 and will continue until February 15, 2041, unless sooner terminated. Under this agreement, the Company is required pay 3.75% of net sales for licensed patent products and the minimum annual royalty is \$75 due on or before July 31, 2028. The Company also entered into transitional use agreements with Parker granting the Company access to certain information technology systems and shared services relating to manufacturing facilities in Macedonia, Ohio for twelve months following the date of the acquisition. As consideration for access to these resources, the Company is required to make monthly payments of \$20. In addition to and in conjunction with the transitional services agreement, the Company entered into a transitional manufacturing agreement that provides the Company additional time to use Parker's certification in the European Union relating to the acquired assets while the Company continues the application process for its own certification. This agreement relatedly extends the Company's ability to use Parker's Ohio facility during the pendency of such application process, which is not anticipated to go beyond May 2024, which is 18 months from the date of the acquisition. As consideration for the use of the facility beyond the initial twelve months, the Company will be required to make monthly payments of \$3 for each of the additional six months.

Purchase Obligations

The Company purchases components from a variety of suppliers and uses contract manufacturers to provide manufacturing services for its products. Purchase obligations are defined as agreements that are enforceable and legally binding and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

The Company had purchase obligations primarily for purchases of inventory and manufacturing related service contracts totaling \$2,741 as of September 30, 2023, which are expected to be paid within one year, and \$3,480 as of December 31, 2022. Timing of payments and actual amounts paid may be different depending on the time of receipt of goods or services or changes to agreed-upon amounts for some obligations.

The Company has operating lease commitments totaling \$1,319 payable over 38 months related to the San Rafael and Hamburg leases disclosed in Note 11. Lease Obligations.

Loss Contingencies

In the normal course of business, the Company is subject to various legal matters. In the opinion of management, the resolution of such matters will not have a material adverse effect on the Company's condensed consolidated financial statements.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

16. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net loss applicable to common stockholders, basic and diluted	\$ (3,365)	\$ (4,304)	\$ (11,984)	\$ (11,902)
Denominator:				
Weighted-average number of shares, basic and diluted	14,073	13,071	13,672	12,896
Net loss per share, basic and diluted	<u>\$ (0.24)</u>	<u>\$ (0.33)</u>	<u>\$ (0.88)</u>	<u>\$ (0.92)</u>

The following table sets forth potential shares of common stock that are not included in the calculation of diluted net loss per share because to do so would be anti-dilutive as of the end of each period presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Options to purchase common stock	254	271	254	271
Restricted stock units	1,474	949	1,474	949
Warrants for common stock	1,240	1,240	1,240	1,240
Total common stock equivalents	<u>2,968</u>	<u>2,460</u>	<u>2,968</u>	<u>2,460</u>

17. Segment Disclosures

The Company has two reportable segments: EksoHealth and EksoWorks. The EksoHealth segment designs, manufactures, and markets exoskeletons for applications in the medical markets. The EksoWorks segment designs, manufactures, and markets exoskeleton devices to allow able-bodied users to perform difficult repetitive work for extended periods. The reportable segments are each managed separately because they serve distinct markets.

The Company evaluates performance and allocates resources based on segment gross profit margin. The Company does not consider operating expenses or net assets as segment measures and, accordingly, are not allocated.

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

Segment reporting information is as follows:

	EksoHealth	EksoWorks	Total
Three months ended September 30, 2023			
Revenue	\$ 4,388	\$ 219	\$ 4,607
Cost of revenue	2,006	145	2,151
Gross profit	\$ 2,382	\$ 74	\$ 2,456
Three months ended September 30, 2022			
Revenue	\$ 3,224	\$ 105	\$ 3,329
Cost of revenue	1,524	119	1,643
Gross profit	\$ 1,700	\$ (14)	\$ 1,686
Nine months ended September 30, 2023			
Revenue	\$ 13,072	\$ 360	\$ 13,432
Cost of revenue	6,378	344	6,722
Gross profit	\$ 6,694	\$ 16	\$ 6,710
Nine months ended September 30, 2022			
Revenue	\$ 8,333	\$ 1,028	\$ 9,361
Cost of revenue	4,170	655	4,825
Gross profit	\$ 4,163	\$ 373	\$ 4,536

Ekso Bionics Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

The Company operates in the following regions: (1) Americas, (2) Europe, the Middle East, and Africa (EMEA), and (3) Asia Pacific (APAC). Individual countries with revenue greater than 10% of total revenue for the three and nine months ended September 30, 2023 and 2022 are disclosed separately from the regional totals. Geographic information for revenue based on location of customers is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Americas				
United States	\$ 3,099	\$ 1,475	\$ 9,741	\$ 4,889
Other	138	73	149	249
Americas revenue	3,237	1,548	9,890	5,138
EMEA				
Poland	496	(41)	1,007	527
Romania	—	449	475	449
Germany	23	237	318	487
Other	527	413	864	945
EMEA revenue	1,046	1,058	2,664	2,408
APAC				
Hong Kong	178	—	475	485
Indonesia	—	668	—	668
Other	146	55	403	662
APAC revenue	324	723	878	1,815
Total Revenue	\$ 4,607	\$ 3,329	\$ 13,432	\$ 9,361

Note. 18 Related Party Transactions

On February 4, 2023, the Company entered into a mutual release and settlement agreement with an entity to settle and resolve any and all potential claims brought forth in connection with a consulting agreement executed between the entity and the Company in July 2017. Under the terms of the consulting agreement, the Company was required to make milestone payments for the introduction of potential partners for, and the consummation of, a strategic joint venture. A member of the Company's board of directors is affiliated with one of two entities under common control.

The Company settled on an amount of \$325 to be paid in cash over fourteen months, with combined initial payments of \$145 due in the first 40 days and \$15 per month for the remaining 12 months. The Company has a liability of \$105 and \$325 related to this settlement on its condensed consolidated balance sheet as of September 30, 2023 and December 31, 2022, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (this "Quarterly Report"), the "Company", "we", "its" and "our" refers to Ekso Bionics Holdings, Inc. and its wholly-owned subsidiaries. The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which is incorporated herein by reference (the "Annual Report").

This Quarterly Report contains forward-looking statements. These forward-looking statements include statements other than statements of historical facts contained or incorporated by reference in this Quarterly Report, including statements regarding (i) the plans and objectives of management for future operations, including those relating to the design, development and commercialization of exoskeleton products for humans, (ii) the manufacturing of our products and strengthening our supply chain, and potential opportunities for strategic partnerships, (iii) beliefs regarding the regulatory path for our products, including potential approvals required and timing of approvals, (iv) statements regarding the financial and operational impacts on our business following the completion of the HMC Acquisition, (v) our future financial performance, including any such statement contained in a discussion and analysis of financial condition by management or in the results of operations included pursuant to the rules and regulations of the SEC, (vi) our beliefs regarding the potential for commercial opportunities, including for exoskeleton technology and our exoskeleton products, and for strategic partnerships, (vii) our beliefs regarding potential clinical and other health benefits of our medical devices, (viii) the impact and effects of the COVID-19 pandemic and other risk factors on our business, results of operations or prospects, and (ix) the assumptions underlying or relating to any statement described in points (i), through (viii) above. The words "may," "might," "would," "should," "could," "project," "estimate," "pro-forma," "predict," "potential," "strategy," "anticipate," "attempt," "develop," "plan," "help," "believe," "continue," "intend," "expect," "future," and similar expressions (including the negative of any of the foregoing) are intended to identify forward-looking statements.

The following factors, among others, including those described in the section titled "Risk Factors" included in our Annual Report, as updated and supplemented in this Quarterly Report under the heading "Part II – Item 1A. Risk Factors," could cause our future results to differ materially from those expressed in the forward-looking information:

- our ability to obtain adequate financing to fund operations and to develop or enhance our technology;
- our ability to generate sufficient cash flow to service our debt obligations;
- our ability to obtain or maintain regulatory approval to market our medical devices;
- our ability to complete clinical trials on a timely basis and that completed clinical trials will be sufficient to support commercialization of our products;
- the anticipated timing, cost and progress of the development and commercialization of new products or services, and improvements to our existing products, and related impacts on our profitability and cash position;
- our ability to effectively market and sell our products and expand our business, both in unit sales and product diversification;
- our ability to achieve broad customer adoption of our products and services;
- existing or increased competition;
- rapid changes in technological solutions available to our markets;
- volatility with our business, including long and variable sales cycles, which could have a negative impact on our results of operations for any given quarter;
- changes to our domestic or international sales and operations;
- our ability to obtain or maintain patent protection for our intellectual property;
- the scope, validity and enforceability of our and third-party intellectual property rights;
- significant government regulation of medical devices and the healthcare industry;
- our ability to receive regulatory clearance from certain government authorities, including any conditions, limitations or restrictions placed on such approvals;
- our customers' ability to get third-party reimbursement for our products and services associated with them and our ability to manage the complex and lengthy reimbursement process;
- the potential for our products to be subject to voluntary or involuntary recall;
- our product liability insurance may not adequately cover potential claims;
- warrant claims and our accelerated maintenance program results in additional operating costs to us;
- our failure to implement our business plan or strategies;
- our ability to successfully consummate acquisitions on acceptable terms and to integrate any such acquisitions;
- our early termination of leases, difficulty filling vacancies or negotiating improved lease terms;
- our ability to retain or attract key employees;

- scope, scale and duration of the impact of outbreaks of a pandemic disease, such as COVID-19;
- stock volatility or illiquidity;
- our ability to maintain adequate internal controls over financial reporting;
- the impacts of foreign currency price fluctuations; and
- overall economic and market conditions.

Although we believe that the assumptions underlying the forward-looking statements and forward-looking information contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, such statements and information included in this Quarterly Report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements and forward-looking information included herein, the inclusion of such statements and information should not be regarded as a representation by us or any other person that the results or conditions described in such statements and information or that our objectives and plans will be achieved. Such forward-looking statements speak only as of the date of this Quarterly Report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

Our Business

We design, develop, and market exoskeleton products that augment human strength, endurance and mobility. Our exoskeleton technology serves multiple markets and can be utilized both by able-bodied persons and by persons with physical disabilities. We have sold or leased devices that (i) enable individuals with neurological conditions affecting gait, including ABI, SCI and MS, to rehabilitate, and in some cases, to walk again, (ii) assist individuals with a broad range of upper extremity impairments, and (iii) allow industrial workers to perform difficult repetitive work for extended periods.

We believe that the commercial opportunity for exoskeleton technology adoption is accelerating as a result of recent advancements in material technologies, electronic and electrical engineering, control technologies, and sensor and software development. Taken individually, many of these advancements have become ubiquitous in peoples' everyday lives. We believe that we have learned how to integrate these existing technologies and wrap the result around a human being efficiently, elegantly and safely, supported by an industry leading intellectual property portfolio. We further believe that we can do so across a broad spectrum of applications, from persons with lower limb paralysis to able-bodied users.

EksoHealth

EksoHealth is our business unit focused on developing and marketing exoskeletons for medical applications.

Our leading product in EksoHealth, the EksoNR, is a robotic exoskeleton used to provide physical therapy for patients with lower extremity impairment. EksoNR includes unique features designed specifically to assist physical therapists and other clinicians to teach patients to walk again after suffering a neurological impairment. Typical conditions that can be treated with the assistance of EksoNR include ABIs, such as stroke and traumatic brain injuries, as well as SCIs, MS, and others. The benefits of EksoNR rehabilitation can include earlier mobilization of patients, longer and more intense rehab sessions, and increased quality of sessions as compared to alternative therapies. EksoNR is typically used in clinical settings, most commonly at inpatient rehab facilities and stroke centers.

EksoHealth expanded its product offerings to include Ekso Indego Therapy and Ekso Indego Personal with the HMC acquisition in the fourth quarter of 2022. The Ekso Indego devices are FDA-cleared lower-limb powered exoskeletons that enable task-specific, overground gait training to patients with weakness or paralysis in their lower extremities. Ekso Indego Personal, a light-weight exoskeleton for safe use in most home and community environments, and Ekso Indego Therapy, an adjustable exoskeleton for patients with spinal cord injury and stroke, address market opportunities across the continuum of care, particularly within outpatient facilities, complementary to those most typically addressed by the EksoNR, expanding Ekso's product offering to home and community use markets.

EksoWorks

EksoWorks is our business unit focused on developing, marketing, and selling exoskeletons and other assistive tools for industrial applications. The target users for these devices are generally able-bodied, and as such the goal of these products is to reduce fatigue for workers. The benefits of fatigue reduction can include reduced rates of injuries, higher productivity, higher worker morale, and lower turnover. Currently, we primarily sell these products directly to companies that deploy them for use in their operations. EVO, our wearable upper body exoskeleton, supersedes the EksoVest as our primary product designed to support the weight of a worker's arms and tools, reducing the fatigue associated with working at or above shoulder height for extended periods. In 2022 the EksoWorks unit refocused its product offerings and go to market strategies, placing increased emphasis on EVO and its placement into large industrial settings within our identified target markets. We believe EVO has industrial applications across a broad range of market verticals, and the unit is currently targeting end markets in aerospace, automotive, manufacturing, commercial construction, and renewable energy.

At the end of the second quarter of 2022, we ceased commercialization of our EksoZeroG support arm and related products and accessories.

Third Quarter 2023 Highlights

- Sold a total of 41 EksoHealth units in the third quarter of 2023
- Reported revenue of \$4.6 million in the third quarter of 2023, an increase of 38.4% year-over-year

Economic and Industry Trends

Our revenue is highly dependent on market demand for our exoskeleton products. This market demand is influenced by many factors including the level of awareness of robotic exoskeleton rehabilitation among the rehabilitation clinics with significant stroke, ABI, and SCI populations, the imperatives among construction and manufacturing companies to drive adoption of improved safety and health practices, the levels of reimbursements our customers will be able to receive, as well as conditions relating to overall economic growth and general business activity. Difficult and challenging economic conditions, including an increasingly inflationary environment, could lead to increased price-based competition. In particular, the effects of such increasing price-based competition may have an especially significant impact on certain products that we offer, including the EksoNR and Ekso Indego, which have a lengthy sale and purchase order cycle because they are major capital expenditure items and generally require the approval of senior management at purchasing institutions. Furthermore, our business includes operations in the Americas, EMEA and APAC, so we are affected by demand for our products in those regions, as well as the strengthening or weakening of local currencies relative to the U.S. Dollar.

The current economic environment is impacting our customers financially and operationally. Hospitals are experiencing staffing shortages and supply chain issues that affect their ability to provide patient care. Additionally, hospitals are facing significant financial pressure as supply chain constraints and inflation drive up operating costs and fiscal stimulus programs enacted during the COVID-19 pandemic wind down. As a consequence of the financial pressures and decreased profitability, some hospitals have indicated that they are lowering their capital investment plans and tightening their operational budgets. We believe that these factors could contribute to a reduced demand for our offerings, particularly in the United States, which may have a material adverse effect on our business, financial condition, results of operations, or cash flows.

We believe the clinical need for our products has not diminished, as evidenced by clinical data showing the increased prevalence of strokes during the pandemic. We continue to engage with our current and prospective customers both onsite and virtually through video conferencing, virtual training events and online education demos to offer our support and showcase the value of our Ekso devices.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Our estimates form the basis for our judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our most critical accounting estimates include:

- the standalone selling prices used to allocate the contract consideration to the individual performance obligations in our device sales arrangements, which impacts revenue recognition;
- the unobservable inputs and assumptions used by management in estimating the fair value of our warrant liabilities, which impacts net income or loss;
- the preliminary fair value of the assets acquired and liabilities assumed in our business combination;
- the valuation of inventory, which impacts gross profit margins; and
- the estimates made regarding the recoverability of our net deferred tax asset, which impacts our financial condition.

Standalone Selling Prices

Our device sales arrangements contain multiple products and services, most often including the device(s) and service, both of which we have identified as distinct performance obligations. Revenue is allocated to each performance obligation based on its relative standalone selling price. Standalone selling prices are based on observable prices at which we separately sell the products or services. If a standalone selling price is not directly observable, then we estimate the standalone selling prices considering market conditions and entity-specific factors including, but not limited to, features and functionality of the products and services, geographies, type of customer, and gross margin targets. Changes in the relative standalone selling price between devices and service can have an impact on how transaction prices are allocated between revenue and deferred revenue.

Warrant Liabilities

We use the Black-Scholes option-pricing model to value our warrant liabilities at each reporting period, which requires the input of highly subjective assumptions, most notably the estimated volatility of our common stock over the expected term. We use our historical common stock volatility to estimate expected volatility over the warrant terms. Management must also make uncertain estimates regarding the likelihood and timing of certain future events for application of the Lattice Model for the valuation of certain warrants. Changes in these assumptions could have potential material impacts on the estimated fair value of warrant liabilities. During the three months ended September 30, 2023, management made no changes to its estimates regarding the likelihood of future events. We do not believe the revision resulted in a material impact to the estimated fair value of warrant liabilities measured using the Lattice Model.

Inventory Valuation

Inventory is stated at the lower of cost or net realizable value. Cost is computed using the standard cost method which approximates actual cost on a first-in, first-out basis. The cost basis of our inventory is reduced for any products that are considered excessive or obsolete based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required, which could have a material adverse effect on the results of our operations.

Deferred Tax Asset

We estimate a valuation allowance in consideration of the realizability of our net deferred tax assets, primarily based on our assessment of the timing, likelihood and amounts of potential future income during which such items become deductible. It is inherently difficult and subjective to estimate such amounts, as we must determine the probability of various possible outcomes and estimate future amounts. Management does not believe it is more likely than not that we will generate future income in a timeframe and amount sufficient to realize our net deferred tax assets. Changes in management's estimate of future income in the timeframe during which the temporary differences and carryforwards comprising our deferred tax assets become deductible could result in a material impact to our financial position including the recognition of a net deferred tax asset.

Accounting Policies

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimate that are reasonably likely to occur, could materially impact the condensed consolidated financial statements. We believe that our critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the condensed consolidated financial statements. Refer to Note. 2 Basis of Presentation and Summary of Significant Accounting Policies and Estimates in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Results of Operations

The following table presents our results of operations for the three months ended September 30, 2023 and 2022 (in thousands, except percentages):

	Three Months Ended September 30,			
	2023	2022	Change	% Change
Revenue	\$ 4,607	\$ 3,329	\$ 1,278	38%
Cost of revenue	2,151	1,643	508	31%
Gross profit	2,456	1,686	770	46%
<i>Gross profit %</i>	<i>53%</i>	<i>51%</i>		
Operating expenses:				
Sales and marketing	2,052	1,742	310	18%
Research and development	1,159	887	272	31%
General and administrative	2,176	2,711	(535)	(20)%
Total operating expenses	5,387	5,340	47	1%
Loss from operations	(2,931)	(3,654)	723	(20)%
Other (expense) income, net:				
Interest expense, net	(64)	(34)	(30)	88%
Gain on revaluation of warrant liabilities	60	112	(52)	(46)%
Unrealized loss on foreign exchange	(433)	(732)	299	(41)%
Other income, net	3	4	(1)	(25)%
Total other expense, net	(434)	(650)	216	(33)%
Net loss	<u>\$ (3,365)</u>	<u>\$ (4,304)</u>	\$ 939	(22)%

Revenue

Revenue increased \$1.3 million, or 38%, for the three months ended September 30, 2023, compared to the same period of 2022. This increase was comprised of a \$1.2 million increase in EksoHealth revenue and a \$0.1 million increase in EksoWorks.

The increase in EksoHealth revenue was primarily driven by an increase in the volume of EksoNR and Indego device sales. The increase in EksoWorks revenue was primarily driven by an increase in the volume of EVO.

Gross Profit

Gross profit increased \$0.8 million for the three months ended September 30, 2023 compared to the same period of 2022, driven by an increase in sales in the EksoHealth segment.

Gross margin increased to 53% for the three months ended September 30, 2023, compared to a gross margin of 51% for the same period of 2022. The overall increase in gross margin was primarily due to lower EksoHealth device and service costs.

Operating Expenses

Sales and marketing expenses increased \$0.3 million, or 18%, for the three months ended September 30, 2023, compared to the same period of 2022. The increase was primarily due to the addition of headcount associated with the acquisition of HMC.

Research and development expenses increased \$0.3 million, or 31%, for the three months ended September 30, 2023, compared to the same period of 2022. The increase was primarily due to the addition of headcount associated with the acquisition of HMC and costs associated with HMC-sponsored research agreements.

General and administrative expenses decreased \$0.5 million, or 20%, for the three months ended September 30, 2023, compared to the same period of 2022, primarily due to an decrease in legal activity and absence of costs associated with the acquisition of HMC in the comparable quarter.

Total Other (Expense) Income, Net

Interest expense, net increased 88% for the three months ended September 30, 2023 compared to the same period of 2022. This increase was related to the promissory note in connection with the HMC acquisition.

Gain on revaluation of warrant liabilities was \$0.1 million for the three months ended September 30, 2023 and September 30, 2022, and was associated with the revaluation of warrants issued in 2019, 2020 and 2021. Gains and losses on revaluation of warrants are primarily driven by changes in our stock price, time to maturity, and the risk-free interest rate.

Unrealized loss on foreign exchange for the three months ended September 30, 2023 was \$0.4 million compared to \$0.7 million for the same period of 2022. These unrealized gains and losses are primarily the result of foreign currency revaluations of our inter-company monetary assets and liabilities.

The following table presents our results of operations for the nine months ended September 30, 2023 and 2022 (in thousands, except percentages):

	Nine Months Ended September 30,			
	2023	2022	Change	% Change
Revenue	\$ 13,432	\$ 9,361	\$ 4,071	43%
Cost of revenue	6,722	4,825	1,897	39%
Gross profit	6,710	4,536	2,174	48%
Gross profit %	50%	48%		
Operating expenses:				
Sales and marketing	6,489	5,212	1,277	25%
Research and development	3,712	2,680	1,032	39%
General and administrative	8,172	7,764	408	5%
Total operating expenses	18,373	15,656	2,717	17%
Loss from operations	(11,663)	(11,120)	(543)	5%
Other (expense) income, net:				
Interest expense, net	(236)	(90)	(146)	162%
Gain on revaluation of warrant liabilities	186	1,011	(825)	(82)%
Unrealized loss on foreign exchange	(223)	(1,704)	1,481	(87)%
Other (expense) income, net	(48)	1	(49)	(1)
Total other expense, net	(321)	(782)	461	(59)%
Net loss	\$ (11,984)	\$ (11,902)	\$ (82)	1%

(1) Not Meaningful

Revenue

Revenue increased \$4.1 million, or 43%, for the nine months ended September 30, 2023, compared to the same period of 2022. This increase was comprised of a \$4.7 million increase in EksoHealth revenue, partially offset by a \$0.7 million decrease in EksoWorks.

The increase in EksoHealth revenue was primarily driven by an increase in the volume of EksoNR and Indego device sales. The decrease in EksoWorks revenue was primarily driven by a reduction in the volume of EVO sales and the absence of the recognition of royalty revenue in the comparable period of 2022 related to an expired license and distribution agreement. Revenue from our EVO product line was affected by delays from our transition to our contract manufacturer.

Gross Profit

Gross profit increased \$2.2 million for the nine months ended September 30, 2023 compared to the same period of 2022, driven by an increase in sales in the EksoHealth segment.

Gross margin increased to 50% for the nine months ended September 30, 2023, compared to a gross margin of 48% for the same period of 2022. The overall increase in gross margin was primarily due to lower device costs.

Operating Expenses

Sales and marketing expenses increased \$1.3 million, or 25%, for the nine months ended September 30, 2023, compared to the same period of 2022. The increase was primarily due to additional headcount associated with the acquisition of HMC and severance expense.

Research and development expenses increased \$1.0 million, or 39%, for the nine months ended September 30, 2023, compared to the same period of 2022. The increase was primarily due to additional headcount associated with the acquisition of HMC and costs associated with HMC-sponsored research agreements.

General and administrative expenses increased \$0.4 million, or 5%, for the nine months ended September 30, 2023, compared to the same period of 2022, primarily due to an increase in audit and accounting services in connection with the acquisition of HMC, and costs associated with the integration of HMC, partially offset by the absence of severance costs associated with the departure of our former Chief Executive Officer in the same period of 2022.

Total Other (Expense) Income, Net

Interest expense, net increased 162% for the three months ended September 30, 2023 compared to the same period of 2022. This increase was related to the promissory note in connection with the HMC acquisition.

Gain on revaluation of warrant liabilities was \$0.2 million for the nine months ended September 30, 2023, and was associated with the revaluation of warrants issued in 2019, 2020 and 2021. Gain on revaluation of warrant liabilities was \$1.0 million for the nine months ended September 30, 2022, and was associated with the revaluation of warrants issued in 2019, 2020 and 2021. Gains and losses on revaluation of warrants are primarily driven by changes in our stock price, time to maturity, and the risk-free interest rate.

Unrealized loss on foreign exchange for the nine months ended September 30, 2023 was \$0.2 million compared to an unrealized loss on foreign exchange of \$1.7 million for the same period of 2022. These unrealized gains and losses are primarily the result of foreign currency revaluations of our inter-company monetary assets and liabilities.

Liquidity and Capital Resources

Since our inception, we have devoted substantially all of our efforts toward the development and commercialization of exoskeletons for the medical and industrial markets and toward raising capital. We have financed our operations primarily through the issuance and sale of equity securities for cash consideration and through bank debt.

Liquidity and Capital Resources

On September 30, 2023, we had working capital of \$14.6 million, compared to working capital of \$21.8 million at December 31, 2022. The decrease in working capital was primarily due to a lower cash balance from cash used in operations. Our cash as of September 30, 2023, consisted of bank deposits with third party financial institutions. As of September 30, 2023, of our \$9.9 million of cash, \$9.5 million was held domestically while \$0.4 million was held by foreign subsidiaries.

As described in Note 10 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q under the caption Notes Payable, net, borrowings under our secured term loan agreement with Pacific Western Bank have a requirement of minimum cash on hand equivalent to the current outstanding principal balance. As of September 30, 2023, \$2.0 million of cash must remain as restricted. After considering cash restrictions, effective unrestricted cash as of September 30, 2023 is approximately \$7.9 million.

Cash

The following table summarizes the sources and uses of cash (in thousands).

	Nine months ended September 30,	
	2023	2022
Net cash used in operating activities	\$ (10,470)	\$ (11,044)
Net cash used in investing activities	(114)	(141)
Effect of exchange rate changes on cash	(4)	(41)
Net decrease in cash	(10,588)	(11,226)
Cash and restricted cash at beginning of period	20,525	40,406
Cash and restricted cash at end of period	<u>\$ 9,937</u>	<u>\$ 29,180</u>

Net Cash Used in Operating Activities

Net cash used in operations decreased 5%, for the nine months ended September 30, 2023, compared to the same period of 2022 was primarily due to an increase in sales and the absence of business development costs incurred in the comparable period, partially offset by payments of acquisition and integration costs associated with HMC.

Net Cash Used in Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2023, was related to leasehold improvements for our new headquarters and manufacturing facility in San Rafael, California and manufacturing equipment.

Material Cash Requirements and Going Concern

Our material cash requirements include the following items, some of which are represented in the table of Contractual Obligations and Commitments: (1) employee wages, benefits and incentives, (2) the procurement of raw materials and components to support the manufacturing and sale of our products, (3) expenditures for the ongoing improvement and development of existing and new technologies, (4) debt repayments (for additional information see Note 10 in the notes to our condensed consolidated financial statements included elsewhere in the Quarterly Report on Form 10-Q), and (5) operating lease payments (for additional information see Note 11 in the notes to our condensed consolidated financial statements included elsewhere in the Quarterly Report on Form 10-Q).

We expect that our operating cash requirements in the near term will continue to exceed cash provided by operations with the additional headcount and product development activities assumed in the HMC Acquisition and service of our promissory note with Parker Hannifin. As described in Note 1. *Organization: Liquidity and Going Concern* of the notes to our condensed consolidated financial statements, management believes that substantial doubt exists about our ability to meet cash requirements twelve months from the issuance of such financial statements, and such substantial doubt is not alleviated by our plans.

The Company does not expect, nor do our historical operating results suggest, that cash flows generated from operations will be sufficient to meet our material cash requirements in the long term. Management expects that the Company's historical reliance on external financing, from both equity and debt financings, will continue to provide the capital necessary to meet its material cash requirements in the long term. Management has not yet determined the form such additional financing may take, but management expects that the most likely forms include one or more of the following: (i) underwritten offerings of shares of our common stock or other offerings of equity and/or equity-linked securities, (ii) sales of shares of our common stock under an "at the market" offering program, (iii) incurring indebtedness with one or more financial institutions, and (iv) the factoring of trade receivables.

Contractual Obligations and Commitments

The following table summarizes our outstanding contractual obligations as of September 30, 2023, and the effect those obligations are expected to have on our liquidity and cash flows in future periods (in thousands):

	Payments Due By Period:			
	Total	Less than One Year	1-3 Years	3-5 Years
Term loan	\$ 2,484	\$ 171	\$ 2,313	\$ —
Promissory note	5,000	938	2,500	1,562
Facility operating leases	1,319	431	821	67
Purchase obligations	2,741	2,741	—	—
Total	<u>\$ 11,544</u>	<u>\$ 4,281</u>	<u>\$ 5,634</u>	<u>\$ 1,629</u>

In response to, or in anticipation of, supplier disruptions and extended lead times, we may stockpile certain components or raw materials to help prevent disruption in our production of the EksoNR, Ekso Indego Therapy and Ekso Indego Personal devices. Such purchasing behavior is a contributing factor to the increase in purchase obligations as compared to prior periods. These actions have, and could continue to have, a short-term adverse impact on our cash used in operating activities and increase our inventory balance. Obligations related to these activities are reflected in the line purchase obligations in the table above.

Refer to Note 15. *Commitments and Contingencies* in the notes to our condensed consolidated financial statements for additional information regarding our contractual obligations and lease commitments.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

There have been no material changes in our market risk during the nine months ended September 30, 2023, compared to the disclosures in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures

Disclosure Controls and Procedures.

Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) as of the end of the period covered by this Quarterly Report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed by us under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

It should be noted that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment and makes assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Management believes that the financial statements included in this Quarterly Report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we are subject to legal proceedings and claims arising in the ordinary course of business. Based on our current knowledge, we believe that the amount or range of reasonably possible losses will not, either individually or in the aggregate, have a material adverse effect on our business, results of operations, or financial condition.

The results of any litigation cannot be predicted with certainty, and an unfavorable resolution in any legal proceedings could materially affect our future business, results of operations, or financial condition. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. For additional information, please refer to Note 15. *Commitments and Contingencies* in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

We have not identified any material changes to the risk factors previously disclosed in Part I - Item 1A - "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 other than as set forth below:

We might not be able to continue as a going concern.

Our unaudited condensed consolidated financial statements as of September 30, 2023 have been prepared under the assumption that we will continue as a going concern for the next twelve months. As of September 30, 2023, we had cash and restricted cash of \$9.9 million and an accumulated deficit of \$235.8 million. We do not believe that our cash and restricted cash are sufficient to fund our operations for the next 12 months. We will need to increase revenues substantially beyond levels that we have attained in the past in order to generate sustainable operating profit and sufficient cash flows to continue doing business without raising additional capital from time to time. As a result of our expected operating losses and cash burn for the foreseeable future and recurring losses from operations, if we are unable to raise sufficient capital through additional debt or equity arrangements, there will be uncertainty regarding our ability to maintain liquidity sufficient to operate our business effectively, which raises substantial doubt as to our ability to continue as a going concern. If we cannot continue as a viable entity, our stockholders would likely lose most or all of their investment in us.

If we are unable to generate sustainable operating profit and sufficient cash flows, then our future success will depend on our ability to raise capital. We are seeking additional financing and evaluating financing alternatives in order to meet our cash requirements for the next 12 months. We cannot be certain that raising additional capital, whether through selling additional debt or equity securities or obtaining a line of credit or other loan, will be available to us or, if available, will be on terms acceptable to us. If we issue additional securities to raise funds, these securities may have rights, preferences, or privileges senior to those of our common stock, and our current stockholders may experience dilution. If we are unable to obtain funds when needed or on acceptable terms, we may be required to curtail our current product development programs, cut operating costs, forego future development and other opportunities or even terminate our operations.

If we do not regain compliance with or continue to satisfy the Nasdaq continued listing requirements, our common stock could be delisted from the Nasdaq.

The listing of our common stock on the Nasdaq Capital Market ("Nasdaq") is contingent on our compliance with the Nasdaq's conditions for continued listing. We are currently not in compliance with Nasdaq listing requirements, specifically the minimum bid price requirement, and must regain compliance on or prior to March 27, 2024. If we are unable to regain such compliance, we will cease to be eligible to trade on Nasdaq and will likely be delisted by Nasdaq.

If we were to fail to meet a Nasdaq listing requirement, we may be subject to delisting by the Nasdaq. In the event our common stock is no longer listed for trading on Nasdaq, our trading volume and share price may decrease and we may experience further difficulties in raising capital which could materially affect our operations and financial results. Further, delisting from the Nasdaq could also have other negative effects, including potential loss of confidence by partners, lenders, suppliers and employees and could also trigger various defaults under our financing arrangements and other outstanding agreements. Finally, delisting could make it harder for us to raise capital and sell securities. You may experience future dilution as a result of future equity offerings. In order to raise additional capital, we may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock.

Item 5. Other Information

During the quarter ended September 30, 2023, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

Item 6. Exhibits

Exhibit Number	Description
<u>10.1</u>	<u>Fifth Amendment to Loan Agreement by and among Pacific Western Bank, Ekso Bionics, Inc. and Ekso Bionics Holdings, Inc. dated as of August 17, 2023 (incorporated by reference from Exhibit 10.1 to Ekso Bionics Holdings, Inc.'s Current Report of Form 8-K filed on August 18, 2023).</u>
<u>10.2*†</u>	<u>Warranty Lump Sum Agreement between Parker-Hannafin Corporation and the Company dated September 25, 2023.</u>
<u>31.1*</u>	<u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>31.2*</u>	<u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.1+</u>	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2+</u>	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101*	The following financial statements from the Ekso Bionics Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline Extensible Business Reporting Language (“iXBRL”): • unaudited condensed consolidated balance sheets; • unaudited condensed consolidated statements of operations and comprehensive income (loss); • unaudited condensed consolidated statements of stockholders’ equity; • unaudited condensed consolidated statement of cash flows; and • notes to unaudited condensed consolidated financial statements.
101.ins	Inline XBRL Instant Document
101.sch	Inline XBRL Taxonomy Schema Document
101.cal	Inline XBRL Taxonomy Calculation Linkbase Document
101.def	Inline XBRL Taxonomy Definition Linkbase Document
101.lab	Inline XBRL Taxonomy Label Linkbase Document
101.pre	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
*	Filed herewith.
+	Furnished herewith.
†	Certain of the exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

SIGNATURES

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

EKSO BIONICS HOLDINGS, INC.

Date: October 26, 2023

By: /s/ Scott G. Davis
Scott G. Davis
Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2023

By: /s/ Jerome Wong
Jerome Wong
Chief Financial Officer
(Principal Financial and Accounting Officer)

Warranty Claim Lump Sum Arrangement

This Warranty Claim Lump Sum Agreement (this “Agreement”) is entered into by and between EKSO Bionics Holdings, Inc., a Nevada corporation (the “Buyer”), and Parker-Hannifin Corporation, an Ohio corporation (the “Seller”, collectively with Buyer the “Parties” and each separately a “Party”) and is dated as of September 25, 2023.

Recitals

1. Buyer and Seller entered into an Asset Purchase Agreement (the “APA”), dated December 5, 2022.
2. In accordance with Section 5.10 of the APA, Buyer is entitled to recover from the Seller time and material and other costs and expenses of services performed in connection with Post-Closing Warranty Claims, which is defined under the APA to include any product warranty claims or other Liability related to products sold by the Business prior to the Closing.
3. The Parties desire to change the terms agreed to in Section 5.10 of the APA to relieve Seller of its obligation to reimburse Buyer for the costs and expenses associated with the Post-Closing Warranty Claims in exchange for a lump sum payment.
4. Capitalized terms that are used but not defined herein have the meanings ascribed to such terms in the APA.

Agreement

In consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Lump Sum Payment.** Contemporaneously with the execution of this Agreement, Seller is paying Buyer an amount in cash equal to \$700,000.00 (such payment the “**Lump Sum Payment**”) to an account designated by Buyer.
 2. **Satisfaction of Obligations.** Effective as of the Buyer’s receipt of the Lump Sum Payment and notwithstanding anything else to the contrary, including Section 5.10 of the APA or the attachment of Exhibit A, Seller shall no longer have any obligation to reimburse Buyer for any Post-Closing Warranty Claims, including but not limited to the products described on Exhibit A.
-

3. **Product List.** Exhibit A attached hereto contains Seller's good faith estimate of the products sold by the Business prior to the Closing.
4. **Effect on APA.** Other than as specifically set forth herein, all other terms and provisions of the APA shall remain unaffected by the terms of this Agreement and shall continue in full force and effect.
5. **Other Provisions.** The following provisions of the APA are hereby incorporated by reference and shall apply *mutatis mutandis*, to this Amendment: Section 7.1 (*Fees and Expenses*); Section 7.2 (*Governing Law*); Section 7.4 (*Amendment*); Section 7.6 (*Waiver*); Section 7.8 (*Complete Agreement*); Section 7.9 (*Counterparts*); Section 7.11 (*Severability*); Section 7.14 (*Jurisdiction*); Section 7.16 (*Waiver of Jury Trial*).

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

EKSO BIONICS HOLDINGS, INC.

By: /s/ Scott Davis

Name: Scott Davis

Title: CEO

PARKER-HANNIFIN CORPORATION

By: /s/ Berend Bracht

Name: Berend Bracht

Title: President and Vice President – Motion Systems Group

EXHIBIT A

Product List

[Omitted]

CERTIFICATION

I, Scott G. Davis, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc.;
- (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 company as of, and for, the periods presented in this report;
- (4) The company's other certifying officer 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 company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
- (5) The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: October 26, 2023

/s/ Scott G. Davis

Scott G. Davis

Principal Executive Officer

CERTIFICATION

I, Jerome Wong, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc.;
- (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 company as of, and for, the periods presented in this report;
- (4) The company's other certifying officer 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 company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
- (5) The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: October 26, 2023

/s/ Jerome Wong

 Jerome Wong
 Principal Financial Officer

**CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc. (the “Company”), for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission (the “Report”), I, Scott G. Davis, Chief Executive Officer and principal executive officer, hereby certify as of the date hereof, solely for purposes of 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 at the dates and for the periods indicated.

Dated: October 26, 2023

/s/ Scott G. Davis

Scott G. Davis

Principal Executive Officer

**CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc. (the “Company”), for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission (the “Report”), I, Jerome Wong, Chief Financial Officer and principal financial officer, hereby certify as of the date hereof, solely for purposes of 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 at the dates and for the periods indicated.

Dated: October 26, 2023

/s/ Jerome Wong

Jerome Wong

Principal Financial Officer