
**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 **June 30, 2020**

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.)

**1414 Harbour Way South, Suite 1201
Richmond, CA**

(Address of principal executive offices)

94804

(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 July 28, 2020 was 8,271,271.

Ekso Bionics Holdings, Inc.
Quarterly Report on Form 10-Q
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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

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

	June 30, 2020	December 31, 2019
	(unaudited)	(Note 2)
Assets		
Current assets:		
Cash	\$ 13,260	\$ 10,872
Accounts receivable, net of allowances of \$100 and \$121, respectively	3,741	5,208
Inventories, net	2,384	2,489
Prepaid expenses and other current assets	525	238
Total current assets	19,910	18,807
Property and equipment, net	1,248	1,657
Right-of-use assets	885	1,084
Goodwill	189	189
Other assets	117	178
Total assets	\$ 22,349	\$ 21,915
Liabilities and Stockholders' (Deficit) Equity		
Current liabilities:		
Accounts payable	\$ 1,902	\$ 1,903
Accrued liabilities	1,180	1,683
Deferred revenues, current	1,345	1,492
Notes payable, net, current	2,433	2,333
Lease liabilities, current	269	421
Total current liabilities	7,129	7,832
Deferred revenues	1,706	1,789
Notes payable, net	644	407
Lease liabilities	508	711
Warrant liabilities	12,361	4,307
Other non-current liabilities	29	72
Total liabilities	22,377	15,118
Commitments and contingencies (Note 15)		
Stockholders' (deficit) equity:		
Convertible preferred stock, \$0.001 par value; 10,000 shares authorized; none issued and outstanding at June 30, 2020 and December 31, 2019	—	—
Common stock, \$0.001 par value; 141,429 shares authorized; 7,814 and 5,795 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	8	6
Additional paid-in capital	197,513	190,019
Accumulated other comprehensive income	30	50
Accumulated deficit	(197,579)	(183,278)
Total stockholders' (deficit) equity	(28)	6,797
Total liabilities and stockholders' (deficit) equity	\$ 22,349	\$ 21,915

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	\$ 2,264	\$ 3,262	\$ 3,731	\$ 6,878
Cost of revenue	1,005	1,702	1,835	3,719
Gross profit	1,259	1,560	1,896	3,159
Operating expenses:				
Sales and marketing	1,712	3,039	4,232	5,848
Research and development	452	1,499	1,163	2,883
General and administrative	1,943	2,120	4,130	4,438
Restructuring	244	—	244	—
Total operating expenses	4,351	6,658	9,769	13,169
Loss from operations	(3,092)	(5,098)	(7,873)	(10,010)
Other (expense) income, net:				
Interest expense	(38)	(107)	(90)	(228)
(Loss) gain on revaluation of warrant liabilities	(8,574)	2,737	(6,055)	1,615
Loss on modification of warrant	—	—	—	(257)
Warrant issuance expense	(329)	(706)	(329)	(706)
Other income (expense), net	266	108	46	(31)
Total other (expense) income, net	(8,675)	2,032	(6,428)	393
Net loss	\$ (11,767)	\$ (3,066)	\$ (14,301)	\$ (9,617)
Other comprehensive (loss) income	(193)	(106)	(20)	42
Comprehensive loss	\$ (11,960)	\$ (3,172)	\$ (14,321)	\$ (9,575)
Basic and diluted net loss per share applicable to common shareholders	\$ (1.88)	\$ (0.65)	\$ (2.37)	\$ (2.12)
Weighted average number of shares outstanding, basic and diluted	6,261	4,713	6,032	4,526

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

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

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2019	—	\$ —	5,795	\$ 6	\$ 190,019	\$ 50	\$ (183,278)	\$ 6,797
Net loss	—	—	—	—	—	—	(2,534)	(2,534)
Issuance of common stock under:								
Matching contribution to 401(k) plan	—	—	26	—	155	—	—	155
In lieu of cash compensation	—	—	9	—	50	—	—	50
Shares issued as a result of rounding due to reverse-stock split	—	—	13	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	587	—	—	587
Foreign currency translation adjustments	—	—	—	—	—	173	—	173
Balance at March 31, 2020	—	—	5,843	6	190,811	223	(185,812)	5,228
Net loss	—	—	—	—	—	—	(11,767)	(11,767)
Issuance of common stock under:								
Equity financing, net	—	—	1,748	2	7,080	—	—	7,082
Exercise of warrants	—	—	223	—	1,436	—	—	1,436
Issuance of warrants	—	—	—	—	(2,322)	—	—	(2,322)
Stock-based compensation expense	—	—	—	—	508	—	—	508
Foreign currency translation adjustments	—	—	—	—	—	(193)	—	(193)
Balance at June 30, 2020	—	\$ —	7,814	\$ 8	\$ 197,513	\$ 30	\$ (197,579)	\$ (28)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	—	\$ —	4,198	\$ 4	\$ 173,962	\$ (92)	\$ (171,146)	\$ 2,728
Net loss	—	—	—	—	—	—	(6,551)	(6,551)
Issuance of common stock under:								
Equity financing, net	—	—	291	—	7,305	—	—	7,305
Equipois sales earn-out	—	—	1	—	22	—	—	22
Equity incentive plan	—	—	3	—	55	—	—	55
Matching contribution to 401(k) plan	—	—	9	—	191	—	—	191
Stock-based compensation expense	—	—	—	—	636	—	—	636
Foreign currency translation adjustments	—	—	—	—	—	148	—	148
Balance at March 31, 2019	—	\$ —	4,502	\$ 4	182,171	56	(177,697)	4,534
Net loss	—	—	—	—	—	—	(3,066)	(3,066)
Issuance of common stock under:								
Equity financing, net	—	—	444	—	2,393	—	—	2,393
Equipois sales earn-out	—	—	9	—	173	—	—	173
Equity incentive plan	—	—	37	—	919	—	—	919
Stock-based compensation expense	—	—	—	—	557	—	—	557
Foreign currency translation adjustments	—	—	—	—	—	(106)	—	(106)
Balance at June 30, 2019	—	\$ —	4,992	\$ 4	\$ 186,213	\$ (50)	\$ (180,763)	\$ 5,404

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)

	Six Months Ended June 30,	
	2020	2019
Operating activities:		
Net loss	\$ (14,301)	\$ (9,617)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	320	493
Provision for excess and obsolete inventories	47	24
Changes in allowance for doubtful accounts	47	50
Loss (gain) on revaluation of warrant liabilities	6,055	(1,615)
Finance cost attributable to issuance of warrants	329	706
Stock-based compensation expense	1,095	1,193
Amortization of debt discount and accretion of final payment fee	23	55
Gain on modification of operating lease liabilities	(38)	—
Loss on investment of unconsolidated affiliate	66	—
Common stock contribution to 401(k) plan	99	103
Loss on modification of warrants	—	257
Unrealized loss on foreign currency transactions	7	34
Changes in operating assets and liabilities:		
Accounts receivable	1,420	(931)
Inventories	147	(260)
Prepaid expenses, operating lease right-of-use assets, and other assets current and noncurrent	(84)	(182)
Accounts payable	(1)	(654)
Accrued and lease liabilities	(746)	103
Deferred revenues	(230)	533
Net cash used in operating activities	<u>(5,745)</u>	<u>(9,708)</u>
Investing activities:		
Acquisition of property and equipment	—	(60)
Net cash used in investing activities	<u>—</u>	<u>(60)</u>
Financing activities:		
Proceeds from issuance of common stock and warrants, net	7,082	16,325
Principal payments on note payable	(793)	(1,185)
Proceeds from issuance of long-term debt	1,086	—
Proceeds from exercise of warrants, net	785	—
Proceeds from exercise of stock options	—	228
Net cash provided by financing activities	<u>8,160</u>	<u>15,368</u>
Effect of exchange rate changes on cash	(27)	7
Net increase in cash	2,388	5,607
Cash at beginning of period	10,872	7,655
Cash at end of period	<u>\$ 13,260</u>	<u>\$ 13,262</u>
Supplemental disclosure of cash flow activities		
Cash paid for interest	\$ 61	\$ 183
Cash paid for income taxes	—	8

Supplemental disclosure of non-cash activities

Initial recognition of operating lease right-of-use assets	\$	—	\$	1,454
Initial recognition of operating lease liabilities		—		1,498
Transfer of inventory to property and equipment		(89)		(117)
Share issuance for common stock contribution to 401(k) plan		155		191
Share issuance in lieu of cash compensation		50		919
Equipois sales earn-out		—		22

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

The “Company”, “we”, “its” and “our” refers to Ekso Bionics Holdings, Inc. and its wholly-owned subsidiaries. The Company designs, develops, sells, and rents exoskeleton technology to augment human strength, endurance and mobility. The Company’s exoskeleton technology serves multiple markets and can be used both by able-bodied users as well as by persons with physical disabilities. The Company has sold and rented devices that (i) enable individuals with neurological conditions affecting gait (stroke and spinal cord injury) 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”.

All common stock share and per share amounts have been adjusted to reflect the one-for-fifteen reverse stock split effected on March 24, 2020. See Note 12 *Capitalization and Equity Structure – Reverse Stock Split*.

Liquidity and Going Concern

As of June 30, 2020, the Company had an accumulated deficit of \$197,579. 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 six months ended June 30, 2020, the Company used \$5,745 of cash in its operations and had cash on hand of \$13,260 as of June 30, 2020.

In 2020, management has taken several actions to alleviate the substantial doubt about the Company’s ability to continue as a going concern that existed as of the date of issuance of the December 31, 2019 consolidated financial statements, including, but not limited to, the following:

- streamlined the Company's operations and reduced its workforce by approximately 35% to lower operating expenses and reduce cash burn;
- conducted a registered direct offering for net proceeds of \$7,082;
- invested in the development and reliability of its products;
- restructured the Company's commercial organization and strategy which is showing accelerated adoption; and
- received clearance from the U.S. Food and Drug Administration ("FDA") for Acquired Brain Injury ("ABI") to market the Company's product to a larger patient population increasing the value proposition to its customers.

The Company also received proceeds of \$785 in the quarter ended June 30, 2020 and \$2,422 subsequent to quarter-end from warrant exercises.

As described in *Note 10, Notes payable, net*, borrowings under the Company’s secured term loan agreement have a liquidity covenant requiring minimum cash on hand equivalent to the current outstanding principal balance. As of June 30, 2020, \$1,750 of cash must remain as restricted. After considering cash restrictions, effective unrestricted cash as of June 30, 2020 is estimated to be \$11,510. With this unrestricted cash balance and the impact of management's actions described above, the Company believes that it currently has sufficient cash to fund its operations beyond the look forward period of one year from the issuance of these condensed consolidated financial statements.

The Company’s actual capital requirements may vary significantly and will depend on many factors. The Company plans to continue its investments in its (i) sales initiatives to accelerate adoption of the Ekso robotic exoskeleton in the rehabilitation market, (ii) research, development and commercialization activities with respect to exoskeletons for rehabilitation, and (iii) development and commercialization of able-bodied exoskeletons for industrial use. Consequently, the Company may require significant additional financing in the future, which the Company intends to raise through corporate collaborations, public or private equity offerings, debt financings, or warrant solicitations. Sales of additional equity securities by the Company could result in the dilution of the interests of existing stockholders. There can be no assurance that financing will be available when required in sufficient amounts, on acceptable terms or at all. In the event that the necessary additional financing is not obtained,

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

the Company may be required to further reduce its discretionary overhead costs substantially, including research and development, general and administrative, and sales and marketing expenses or otherwise curtail operations.

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

Basis of Presentation

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, 2019, which was filed with the SEC on February 27, 2020.

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, 2019, which included an explanatory paragraph expressing substantial doubt about the Company's ability to continue as a going concern in the report of the Company's independent registered public accounting firm, 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 six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the entire fiscal year or any future periods.

Use of Estimates

The preparation of the 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, revenue recognition, deferred revenue and the deferral of the associated costs, the valuation of warrants and employee stock options, future warranty costs, accounting for leases, useful lives assigned to long-lived assets, valuation of inventory, realizability of deferred tax assets, and contingencies. The estimates are based upon various factors including current and historical trends, as well as other pertinent industry and regulatory authority information, including the potential future effects of COVID-19. Actual results could differ from those estimates. Management regularly evaluates this information to determine if it is necessary to update the basis for its estimates and to adjust for known changes.

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' (deficit) 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.

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 material. 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

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(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

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 an inventory reserve.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU"), No. 2016-02, *Leases (Topic 842)*, to enhance the transparency and comparability of financial reporting related to leasing arrangements. The Company adopted the standard effective January 1, 2019.

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. As a result, the Company no longer recognizes deferred rent on the balance sheet.

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

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.

The Company's medical device segment (EksoHealth) revenue is primarily generated through the sale and rental of the EksoNR and EksoGT, associated software (SmartAssist and VariableAssist), the sale and rental of the EksoUE, the sale of accessories, and the sale of support and maintenance contracts (Ekso Care). 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 or EksoGT, software and accessories. Ekso Care support and maintenance contracts extend coverage beyond the Company's standard warranty agreements. The separately priced Ekso Care contracts range from 12 to 48 months. The Company receives payment at the inception of the contract and recognizes revenue over the term of the agreement. Revenue from medical device rentals is recognized over the rental term, typically over 12 months.

The Company's industrial device segment (EksoWorks) revenue is generated through the sale and rental of the upper body exoskeleton (EksoVest) and the support arm (EksoZeroG). 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. Revenue from industrial device rentals is recognized over the rental term, typically over 12 months.

Refer to Note 7, *Revenue Recognition* for further information, including revenue disaggregated by source.

Government Grants

The Company accounts for nonreciprocal government grants by applying the contributions received guidance in ASC Topic 958-605 by analogy. To determine if a grant is non-reciprocal or reciprocal and whether the application of ASC 606 is required, the Company considers whether the transfer of resources is one in which commensurate value is exchanged. If commensurate

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(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

value is not exchanged for the goods or services provided, the Company assesses whether the grant is conditional or unconditional. Grants that contain both a barrier and right to return are considered conditional and revenue is deferred until such conditions are satisfied. In January 2019, the Company received a government grant from the Singapore Economic Development Board ("SEDB") in the amount of approximately \$1,500. The receipt of the funds is conditional upon certain operational milestones that must be met and maintained through December 31, 2021. Therefore, the Company has not recognized revenue related to the government grant from the SEBD nor received cash from the SEBD during the six months ended June 30, 2020 and prior periods. The Company does not expect to recognize revenue until December 31, 2021.

Going Concern

The Company assesses its ability to continue as a going concern at every interim and annual period in accordance with ASC 205-40. The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

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 maintains its cash accounts in excess of federally insured limits. However, the Company believes it is not exposed to significant credit risk due to the financial position of the depository institutions in which these deposits are held. The Company extends credit to customers, most of which are hospitals or other large nationally recognizable institutions, 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 to and services performed for customers. Invoices are aged based on contractual terms with the customer. The Company reviews accounts receivable for collectability and records an allowance for credit losses, as needed. The Company has not experienced any material losses related to accounts receivable as of June 30, 2020 and December 31, 2019.

Many of the sales contracts with customers outside of the U.S. are settled in a foreign currency. 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 settling foreign currency denominated accounts receivable.

At June 30, 2020, the Company had two customers with an accounts receivable balance totaling 10% or more of the Company's total accounts receivable (0% and 17%), as compared with one customer at December 31, 2019 (11%).

During the three months ended June 30, 2020, the Company had two customers with sales of 10% or more of the Company's total revenue (1% and 13%), as compared with one customer in the three months ended June 30, 2019 (31%).

During the six months ended June 30, 2020, the Company had no customers with sales of 10% or more of the Company's total revenue, as compared with one customer in the six months ended June 30, 2019 (21%).

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards 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 amends 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 will be 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. Currently, U.S. GAAP requires entities to write down credit losses only when losses are probable and loss reversals are not permitted. The update will be effective for the Company in the first quarter

Ekso Bionics Holdings, Inc.
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(\$ and share amounts in thousands, except per share amounts)
(Unaudited)

of 2023. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements and related disclosures.

Accounting Pronouncements Adopted in 2020

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which eliminates the computation of the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record a goodwill impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The guidance is effective for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Company adopted the new guidance as of January 1, 2020, which reduced the complexity surrounding the evaluation of goodwill for impairment. The adoption of this guidance did not have a material impact on the Company's condensed consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The standard modifies the disclosure requirements on fair value measurements in Topic 820 by removing the requirement to disclose the reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and the policy for timing of such transfers. The standard expands the disclosure requirements for Level 3 fair value measurement, primarily focused on changes in unrealized gains and losses included in other comprehensive income. The amendments in this update became effective for the Company in the first quarter of 2020. The Company adopted ASU 2018-03 as of January 1, 2020. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements and related disclosures.

3. Restructuring

In May of 2020, the Company streamlined its operations and reduced its workforce by approximately 35% to lower operating expenses and reduce cash burn. The restructuring plan was completed by the end of the second quarter of 2020.

The Company recorded restructuring expense of \$244 for the three and six months ended June 30, 2020 comprised of employee severance payments. As of June 30, 2020, there was no accrued restructuring cost remaining on the Company's condensed consolidated balance sheets.

4. Accumulated Other Comprehensive Income

The following table sets forth the changes to accumulated comprehensive income, net of tax, by component for the six months ended June 30, 2020:

	Foreign Currency Translation
Balance at December 31, 2019	\$ 50
Net unrealized loss on foreign currency translation	(20)
Balance at June 30, 2020	<u>\$ 30</u>

5. Fair Value Measurements

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.

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- **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.

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

	Total	Level 1	Level 2	Level 3
June 30, 2020				
Liabilities				
Warrant liabilities	\$ 12,361	\$ —	\$ —	\$ 12,361
Contingent success fee liability	\$ —	\$ —	\$ —	\$ —
December 31, 2019				
Liabilities				
Warrant liabilities	\$ 4,307	\$ —	\$ —	\$ 4,307
Contingent success fee liability	\$ 6	\$ —	\$ —	\$ 6

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities for the period ended June 30, 2020, which were measured at fair value on a recurring basis:

	Warrant Liability	Contingent Success Fee Liability
Balance at December 31, 2019	\$ 4,307	\$ 6
Initial valuation of warrants in connection with June 2020 financing	2,650	—
Loss on revaluation of warrants issued in connection with the June 2020, December 2019, May 2019, and December 2015 equity financings	6,055	—
Gain on revaluation of contingent liability	—	(6)
Reclassification of warrant liability to equity upon exercise of warrants	(651)	—
Balance at June 30, 2020	<u>\$ 12,361</u>	<u>\$ —</u>

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

6. Inventories, net

Inventories consisted of the following:

	June 30, 2020	December 31, 2019
Raw materials	\$ 2,041	\$ 2,208
Work in progress	29	29
Finished goods	314	252
Inventories, net	<u>\$ 2,384</u>	<u>\$ 2,489</u>

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7. Revenue Recognition

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, the Company estimates the selling price based on market conditions and entity-specific factors including features and functionality of the product and/or services, the geography of the Company's customers, type of the Company's markets. Any discounts or other reductions to the transaction price are allocated proportionately to all performance obligations within the multiple-element arrangement.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to customers and receipt of payment. For the sale of its products, the Company generally recognizes revenue at a point in time through the ship-and-bill performance obligations. For the rental of its products, the Company generally recognizes revenue over the rental term commencing upon the completion of customer training. For service agreements, the Company generally invoices customers at the beginning of the coverage period and records revenue related to the billed amounts over time, equivalent to the coverage period of the maintenance and support contract.

Deferred revenue is comprised mainly of unearned revenue related to extended support and maintenance contracts (Ekso Care) 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:

	June 30, 2020	December 31, 2019
Deferred extended maintenance and support	\$ 2,634	\$ 2,837
Deferred royalties	285	290
Deferred device and rental revenues	117	131
Customer deposits and advances	15	23
Total deferred revenues	3,051	3,281
Less current portion	(1,345)	(1,492)
Deferred revenues, non-current	\$ 1,706	\$ 1,789

Deferred revenue activity consisted of the following for the six months ended June 30, 2020:

Beginning balance	\$ 3,281
Deferral of revenue	674
Recognition of deferred revenue	(904)
Ending balance	\$ 3,051

As of June 30, 2020, the Company's deferred revenue was \$3,051. Excluding customer deposits, the Company expects to recognize approximately \$767 of the deferred revenue during the remainder of 2020, \$1,060 in 2021, and \$1,224 thereafter.

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In addition to deferred revenue, the Company has non-cancellable backlog of \$496 related to its contracts for rental units with its customers. These rental contracts are classified as operating leases, typically with 12-month lease terms, and rental income is recognized on a straight-line basis over the lease term.

As of June 30, 2020, and December 31, 2019, accounts receivable, net of allowance for doubtful accounts, were \$,741 and \$5,208, respectively, and are included in current assets on the Company's condensed consolidated balance sheets.

The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance 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.

Disaggregation of revenue

The following table disaggregates the Company's revenue by major source for the three months ended June 30, 2020:

	EksoHealth	EksoWorks	Total
Device sales	\$ 1,382	\$ 161	\$ 1,543
Service and support	333	—	333
Rentals	197	3	200
Parts and other	69	14	83
Collaborative arrangements	105	—	105
	<u>\$ 2,086</u>	<u>\$ 178</u>	<u>\$ 2,264</u>

The following table disaggregates the Company's revenue by major source for the six months ended June 30, 2020:

	EksoHealth	EksoWorks	Total
Device sales	\$ 1,688	\$ 416	\$ 2,104
Service and support	715	—	715
Rentals	478	3	481
Parts and other	223	36	259
Collaborative arrangements	172	—	172
	<u>\$ 3,276</u>	<u>\$ 455</u>	<u>\$ 3,731</u>

The following table disaggregates the Company's revenue by major source for the three months ended June 30, 2019:

	EksoHealth	EksoWorks	Total
Device sales	\$ 2,164	\$ 359	\$ 2,523
Service and support	419	—	419
Rentals	252	—	252
Parts and other	5	55	60
Collaborative arrangements	8	—	8
	<u>\$ 2,848</u>	<u>\$ 414</u>	<u>\$ 3,262</u>

The following table disaggregates the Company's revenue by major source for the six months ended June 30, 2019:

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	EksoHealth	EksoWorks	Total
Device sales	\$ 4,239	\$ 1,076	\$ 5,315
Service and support	844	—	844
Rentals	531	—	531
Parts and other	40	140	180
Collaborative arrangements	8	—	8
	<u>\$ 5,662</u>	<u>\$ 1,216</u>	<u>\$ 6,878</u>

8. Investment in Unconsolidated Affiliate

In May 2020, Company, Zhejiang Youchuang Venture Capital Investment Co., Ltd and another partner (collectively, the “JV Partners”) received notice from the Committee on Foreign Investment in the United States (“CFIUS”) in connection with its review of the Company’s and the JV Partners’ investment in Exoskeleton Intelligent Robotics Co. Limited (the “China JV”). The notice stated that CFIUS’s prior national security concerns regarding the China JV could not be mitigated. In connection with such determination, on July 13, 2020, the Company and the JV Partners entered into a National Security Agreement (“NSA”), which, among other things, requires the termination of the Company’s agreements and role with the China JV. The Company intends to work cooperatively with the JV Partners and CFIUS to implement the terms of the NSA.

In accordance with the above, during the six months ended June 30, 2020, the Company recorded a \$6 loss on investment in unconsolidated affiliate in the condensed consolidated statements of operations and comprehensive loss related to the write-off of previously recorded direct costs related to establishing the China JV.

9. Accrued Liabilities

Accrued liabilities consisted of the following:

	June 30, 2020	December 31, 2019
Salaries, benefits and related expenses	\$ 746	\$ 1,098
Device warranty	200	285
Other	234	300
Total	<u>\$ 1,180</u>	<u>\$ 1,683</u>

The current portion of the warranty liability is classified as a component of accrued liabilities, while the long-term portion of the 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 six months ended June 30, 2020 is as follows:

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	Three months ended June 30, 2020	Six months ended June 30, 2020
Balance at beginning of period	\$ 259	\$ 350
Additions for estimated future expense	55	73
Incurred costs	(85)	(194)
Balance at end of period	\$ 229	\$ 229
Balance as of June 30, 2020		
Current portion	\$ 200	200
Long-term portion	29	29
Total	\$ 229	229

10. Notes Payable, net

Security Loan

In December 2016, the Company entered into a loan agreement and received \$7,000 that bears interest on the outstanding daily balance at a floating per annum rate equal to the 30-day U.S. LIBOR plus 5.41%. The 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 first day of each month through and including January 1, 2018. Commencing on February 1, 2018, the Company was required to make equal monthly payments of principal, together with accrued and unpaid interest. Prior to the Company entering into a second amendment to the December 2016 loan agreement as discussed below, the principal balance of the loan was amortized ratably over 36 months maturing on January 1, 2021, at which time all unpaid principal and accrued and unpaid interest would be due and payable in full. A final payment of \$ 245 will be due on the maturity date, of which \$240 was accreted as of June 30, 2020 and is included as a component of notes payable on the Company's condensed consolidated balance sheets.

In December 2016, and pursuant to the loan agreement, the Company entered into a success fee agreement with the lender under which the Company agreed to pay the lender a \$250 success fee upon the first to occur of any of the following events: (a) a sale or other disposition by the Company of all or substantially all of its assets; (b) a merger or consolidation of the Company into or with another person or entity; or (c) the closing price per share for the Company's common stock being \$120.00 or more for five successive business days. The fair value of the contingent success fee is re-measured each reporting period with any adjustments in fair value being recognized in the condensed consolidated statements of operations and comprehensive loss. At June 30, 2020, the fair value of the contingent success fee liability was de minimis.

On April 29, 2020 the Company entered into a second amendment to the December 2016 loan agreement to defer principal payments for three months beginning in May 2020 and be re-amortized when principal payments resume on August 1, 2020. During the three-month deferral period the Company is required to make interest only payments. The amended loan agreement modified the original liquidity covenant, which now requires that the Company maintain unrestricted cash and cash equivalents 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 term loan, which was \$1,750 as of June 30, 2020. On June 30, 2020, with cash on hand of \$13,260, the Company was compliant with this liquidity covenant and all other covenants.

The final payment fee, debt issuance costs, and the initial fair value of the success fee combined with the stated interest resulted in an effective interest rate of 8.05% for the three months ended June 30, 2020 and 8.80% for the six months ended June 30, 2020. The final payment fee, initial fair value of the success fee and debt issuance costs are accreted/amortized to interest expense using the effective interest method over the life of the loan.

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The following table presents scheduled principal payments of the Company's note payable and final payment fee as of June 30, 2020:

Period	Amount
Remainder of 2020	\$ 1,458
2021	537
Total principal payments	1,995
Less accreted portion of final payment fee, net of issuance cost and success fee discounts	4
Note payable, net	\$ 1,991

Paycheck Protection Program Loan

On April 20, 2020, the Company received an unsecured loan in the principal amount of \$1,086 under the Paycheck Protection Program (the "PPP") administered by the U.S. Small Business Administration, or the SBA, pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), or the PPP loan. The terms of the PPP Loan were subsequently revised in accordance with the provisions of the Paycheck Protection Flexibility Act of 2020, or the PPP Flexibility Act, which was enacted on June 5, 2020. The PPP loan provides for an interest rate of 1.00% per year, and matures two years after the date of initial disbursement. Beginning on the seventh month following the date of initial disbursement, The Company is required to make 18 monthly payments of principal and interest. The PPP loan may be used for payroll costs, costs related to certain group health care benefits and insurance premiums, rent payments, utility payments, mortgage interest payments and interest payments on any other debt obligation that were incurred before February 15, 2020. Under the terms of the CARES Act and the PPP Flexibility Act, the Company may apply for and be granted forgiveness for all or a portion of loan granted under the PPP, with such forgiveness to be determined, subject to limitations (including where employees of the Company have been terminated and not re-hired by a certain date), based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The terms of any forgiveness may also be subject to further requirements in regulations and guidelines adopted by the SBA. While the Company currently believes that the majority of the use of the PPP loan proceeds will meet the conditions for forgiveness under the PPP, no assurance is provided that the Company will obtain partial forgiveness of the loan.

The follow table presents the scheduled principal payments of the Company's PPP note payable as of June 30, 2020, shown if the loan is not forgiven:

Period	Amount
Remainder of 2020	\$ 57
2021	770
2022	259
Total principal payments	\$ 1,086
Current portion	\$ 442
Long-term portion	644
Note payable, net	\$ 1,086

11. Lease Obligations

The Company's operating lease agreement for its headquarters and manufacturing facility in Richmond, California, or the Richmond Lease, is for 5 years and expires in May 2022, with no further options to extend or terminate. The lease includes non-lease components (i.e. common area maintenance costs) that are paid separately from rent based on actual costs incurred. In June 2020, the Company entered into an amendment to the Richmond Lease to make a one-time payment of \$300 to cover its remaining lease obligations for the remainder of 2020, resulting in a \$48 abatement and a lease payment deferral of \$79 to be paid in equal monthly installments in 2021.

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The Company's European operations office in Hamburg, Germany has a five-year operating lease agreement with an option to extend for another five-year term. The initial Hamburg lease term ends in July 2022.

The Company's future lease payments as of June 30, 2020 are as follows, which are presented as lease liabilities, current and lease liabilities on the Company's condensed consolidated balance sheets:

Period	Operating Leases
Remainder of 2020	\$ 50
2021	589
2022	232
Total lease payments	871
Less: imputed interest	(94)
Present value of lease liabilities	\$ 777
Lease liabilities, current	\$ 269
Lease liabilities, noncurrent	508
Total lease liabilities	\$ 777
Weighted-average remaining lease term (in years)	1.94
Weighted-average discount rate	10.5 %

Lease expense under the Company's operating leases was \$135 and \$130 for the three months ended June 30, 2020 and 2019, respectively, and \$273 and \$270 for the six months ended June 30, 2020 and 2019, respectively.

Practical Expedients

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.

As part of the transition to ASC 842, the Company elected to use the modified retrospective transition method with the new standard being applied as of the January 1, 2019 adoption date. Additionally, the Company has elected, as of the adoption date, not to reassess whether expired or existing contracts contain leases under the new definition of a lease; the lease classification for expired or existing leases; or whether previously capitalized initial direct costs would qualify for capitalization under ASC 842.

12. Capitalization and Equity Structure

Reverse Stock Split

After the close of the stock market on March 24, 2020, the Company effected a 1-for-15 reverse split of its common stock. As a result, all common stock share amounts included in this filing have been retroactively reduced by a factor of fifteen, rounded up to the nearest whole share, and all common stock per share amounts have been increased by a factor of fifteen, with the exception of the Company's common stock par value and the Company's authorized shares. Amounts affected include common stock outstanding, restricted stock units, common stock underlying stock options and warrants.

Summary

The Company's authorized capital stock at June 30, 2020 consisted of 141,429 shares of common stock and 10,000 shares of preferred stock. As of June 30, 2020, there were 7,814 shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding.

Common Stock

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June 2020 Common Stock and Warrants to Purchase Common Stock Offering

In June 2020, the Company entered into a securities purchase agreement, or the June 2020 Purchase Agreement, with certain purchasers. Pursuant to the June 2020 Purchase Agreement, the Company agreed to sell in a registered direct offering, or the June 2020 Offering, an aggregate of 1,748 shares of its common stock. Pursuant to such agreement, the Company also agreed to sell, in a concurrent private placement offering, warrants to purchase 874 shares of its common stock, or the June 2020 Investor Warrants. The gross proceeds of the June 2020 Offering and the concurrent private placement offering were \$7,890, the June 2020 Gross Proceeds. Each June 2020 Investor Warrant has an exercise price of \$5.18 per share, subject to adjustment in certain circumstances, and is exercisable immediately and will expire five and one-half years from issuance, or on December 10, 2025.

As compensation for services provided by the placement agent for the June 2020 Offering, or the Placement Agent, the Company paid a cash fee equal to 7.0% of the June 2020 Gross Proceeds (\$552) and a management fee equal to 1.0% of the June 2020 Gross Proceeds (\$79), and issued, in a concurrent private placement offering, warrants to purchase shares of the Company's common stock, or the June 2020 Placement Agent Warrants, in an amount equal to up to 7.0% of the aggregate number of shares of common stock sold in the June 2020 Offering, or 122 shares in the aggregate, in substantially the same form as the June 2020 Investor Warrants, except that the June 2020 Placement Agent Warrants will expire five years from the effective date of the June 2020 Offering, or on June 7, 2025, and have an exercise price per share equal to \$.64. In connection with the June 2020 Offering, the Company also incurred \$98 in other expenses of the Placement Agent paid for or reimbursed by the Company.

Of the \$7,890 in proceeds, \$2,650 was allocated to the June 2020 Investor Warrants and June 2020 Placement Agent Warrants, or, collectively, the June 2020 Warrants, based on the fair value method, with the remaining proceeds of \$5,240 allocated to the common stock shares sold in the June 2020 Offering. In connection with the June 2020 Offering and concurrent private placement offerings, the Company incurred approximately \$1,117 in direct financing costs, including a fair value of \$309 of June 2020 Placement Agent Warrants. Financing costs, of \$808, excluding the fair value of the June 2020 Placement Agents Warrants were allocated on the fair value basis between the common stock shares sold in the June 2020 Offering and the June 2020 Warrants as follows: \$329 was allocated to the June 2020 Warrants and expensed immediately in other income, net in the accompanying condensed consolidated statements of operations and comprehensive loss and \$788 was allocated to the common stock shares sold in the June 2020 Offering and recorded as a reduction to additional paid in capital.

At-the-Market Offering

In August 2018, the Company entered into a Controlled Equity OfferingSM Sales Agreement (the "ATM Agreement") with Cantor Fitzgerald & Co. (the "Agent"), under which the Company may issue and sell shares of its common stock, from time to time, to or through the Agent, by methods deemed to be an "at the market offering." The Company did not sell any shares of common stock under the ATM Agreement during six months ended June 30, 2020 and no prospectus in an effective registration statement filed under the Securities Act is currently available for the sale of shares under the ATM Agreement.

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Warrants

Warrant shares outstanding as of December 31, 2019 and June 30, 2020 were as follows:

Source	Exercise Price	Term (Years)	December 31, 2019	Issued	Exercised	Expired	June 30, 2020
June 2020 Investor Warrants	\$ 5.18	5.5	—	874	—	—	874
June 2020 Placement Agent Warrants	\$ 5.64	5	—	122	—	—	122
December 2019 Warrants	\$ 8.10	5	556	—	—	—	556
December 2019 Placement Agent Warrants	\$ 8.44	5	52	—	—	—	52
May 2019 Warrants	\$ 3.52	5	444	—	(223)	—	221
2017 Information Agent Warrants	\$ 22.50	3	13	—	—	—	13
2015 Warrants	\$ 41.25	5	107	—	—	—	107
Pre-2014 warrants	\$ 144.90	9-10	6	—	—	(6)	—
			1,178	996	(223)	(6)	1,945

June 2020 Investor Warrants

In June 2020, the Company issued 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 Warrants were issued as exercisable immediately, 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.

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, 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 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:

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	June 30, 2020	June 10, 2020
Current share price	\$ 8.40	\$ 3.81
Conversion price	\$ 5.18	\$ 5.18
Risk-free interest rate	0.33 %	0.39 %
Expected term (years)	5.45	5.5
Volatility of stock	103.71 %	96.4 %

June 2020 Placement Agent Warrants

In June 2020, the Company issued 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 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:

	June 30, 2020	June 10, 2020
Current share price	\$ 8.40	\$ 3.81
Conversion price	\$ 5.64	\$ 5.64
Risk-free interest rate	0.29 %	0.33 %
Expected term (years)	4.95	5
Volatility of stock	105.09 %	96.3 %

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 have an exercise price of \$8.10 per share and will be exercisable six months and one day from their issuance date, or from and after June 21, 2020, and will expire five years from the date they initially became exercisable, or on June 21, 2025.

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.

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:

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(Unaudited)

	June 30, 2020	December 31, 2019
Current share price	\$ 8.40	\$ 5.86
Conversion price	\$ 8.10	\$ 8.10
Risk-free interest rate	0.29 %	1.73 %
Expected term (years)	4.97	5.5
Volatility of stock	104.9 %	95.7 %

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:

	June 30, 2020	December 31, 2019
Current share price	\$ 8.40	\$ 5.86
Conversion price	\$ 8.44	\$ 8.44
Risk-free interest rate	0.26 %	1.69 %
Expected term (years)	4.47	5.0
Volatility of stock	108.17 %	93.1 %

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 currently have an 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 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. During the three months ended June 30, 2020, 223 shares of the May 2019 warrants were exercised.

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.

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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 date using certain estimated inputs, which are classified within Level 3 of the fair value hierarchy. The following assumptions were used in a combination of the Black-Scholes Model and the Lattice Model to measure the fair value of the May 2019 Warrants:

	June 30, 2020	December 31, 2019
Current share price	\$ 8.40	\$ 5.86
Conversion price	\$ 3.52	\$ 5.70
Risk-free interest rate	0.23 %	1.67 %
Expected term (years)	3.9	4.4
Volatility of stock	110.9 %	93.9 %

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.

2017 Information Agent Warrants

In September 2017, in connection with a rights offering in August 2017, the Company issued warrants (the "2017 Information Agent Warrants") to purchase 13 shares of the Company's common stock to an information agent. The 2017 Information Agent Warrants have an exercise price of \$ 22.50 per share, and became exercisable immediately upon issuance and will remain exercisable until September 13, 2020. These warrants were recorded in stockholders' (deficit) equity on the Company's condensed consolidated balance sheet.

2015 Warrants

In December 2015, the Company issued warrants (the "2015 Warrants") to purchase 141 shares. The 2015 Warrants have an exercise price of \$41.25 per share, are immediately exercisable and will remain exercisable until December 23, 2020. The 2015 Warrants contain a put-option provision. Under this provision, while the 2015 Warrants are outstanding, if the Company enters into a Fundamental Transaction, as defined in the 2015 Warrants as a merger, consolidation or similar transaction, the Company or any successor entity shall, at the option of each warrant holder, exercisable at any time concurrently with or within 30 days after the consummation of the Fundamental Transaction, purchase the warrant from the holder exercising such option by paying to the holder an amount of cash equal to the Black-Scholes value of the remaining unexercised portion of such holder's warrant on the date of the consummation of the Fundamental Transaction. Because of this put-option provision, the 2015 Warrants are classified as a liability and are marked to market at each reporting date. Through December 31, 2019, 35 shares of the 2015 Warrants were exercised. During the six months ended June 30, 2020, none of the 2015 Warrants were exercised.

On March 8, 2019, in connection with an amendment to a securities purchase agreement, which retroactively removed a provision from such securities purchase agreement that prohibited the Company from effecting or entering into an agreement to effect any issuance by the Company of its common stock at a price determined based on the trading price of the Company's common stock or otherwise at a future determined price, the Company entered into an amendment to the 2015 Warrants to reduce the exercise price of each such warrant from \$56.10 per share to \$41.25 per share, subject to further adjustments pursuant to the existing terms of such warrant. In the six months ended June 30, 2019, the Company recorded a \$257 loss on the modification of these warrants.

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The warrant liability related to the 2015 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 Option Pricing Model to measure the fair value of the 2015 Warrants as of:

	June 30, 2020	December 31, 2019
Current share price	\$ 8.40	\$ 5.86
Conversion price	\$ 41.25	\$ 41.25
Risk-free interest rate	0.18 %	1.59 %
Expected term (years)	0.50	0.99
Volatility of stock	111.94 %	98.46 %

Pre-2014 Merger Warrants

As a result of the May 2019 Offering, which was a firm commitment underwritten public offering, warrants to purchase 6 shares of the Company's common stock, which were converted from warrants to purchase preferred stock of Ekso Bionics, Inc. at the time of the merger, expired in accordance with their terms.

Subsequent Events

During the third quarter of 2020 through July 28, 2020, the Company received proceeds of \$2,422 and issued 468 shares of common stock for the exercise of 468 warrants.

13. Stock-based Compensation

See Note 12, *Capitalization and Equity Structure – Reverse Stock Split*.

In March 2020, the Company's stockholders approved an amendment to the Company's Amended and Restated 2014 Equity Incentive Plan (the "2014 Plan"), to increase the number of shares available for grant by 333 shares. As of June 30, 2020, the total shares authorized for grant under the 2014 Plan was 1,174, of which 321 were available for future grants.

Stock Options

The following table summarizes information about the Company's stock options outstanding as of June 30, 2020, and activity during the six months then ended:

	Stock Awards	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2019	494	\$ 36.64		
Options granted	90	5.65		
Options exercised	—	—		
Options forfeited	(24)	26.49		
Options cancelled	(5)	53.09		
Balance as of June 30, 2020	<u>555</u>	\$ 31.90	7.81	\$ 246
Vested and expected to vest at June 30, 2020	<u>555</u>	\$ 31.90	7.81	\$ 246
Exercisable as of June 30, 2020	<u>311</u>	\$ 44.31	6.92	\$ 126

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As of June 30, 2020, total unrecognized compensation cost related to unvested stock options was \$,989. 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 2.4 years.

The per-share fair value of each stock option was determined on the date of grant using the Black-Scholes Model using the following assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Dividend yield	—	—	—	—
Risk-free interest rate	N/A ⁽¹⁾	2.09 %	1.58 %	2.12 %
Expected term (in years)	N/A ⁽¹⁾	6	5.6	6
Volatility	N/A ⁽¹⁾	102 %	102 %	102 %

⁽¹⁾Black-Scholes option pricing model assumptions are not applicable for the three months ended June 30, 2020, as there were no stock options granted during this period.

Restricted Stock Units

The Company issues restricted stock units ("RSUs") to employees and non-employee service providers. Each RSU represents the right to receive one share of the Company's common stock upon vesting and subsequent settlement. The fair value of RSUs is determined based on the closing price of the Company's common stock on the date of grant.

RSU activity for the six months ended June 30, 2020 is summarized below:

	Number of Shares	Weighted- Average Grant Date Fair Value
Unvested as of December 31, 2019	89	\$ 10.77
Granted	98	3.43
Vested	(12)	5.74
Forfeited	(28)	11.03
Unvested at June 30, 2020	147	\$ 6.20

As of June 30, 2020, \$752 of total unrecognized compensation expense related to unvested RSUs was expected to be recognized over a weighted average period of 0.07 years.

Compensation Expense

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Sales and marketing	\$ 98	\$ 156	\$ 236	\$ 379
Research and development	40	73	113	118
General and administrative	370	328	746	696
	\$ 508	\$ 557	\$ 1,095	\$ 1,193

401(k) Plan Share Match

During the six months ended June 30, 2020, the Company issued 26 shares of common stock to eligible employees' deferral accounts for the 401(k) Plan matching contribution representing 50% of each eligible employee's elected deferral (up to the

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statutory limit) for the fiscal year ended December 31, 2019. The expense related to the contribution was \$55 for the six months ended June 30, 2020.

14. Income Taxes

There were no material changes to the unrecognized tax benefits in the six months ended June 30, 2020, and the Company does not expect significant changes to unrecognized tax benefits through the end of the fiscal year. Because of the Company's history of tax losses, all years remain open to tax examination.

15. Commitments and Contingencies

Material Contracts

The Company enters various license, research collaboration and development agreements, which provide for payments to the Company primarily for technology transfer and license fees, and royalty payments on sales.

The Company has two license agreements with the Regents of the University of California to maintain exclusive rights to certain patents. Pursuant to those license agreements, the Company is required to pay 1% of net sales of products sold to entities other than the U.S. government and, in the event of a sub-license, the Company owes 21% of license fees and must pass through 1% of the sub-licensee's net sales of products sold to entities other than the U.S. government. The agreements also stipulate minimum annual royalties of \$50.

In connection with acquisition of Equipois, LLC ("Equipois"), the Company assumed the rights and obligations of Equipois under a license agreement with the developer of certain intellectual property related to mechanical balance and support arm technologies, which grants the Company an exclusive license with respect to the technology and patent rights for certain fields of use. Pursuant to the terms of the license agreement, the Company pays the developer a single-digit royalty on net receipts, subject to a \$50 annual minimum royalty requirement.

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 \$539 as of June 30, 2020, which is expected to be paid within a year. 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.

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.

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16. Net Loss Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	June 30, 2020	June 30, 2019
Numerator:				
Net loss applicable to common stockholders, basic and diluted	\$ (11,767)	\$ (3,066)	\$ (14,301)	\$ (9,617)
Denominator:				
Weighted-average number of shares, basic and diluted	6,261	4,713	6,032	4,526
Net loss per share, basic and diluted	<u>\$ (1.88)</u>	<u>\$ (0.65)</u>	<u>\$ (2.37)</u>	<u>\$ (2.12)</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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Options to purchase common stock	555	422	555	422
Restricted stock units	147	16	147	16
Warrants for common stock	1,945	571	1,945	571
Total common stock equivalents	<u>2,647</u>	<u>1,009</u>	<u>2,647</u>	<u>1,009</u>

17. Segment Disclosures

The Company has two reportable segments: EksoHealth (also referred to as the medical devices segment) and EksoWorks (also referred to as the industrial devices segment). The EksoHealth segment designs, engineers, manufactures, and sells exoskeletons for applications in the medical markets. The EksoWorks segment designs, engineers, manufactures, and sells 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 net assets as a segment measure and, accordingly, assets are not allocated.

Segment reporting information is as follows:

	<u>EksoHealth</u>	<u>EksoWorks</u>	<u>Total</u>
Three months ended June 30, 2020			
Revenue	\$ 2,086	\$ 178	\$ 2,264
Cost of revenue	860	145	1,005
Gross profit	<u>\$ 1,226</u>	<u>\$ 33</u>	<u>\$ 1,259</u>
Three months ended June 30, 2019			
Revenue	\$ 2,848	\$ 414	\$ 3,262
Cost of revenue	1,334	368	1,702
Gross profit	<u>\$ 1,514</u>	<u>\$ 46</u>	<u>\$ 1,560</u>

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	EksoHealth	EksoWorks	Total
Six Months Ended June 30, 2020			
Revenue	\$ 3,276	\$ 455	\$ 3,731
Cost of revenue	1,477	358	1,835
Gross profit	<u>\$ 1,799</u>	<u>\$ 97</u>	<u>\$ 1,896</u>
Six Months Ended June 30, 2019			
Revenue	\$ 5,662	\$ 1,216	\$ 6,878
Cost of revenue	2,634	1,085	3,719
Gross profit	<u>\$ 3,028</u>	<u>\$ 131</u>	<u>\$ 3,159</u>

Geographic information for revenue based on location of customers is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	June 30, 2020	June 30, 2019
United States	\$ 1,640	\$ 2,357	\$ 2,888	\$ 4,728
All Other	624	905	843	2,150
	<u>\$ 2,264</u>	<u>\$ 3,262</u>	<u>\$ 3,731</u>	<u>\$ 6,878</u>

18. Related Party Transactions

One of the Company's directors, Dr. Ted Wang, is the founder, general partner and Chief Investment Officer of Puissance Capital Management LP ("Puissance Capital"), which is an affiliate of Puissance Cross-Border Opportunities II LLC, one of the Company's largest stockholders. Prior to Dr. Wang's appointment to the Board in September 2017, the Company entered into a one-year consulting agreement with Angel Pond Capital LLC ("Angel Pond"), an entity solely owned and managed by Dr. Wang and affiliated with Puissance Capital. Angel Pond assists the Company with strategic positioning in the Asia Pacific region, including the introduction to potential strategic and capital partners and the development of strategic partnerships for the sale and manufacture of the Company's products in that market. During the six months ended June 30, 2019, Angel Pond provided consulting services amounting to \$30, which was expensed in the condensed consolidated statement of operations and comprehensive loss.

During the six months ended June 30, 2020, the Company sold EksoVest raw material inventory and tooling to the China JV for \$5.

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

The following discussion of our financial condition and results of operation should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (this "Quarterly Report") and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (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) a projection of income (including income/loss), earnings (including earnings/loss) per share, capital expenditures, dividends, capital structure or other financial items, (iii) 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 Securities and Exchange Commission, (iv) our beliefs regarding the potential for commercial opportunities for exoskeleton technology in general and our exoskeleton products in particular, (v) our beliefs regarding potential clinical and other health benefits of our medical devices, and (vi) the assumptions underlying or relating to any statement described in points (i), (ii), (iii), (iv) or (v) 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;
- scope, scale and duration of the impact of outbreaks of a pandemic disease, such as COVID-19 (coronavirus);
- 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, such as CFIUS (as defined below), including any conditions, limitations or restrictions placed on such approvals;
- outbreaks of a pandemic disease, such as COVID-19 (coronavirus);
- our customers' ability to get third-party reimbursement for our products and services associated with them;
- our failure to implement our business plan or strategies;
- our early termination of leases, difficulty filling vacancies or negotiating improved lease terms;
- our ability to retain or attract key employees;
- stock volatility or illiquidity;
- our ability to maintain adequate internal controls over financial reporting; 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

We design, develop and sell exoskeleton technology to augment human strength, endurance and mobility. Our exoskeleton technology serves multiple markets and can be used both by able-bodied persons as well as by persons with physical disabilities. We have sold or rented devices that (i) enable individuals with neurological conditions affecting gait (stroke and spinal cord injury) 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

EksoNR, which succeeded our EksoGT. Our EksoNR, is a next generation lower extremity rehabilitation exoskeleton, which is used to allow physicians and therapists to rehabilitate patients who have suffered a stroke or spinal cord injury. With its unique features designed specifically for hospitals and its proprietary SmartAssist software, EksoNR allows for the early mobilization of patients, enabling increased endurance during rehabilitation sessions through higher step counts and for longer periods. The intent is to allow the patient's central nervous system to take advantage of a person's neuroplasticity to maximize a patient's recovery.

EksoUE is a wearable upper body exoskeleton assists patients with a broad range of upper extremity impairments and aims to provide them with a wider active range of motion and increased endurance for rehabilitation sessions of higher intensity.

EksoWorks

Our EksoVest is an upper body exoskeleton that elevates and supports a worker's arms to assist them with tasks ranging from chest height to overhead. In 2020, we are focusing on increasing sales of the EksoVest and the support arm, EksoZeroG, by pursuing alternative channels, such as rental agreements with construction equipment and heavy tool providers and working with automotive and related manufacturers to roll out our product(s) globally within their assembly operations. In addition, we believe that there is additional mid-to-long-term potential in the industrial markets, and accordingly, we will continue our development efforts to expand our EksoWorks product offerings.

Second Quarter 2020 Highlights

- Reported revenue of \$2.3 million in the second quarter of 2020
- Sold 1,747,704 shares of our common stock and warrants to purchase up to 873,852 shares of our common stock at a combined price of \$4.51 per share for net proceeds of \$7.1 million
- Received PPP loan proceeds of \$1.1 million under the CARES Act
- Reduced our workforce by 35% to lower operating expenses and reduce cash burn
- Received FDA clearance to market our EksoNR™ robotic exoskeleton for use with acquired brain injury patients
- Named "Best Healthcare Robotics Company" in 2020 MedTech Breakthrough Awards Program

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic. In response to this pandemic, public health officials and governments across the world have recommended and mandated actions to curb the spread of the virus. The COVID-19 pandemic and the related responses to the pandemic have caused a significant adverse

impact on the global economy, including disruptions to supply chains, sharp increases in unemployment and overall economic uncertainty.

This pandemic has negatively impacted our business, including our employees, suppliers, customers and other business partners. We have seen demand for our exoskeleton products decrease in the current business environment, as many inpatient rehabilitation facilities temporarily shift priorities and delay capital expenditures. We have seen that the clinical need has not diminished as more data is coming out about the increase prevalence of strokes during this pandemic. As such, we continue to engage with our current and prospective customers through video conferencing, virtual training events and online education demos to offer our support and showcase the value of our Ekso devices. Although market uncertainties related to the pandemic make it difficult for us to project the full impact on our business and customers, we believe that we are well-positioned to serve our customers when business conditions begin to normalize.

We continue to instruct the majority of our employees to work from home, restrict non-critical business travel and have enhanced the use of personal protective equipment in our facilities.

To align our cost structure to the current business environment, we initially furloughed and subsequently laid-off a portion of our workforce.

Management continues to actively monitor the global situation and its effects on our financial position and operations.

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 generally accepted accounting principles in the United States. 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.

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.

Results of Operations

The following table presents our results of operations (in thousands, except percentages):

	Three months ended June 30,		Change	% Change
	2020	2019		
Revenue	\$ 2,264	\$ 3,262	\$ (998)	(31) %
Cost of Revenue	1,005	1,702	(697)	(41) %
Gross profit	1,259	1,560	(301)	(19) %
Operating expenses:				
Sales and marketing	1,712	3,039	(1,327)	(44) %
Research and development	452	1,499	(1,047)	(70) %
General and administrative	1,943	2,120	(177)	(8) %
Restructuring	244	—	244	n/m(1)
Total operating expenses	4,351	6,658	(2,307)	(35) %
Loss from operations	(3,092)	(5,098)	2,006	(39) %
Other (expense) income, net:				
Interest expense	(38)	(107)	69	(64) %
(Loss) gain on warrant liabilities	(8,574)	2,737	(11,311)	(413) %
Warrant issuance expense	(329)	(706)	377	(53) %
Other income, net	266	108	158	146 %
Total other (expense) income, net	(8,675)	2,032	(10,707)	(527) %
Net loss	\$ (11,767)	\$ (3,066)	\$ (8,701)	284 %

(1) *Not meaningful*

Revenue

Revenue decreased \$1.0 million, or 31%, for the three months ended June 30, 2020, compared to the same period of 2019. This decrease was comprised of a \$0.8 million decrease in EksoHealth revenue and a \$0.2 million decrease in EksoWorks revenue primarily due to a decrease in volume of device sales driven by the impact of the COVID-19 pandemic, as our customers shifted their priorities to prepare for and manage their business during the pandemic.

Gross Profit

Gross profit decreased \$0.3 million, or 19%, for the three months ended June 30, 2020, compared to the same period of 2019, primarily attributed to decreased volume of device sales.

Operating Expenses

Sales and marketing expenses decreased \$1.3 million, or 44%, for the three months ended June 30, 2020, compared to the same period of 2019, primarily due to a decrease in employee compensation expenses as a result of a furlough and a reduction in force in March and May 2020 respectively, lower general marketing and trade show activities, and the absence of clinical trials expense due to the completion of our main clinical trial in the first quarter of 2019.

Research and development expenses decreased \$1.0 million, or 70%, for the three months ended June 30, 2020, compared to the same period of 2019, primarily due to a decrease in employee compensation expenses as a result of a furlough and a reduction in force in March and May 2020 respectively, and a decrease in patent and licensing costs.

General and administrative expenses decreased \$0.2 million, or 8%, for the three months ended June 30, 2020, compared to the same period of 2019, primarily due to lower consulting expenses.

The reduction in operating expenses reflects the continuation of the company-wide initiatives we implemented last year, the restructuring completed in May 2020, as well as improving overall operational efficiencies. Our focus remains on optimizing the cost structure of our organization.

Total Other (Expense) Income, Net

Interest expense decreased \$0.1 million, or 64% for the three months ended June 30, 2020, compared to the same period of 2019, primarily due to a lower principal balance on our term loan.

Loss on warrant liabilities of \$8.6 million for the three months ended June 30, 2020 was associated with the revaluation of warrants issued in 2015, 2019 and 2020, compared to a \$2.7 million gain associated with the revaluation of warrants issued in 2015 and May 2019 for the three months ended June 30, 2019. The loss on the revaluation of warrant liabilities during the three months ended June 30, 2020 is primarily due to increases in the market price of our common stock on The Nasdaq Capital Market from \$2.83 on March 31, 2020 to \$8.40 on June 30, 2020, while the comparable quarter's gain upon revaluation of the warrant liabilities were due to decreases in our stock price during the comparable period.

Other income, net for the three months ended June 30, 2020 was \$0.3 million, as compared to \$0.1 million for the same period of 2019. The primary reason for the increase in income is due to larger unrealized gain on foreign currency revaluations of our inter-company monetary assets and liabilities.

Warrant issuance expense of \$0.3 million for the three months ended June 30, 2020 was recorded in connection with our private placement offerings of warrants to purchase common stock concurrently with a registered direct offering of our common stock in June 2020. We incurred \$1.1 million in direct financing costs, which were allocated on a relative fair value basis between the common stock and warrant issuances, of which \$0.3 million was allocated to warrants and expensed immediately. For the three months ended June 30, 2019 we recorded \$0.7 million in warrant issuance expense in connection with our public offering of common stock and warrants to purchase common stock in May 2019.

The following table presents our results of operations (in thousands, except percentages):

	Six months ended June 30,		Change	% Change
	2020	2019		
Revenue	\$ 3,731	\$ 6,878	\$ (3,147)	(46)%
Cost of Revenue	1,835	3,719	(1,884)	(51)%
Gross profit	1,896	3,159	(1,263)	(40)%
Operating expenses:				
Sales and marketing	4,232	5,848	(1,616)	(28)%
Research and development	1,163	2,883	(1,720)	(60)%
General and administrative	4,130	4,438	(308)	(7)%
Restructuring	244	—	244	n/m ⁽¹⁾
Total operating expenses	9,769	13,169	(3,400)	(26)%
Loss from operations	(7,873)	(10,010)	2,137	(21)%
Other (expense) income, net:				
Interest expense	(90)	(228)	138	(61)%
(Loss) gain on warrant liabilities	(6,055)	1,615	(7,670)	(475)%
Loss on modification of warrants	—	(257)	257	(100)%
Warrant issuance expense	(329)	(706)	377	(53)%
Other income (expense), net	46	(31)	77	(248)%
Total other (expense) income, net	(6,428)	393	(6,821)	(1,736)%
Net loss	\$ (14,301)	\$ (9,617)	\$ (4,684)	49 %

⁽¹⁾ Not meaningful

Revenue

Revenue decreased \$3.1 million, or 46%, for the six months ended June 30, 2020, compared to the same period of 2019. This decrease was comprised of a \$2.4 million decrease in EksoHealth revenue and a \$0.7 million decrease in EksoWorks revenue primarily due to a decrease in volume of device sales driven by the impact of the COVID-19 pandemic, as our customers shifted their priorities to prepare for and manage their business during the pandemic.

Gross Profit

Gross profit decreased \$1.3 million, or 40%, for the six months ended June 30, 2020, compared to the same period of 2019, primarily attributed to decreased volume of device sales.

Operating Expenses

Sales and marketing expenses decreased \$1.6 million, or 28%, for the six months ended June 30, 2020, compared to the same period of 2019, primarily due to a decrease in employee compensation expenses as a result of a furlough and a reduction in force in March and May 2020 respectively, lower general marketing and trade show activities, and the absence of clinical trials expense due to the completion of our main clinical trial in the first quarter of 2019.

Research and development expenses decreased \$1.7 million, or 60%, for the six months ended June 30, 2020, compared to the same period of 2019, primarily due to a decrease in employee compensation expenses as a result of a furlough and a reduction in force in March and May 2020, respectively, and a decrease in patent and licensing costs.

General and administrative expenses decreased \$0.3 million, or 7%, for the six months ended June 30, 2020, compared to the same period of 2019, primarily due to a decrease in consulting expense and lower employee compensation from reduced headcount.

The reduction in operating expenses reflects the continuation of the company-wide initiatives we implemented last year, the restructuring completed in May 2020, as well as improving overall operational efficiencies. Our focus remains on optimizing the cost structure of our organization.

Total Other (Expense) Income, Net

Interest expense decreased \$0.1 million, or 61% for the six months ended June 30, 2020, compared to the same period of 2019, primarily due to a lower principal balance on our term loan.

Loss on warrant liabilities of \$6.1 million for the six months ended June 30, 2020 was associated with the revaluation of warrants issued in 2015, 2019 and 2020, compared to a \$1.6 million gain associated with the revaluation of warrants issued in 2015 and May 2019 for the six months ended June 30, 2019. The loss on the revaluation of warrant liabilities during the six months ended June 30, 2020 is primarily due to increases in the market price of our common stock on The Nasdaq Capital Market from \$5.86 on December 31, 2019 to \$8.40 on June 30, 2020, while the comparable period's gains upon revaluation of the warrant liabilities are primarily due to decreases in our stock price during the comparable period.

Warrant issuance expense of \$0.3 million for the six months ended June 30, 2020 was recorded in connection with our private placement offerings of warrants to purchase common stock concurrently with a registered direct offering of our common stock in June 2020. We incurred \$1.1 million in direct financing costs, which were allocated on a relative fair value basis between the common stock and warrant issuances, of which \$0.3 million was allocated to warrants and expensed immediately. For the six months ended June 30, 2019 we recorded \$0.7 million in warrant issuance expense in connection with our public offering of common stock and warrants to purchase common stock in May 2019.

Financial Condition, Liquidity and Capital Resources

Since our inception, we have devoted substantially all of our efforts toward the development of exoskeletons for the medical and industrial markets, toward the commercialization of medical exoskeletons to rehabilitation centers 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

As of June 30, 2020, we had an accumulated deficit of \$197.6 million. Largely as a result of significant research and development activities related to the development of our advanced technology and commercialization of such technology into our medical device business, we have incurred significant operating losses and negative cash flows from operations since inception. In the six months ended June 30, 2020, we used \$5.7 million of cash in our operations and had cash on hand of \$13.3 million as of June 30, 2020.

In 2020, management has taken several actions to alleviate the substantial doubt about the our ability to continue as a going concern that existed as of the date of issuance of the December 31, 2019 consolidated financial statements, including, but not limited to, the following:

- streamlined our operations and reduced our workforce by approximately 35% to lower operating expenses and reduce cash burn;
- conducted a registered direct offering of 1,747,704 shares of our common stock for net proceeds of \$7.1 million;
- invested in the development and reliability of our products;
- restructured our commercial organization and strategy which is showing accelerated adoption;
- received FDA clearance for ABI to market our product to a larger patient population increasing the value proposition to our customers.

We have also received proceeds of \$0.8 million in the quarter ended June 30, 2020 and \$2.4 million subsequent to quarter end from warrant exercises.

As described in *Note 10. Notes Payable, net* in the notes to our condensed consolidated financial statements, borrowings under our secured term loan agreement have a requirement of minimum cash on hand equivalent to the current outstanding principal balance. As of June 30, 2020, \$1.8 million of cash must remain as restricted. After considering cash restrictions, effective unrestricted cash as of June 30, 2020 is estimated to be \$11.5 million. With this unrestricted cash balance and the impact of management's actions described above, we believe that we currently have sufficient cash to fund our operations beyond the look forward period of one year from the issuance of these condensed consolidated financial statements.

Our actual capital requirements may vary significantly and will depend on many factors. We plan to continue our investments in our (i) sales initiatives to accelerate adoption of the Ekso robotic exoskeleton in the rehabilitation market, (ii) research, development and commercialization activities with respect to exoskeletons for rehabilitation, and (iii) development and commercialization of able-bodied exoskeletons for industrial use. Consequently, we may require significant additional financing in the future, which we intend to raise through corporate collaborations, public or private equity offerings, debt financings, or warrant solicitations. Sales of additional equity securities by us could result in the dilution of the interests of existing stockholders. There can be no assurance that financing will be available when required in sufficient amounts, on acceptable terms or at all. In the event that the necessary additional financing is not obtained, we may be required to further reduce our discretionary overhead costs substantially, including research and development, general and administrative, and sales and marketing expenses or otherwise curtail operations.

Cash and Cash Equivalents

The following table summarizes the sources and uses of cash (in thousands). We held no cash equivalents for any of the periods presented.

	Six months ended June 30,	
	2020	2019
Net cash used in operating activities	\$ (5,745)	\$ (9,708)
Net cash used in investing activities	—	(60)
Net cash provided by financing activities	8,160	15,368
Effect of exchange rate changes on cash	(27)	7
Net increase in cash	2,388	5,607
Cash at the beginning of the period	10,872	7,655
Cash at the end of the period	\$ 13,260	\$ 13,262

Net Cash Used in Operating Activities

Net cash used in operations decreased \$4.0 million, or 41%, for the six months ended June 30, 2020, compared to the same period of 2019 primarily due to the reduction in operating expenses by improving overall operational efficiencies, including but not limited to, the reduction of employee headcount. In addition, increased collection efforts resulted in higher accounts receivable collections.

Net Cash Provided by Financing Activities

Net cash provided by financing activities of \$8.2 million for the six months ended June 30, 2020 was from the sale of our common stock for net proceeds of \$7.1 million in connection with the equity financing in June 2020, proceeds of \$1.1 million from our PPP loan, and proceeds of \$0.8 million from the exercise of May 2019 Warrants, partially offset by to aggregate principal payments of \$0.8 million against our term loan.

Net cash provided by financing activities of \$15.4 million for the six months ended June 30, 2019 was from the sale of common stock for net proceeds of \$9.0 million in connection with the equity financing in May 2019, net proceeds of \$2.3 million under our “at the market offering” program, net proceeds of \$5.0 million from equity investors associated with the JV Agreement, and proceeds of \$0.2 million from the exercise of stock options, partially offset by aggregate principal payments of \$1.2 million against our term loan.

Contractual Obligations and Commitments

The following table summarizes our outstanding contractual obligations as of June 30, 2020, 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	After 5 Years
Notes payable, principal and interest	\$ 3,142	\$ 2,497	\$ 645	\$ —	\$ —
Facility operating leases	777	269	508	—	—
Purchase obligations	539	539	—	—	—
Financing lease	3	3	—	—	—
Total	\$ 4,461	\$ 3,308	\$ 1,153	\$ —	\$ —

In addition to the table above, which reflects only fixed payment obligations, we have two license agreements to maintain exclusive rights to certain patents. Under these license agreements, we are required to pay 1% of net sales of products sold to entities other than the U.S. government. In the event of a sublicense, we owe 21% of license fees and must pass through 1% of the sub-licensee’s net sales of products sold to entities other than the U.S. government. The license agreements also stipulate minimum annual royalties of \$50,000 per year.

In connection with our acquisition of Equipois in December 2015, we assumed the rights and obligations of Equipois under a license agreement with the developer of certain intellectual property related to mechanical balance and support arm technologies, which grants us an exclusive license with respect to the technology and patent rights for certain fields of use. Pursuant to the terms of the license agreement, we pay the developer a single-digit royalty on net receipts, subject to a \$50,000 annual minimum royalty requirement.

We purchase components from a variety of suppliers and use contract manufacturers to provide manufacturing services for our 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. We had purchase obligations primarily for purchases of inventory and manufacturing related service contracts totaling \$0.5 million as of June 30, 2020, which is expected to be paid within a year. 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.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risks in the ordinary course of our business, including inflation risks.

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

In addition, we conduct business in foreign countries and have subsidiaries based in Germany and Singapore. Accordingly, we are exposed to exchange rate risk. See Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our Annual Report.

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

We are not the subject of any pending legal proceedings; and to the best of our management's knowledge, no such proceeding is presently threatened, the results of which would have a material impact on the Companies properties, results of operations, or financial condition. Further, to the knowledge of management, no director or executive officer is party to any action in which has an interest adverse to us.

Item 1A. Risk Factors

Other than as described below, we have not identified any material changes to the risk factors previously disclosed in Part I - Item 1A - "Risk Factors" in our Annual Report or in Part II - Item 1A - "Risk Factors" in our Quarterly Report on Form 10-Q filed with the SEC on April 30, 2020 (the "Q1 Report"). Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including, but not limited to, those described below or in our Annual Report or Q1 Report, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from our past, or anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect our business, financial condition, operating results and stock price. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report, including the section titled "Part I - Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and the condensed consolidated financial statements and related notes.

The recently announced Committee on Foreign Investment in the United States determination requires us to terminate our China JV, which will adversely impact our ability to expand operations globally and in particular, in China.

As previously disclosed, following U.S. government inquiries regarding the China JV, the Company and the China JV formally submitted a joint voluntary notice to CFIUS in December 2019 to review the transaction. CFIUS subsequently inquired about our legacy work for the U.S. government as well as technology transfers and other aspects of the China JV and, in February 2020, imposed interim measures to mitigate identified concerns pending completion of its investigation. These measures temporarily suspended our contributions to the China JV and other integration activities for the China JV.

On May 19, 2020, we received notice from CFIUS in connection with its review of our and the JV Partners' investment the China JV. The notice states that CFIUS's prior national security concerns regarding the JV could not be mitigated.

In connection with such determination, on July 13, 2020, we and the JV Partners entered into the NSA, which, among other things, requires the termination of our agreements and role with the China JV. We intend to work cooperatively with the JV Partners and CFIUS to implement the terms of the NSA.

Although the termination of the China JV is not expected to have a material impact on our operations during the remainder of 2020, if we are unable to efficiently identify and partner with other global manufacturing sources and Asia-based distributors, we may not be able to reduce the cost of manufacturing our products or increase sales in Asia in a cost-effective manner, which could have a material adverse effect on our financial results in future periods.

The recent novel coronavirus (COVID-19) outbreak could materially adversely affect our financial condition and results of operations.

In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in Wuhan, China and has since spread to other parts of the world, including the United States where we have our headquarters. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Federal, state and local authorities in the United States, like their counterparts in many other countries, have implemented numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. This unprecedented spread of disease may affect our operations by causing a period of business disruption, the duration of which we cannot predict. There is considerable uncertainty regarding such measures and potential future measures, including restrictions on our access to our facilities or our customers' access to their facilities, the impact on our suppliers or other vendors in our supply chain, our ability to our support operations or workforce, restrictions on employee travel, and restrictions or disruptions of transportation and delays or disruptions in our supply chain, all of which could limit our capacity to meet customer demand and have a material adverse effect on our financial condition and results of operations.

As a small company that operates with a limited number of employees, the impact of the disease may disproportionately hurt our operations. Further, our business insurance may not provide coverage against economic loss or claims specifically tied to COVID-19 or any other disease. COVID-19 presents many challenges that are without precedent. Since the outbreak, we have reduced our headcount by furloughing, and subsequently laying off, a portion of our workforce to reduce expenses and adjust operations, temporarily closed our headquarters, and have experienced delays in our supply chain and customer orders. As a result of some of these changes, we have adapted our support, training and service models to ensure customers are able to continue their programs without interruption and without our personnel present at our customers' facilities. We have also applied and received a loan under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (CARES Act) administered by the U.S. Small Business Administration See "Notes Payable, net" in our notes to our condensed consolidated financial statements.

As a result of some of these restrictions and the outbreak we may face increased risks. For example, many of our customers are not able to access their facilities, are not performing elective surgeries and are sending patients home sooner than they otherwise would, all of which may reduce their need for our products and impact their decisions as to leasing or acquiring our products. A greater number of our employees are working from home, which exposes us to a greater risk of cybersecurity breaches and cyber-liability due to the increased levels of remote access create additional opportunities for exploiting our data security vulnerabilities. Our clinical participants, vendors, employees, suppliers or others may allege they became sick due to our negligence. In addition, there could be a potential effect of a slowdown at FDA, which could result in delays of regulatory correspondence that are necessary for us to maintain or advance our product candidates in clinical studies. Further, the COVID-19 outbreak may adversely impact our ability to file on a routine and timely basis our obligations under federal securities laws, present new data to the public and attend professional conferences, reach out to institutional investors through in-person meetings, engage in partnering discussions or conduct other activities necessary to the success of our business. In addition, global stock markets have reacted negatively since the COVID-19 outbreak, and many economists are projecting a sharp economic slowdown, which could result in a recession. Market volatility due to the outbreak may impact our ability to access the capital markets or ability to obtain financing on favorable terms or at all, which may affect our liquidity. The situation is constantly evolving, however, so the extent to which the COVID-19 outbreak will impact business and the economy is uncertain, but we anticipate the impact to our business to last at least until the period ended December 31, 2020

The extent to which the coronavirus will continue to impact our operations or those of our third-party partners will depend on future developments, which are highly uncertain, including the duration of the outbreak and continued severity, new information that may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. The significance of the impact of the COVID-19 outbreak to us remains unclear at this time; however, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. Interruptions in production, in particular at any of the manufacturing facilities used to create our products, could increase our costs and reduce our sales.

Item 6. Exhibits

Exhibit Number	Description
10.1	Second Amendment to Loan and Security Agreement, dated April 29, 2020, by and between Western Alliance Bank, Ekso Bionics Holdings, Inc. and Ekso Bionics, Inc. (incorporated by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed April 30, 2020)
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial statements from the Ekso Bionics Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in Extensible Business Reporting Language ("XBRL"): <ul style="list-style-type: none">• unaudited condensed consolidated balance sheets;• unaudited condensed consolidated statements of operations and comprehensive income (loss);• unaudited condensed consolidated statements of stockholders' (deficit) equity;• unaudited condensed consolidated statement of cash flows; and• notes to unaudited condensed consolidated financial statements.

* Filed herewith.

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: July 30, 2020

By: /s/ Jack Peurach

Jack Peurach
President and Chief Executive Officer

Date: July 30, 2020

By: /s/ John F. Glenn

John F. Glenn
Chief Financial Officer

(Duly Authorized Officer and Principal Financial and Accounting Officer)

CERTIFICATION

I, Jack Peurach, 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: July 30, 2020

/s/ Jack Peurach

Jack Peurach

Principal Executive Officer

CERTIFICATION

I, John F. Glenn, 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: July 30, 2020

/s/ John F. Glenn

John F. Glenn

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 June 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, Jack Peurach, President and 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: July 30, 2020

/s/ Jack Peurach

Jack Peurach

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 June 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, John F. Glenn, 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: July 30, 2020

/s/ John F. Glenn

John F. Glenn

Principal Financial Officer