

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

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**FORM 10-Q**

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

For the quarterly period ended **September 30, 2015**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **333-181229**

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**Ekso Bionics Holdings, Inc.**

(Exact name of registrant as specified in its charter)

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**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)

**(203) 723-3576**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

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

The number of shares of registrant's common stock outstanding as of November 2, 2015 was: 102,389,957

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**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 share and par value amounts)

	<u>September 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
	(unaudited)	(Note 2)
<b>Assets</b>		
Current assets:		
Cash	\$ 11,238	\$ 25,190
Accounts receivable	2,185	1,549
Inventories, net	1,179	622
Prepaid expenses and other current assets	726	388
Deferred cost of revenue, current	1,920	1,551
Total current assets	<u>17,248</u>	<u>29,300</u>
Property and equipment, net	2,399	2,102
Deferred cost of revenue, non-current portion	2,424	2,017
Other assets	55	55
Total assets	<u>\$ 22,126</u>	<u>\$ 33,474</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 2,148	\$ 783
Accrued liabilities	2,190	2,378
Deferred revenues, current portion	3,839	3,412
Capital lease obligation, current	79	41
Total current liabilities	<u>8,256</u>	<u>6,614</u>
Deferred revenues, non-current portion	4,399	3,895
Other non-current liabilities	225	165
Total liabilities	<u>12,880</u>	<u>10,674</u>
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Convertible Preferred stock, \$0.001 par value; 10,000,000 shares authorized at September 30, 2015 and December 31, 2014; none issued and outstanding at September 30, 2015 and December 31, 2014, respectively	-	-
Common stock, \$0.001 par value; 500,000,000 shares authorized at September 30, 2015 and December 31, 2014; 102,371,591 and 101,621,358, shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	102	102
Additional paid-in capital	95,890	94,499
Accumulated deficit	(86,746)	(71,801)
Total stockholders' equity	<u>9,246</u>	<u>22,800</u>
Total liabilities and stockholders' equity	<u>\$ 22,126</u>	<u>\$ 33,474</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

**Ekso Bionics Holdings, Inc.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except share and per share amounts)  
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenue				
Medical devices	\$ 1,095	\$ 789	\$ 3,128	\$ 2,006
Engineering services	1,820	799	3,590	1,841
Total revenue	<u>2,915</u>	<u>1,588</u>	<u>6,718</u>	<u>3,847</u>
Cost of revenue				
Medical devices	1,095	578	2,863	1,410
Engineering services	1,352	530	2,482	1,432
Total cost of revenue	<u>2,447</u>	<u>1,108</u>	<u>5,345</u>	<u>2,842</u>
Gross profit	468	480	1,373	1,005
Operating expenses				
Sales and marketing	2,380	1,642	6,754	5,022
Research and development	1,713	1,096	4,438	2,564
General and administrative	1,556	1,474	5,090	5,354
Total operating expenses	<u>5,649</u>	<u>4,212</u>	<u>16,282</u>	<u>12,940</u>
Loss from operations	(5,181)	(3,732)	(14,909)	(11,935)
Other income (expense)				
Interest expense	(4)	(3)	(10)	(433)
Gain (loss) on warrant liability	-	15,773	-	(1,206)
Interest income	2	1	9	4
Other expense, net	(2)	(15)	(35)	(44)
Total other income (expense), net	<u>(4)</u>	<u>15,756</u>	<u>(36)</u>	<u>(1,679)</u>
Net income (loss)	<u>\$ (5,185)</u>	<u>\$ 12,024</u>	<u>\$ (14,945)</u>	<u>\$ (13,614)</u>
Basic net income (loss) per share	<u>\$ (0.05)</u>	<u>\$ 0.15</u>	<u>\$ (0.15)</u>	<u>\$ (0.18)</u>
Weighted-average shares used in computing basic per share amounts	<u>102,239,868</u>	<u>78,513,144</u>	<u>102,043,392</u>	<u>74,943,169</u>
Diluted net loss per share	<u>\$ (0.05)</u>	<u>\$ (0.04)</u>	<u>\$ (0.15)</u>	<u>\$ (0.18)</u>
Weighted-average shares used in computing diluted per share amounts	<u>102,239,868</u>	<u>83,336,371</u>	<u>102,043,392</u>	<u>74,943,169</u>

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

**Ekso Bionics Holdings, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	Nine months ended September 30,	
	2015	2014
<b>Operating activities</b>		
Net loss	\$ (14,945)	\$ (13,614)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	633	535
Inventory allowance expense	-	21
Amortization of deferred rent	(28)	(27)
Amortization of debt discounts	-	191
Stock-based compensation expense	1,259	810
Loss on increase in fair value of warrant liability	-	1,206
Changes in operating assets and liabilities		
Accounts receivable	(636)	(1,372)
Inventories	(379)	(161)
Prepaid expense and other assets	(338)	(80)
Deferred cost of revenue	(776)	(1,541)
Accounts payable	1,365	(422)
Accrued liabilities	(188)	(108)
Deferred revenues	931	2,266
Net cash used in operating activities	<u>(13,082)</u>	<u>(12,296)</u>
<b>Investing activities</b>		
Acquisition of property and equipment, net	(962)	(917)
Note receivable from stockholder	-	104
Net cash used in investing activities	<u>(962)</u>	<u>(813)</u>
<b>Financing activities</b>		
Principal payments on notes payable	(40)	(2,547)
Proceeds from exercise of stock options	80	-
Proceeds from exercise of common stock warrants	52	-
Proceeds from issuance of common stock, net of issuance costs	-	22,027
Net cash provided by financing activities	<u>92</u>	<u>19,480</u>
Net increase (decrease) in cash	(13,952)	6,371
Cash at beginning of the period	25,190	805
Cash at end of the period	<u>\$ 11,238</u>	<u>\$ 7,176</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

## **1. Organization**

### **Description of Business and Liquidity**

On January 15, 2014, a wholly-owned subsidiary of Ekso Bionics Holdings, Inc. named Ekso Acquisition Corp merged with and into Ekso Bionics, Inc. (the “Merger”). Ekso Bionics, Inc. was the surviving corporation and became a wholly-owned subsidiary of Ekso Bionics Holdings, Inc. As a result of this transaction, Ekso Bionics Holdings, Inc. discontinued its pre-merger operations, acquired the business of Ekso Bionics, Inc. and continues the operations of Ekso Bionics, Inc. as a publicly traded company. See *Note 3, The Merger, Offering and Other Related Transactions*. Ekso Bionics, Inc. was incorporated in January 2005 in the State of Delaware. We are currently headquartered in Richmond, California.

As used in these notes to the condensed consolidated financial statements, the term “the Company” refers to Ekso Bionics Holdings, Inc. (formerly known as PN Med Group, Inc.) and its direct and indirect wholly-owned subsidiaries, including Ekso Bionics, Inc. and Ekso Bionics Ltd., after giving effect to the Merger; the term “Holdings” refers to the business of Ekso Bionics Holdings, Inc. prior to the Merger, and the term “Ekso Bionics” refers to Ekso Bionics, Inc. prior to the Merger.

We are a leading developer and manufacturer of human bionic exoskeletons. We were founded after the Robotics and Human Engineering Laboratory at the University of California, Berkeley had a breakthrough in demonstrating human exoskeletons that are more energy efficient than previously thought possible.

We are pioneering the field of human exoskeletons to augment human strength, endurance and mobility. We design, develop and sell wearable robots, or “human exoskeletons,” that have applications in healthcare, industrial, military, and consumer markets. Our exoskeleton systems are strapped over the user’s clothing, enabling individuals with neurological conditions affecting gait (e.g., stroke or spinal cord injury) to walk again, permitting soldiers to carry heavy loads for long distances while mitigating lower back, knee, and ankle injuries, and allowing industrial workers to increase productivity and quality of work, for extended periods.

Our current medical device product, the Ekso GT, is a wearable bionic suit that provides individuals with stroke, spinal cord injuries and other lower-extremity paralysis or weakness the ability to stand and walk over ground with a full weight-bearing, reciprocal gait using a cane, crutches or a walker under the supervision of a physical therapist. Walking is achieved by the shifting of the user’s body to activate sensors in the device that initiate steps. Battery-powered motors drive the legs, replacing deficient neuromuscular function. Sensors in the Ekso GT detect the level of motor control a user has, allowing the Ekso GT to provide that level of assist necessary for the user to complete his or her step. First-time users can expect to walk with aid from the device the first time they put on the Ekso exoskeleton (after passing an assessment), while an experienced user can transfer to or from their wheelchair and don or remove the Ekso in less than five minutes.

Our engineering services division, Ekso Labs, is an exoskeleton laboratory that continually integrates emerging technologies into new product applications and expands on such technologies with our partners. To date, the majority of our Ekso Labs revenue has been in the form of research grants from government organizations including United States Special Operations Command, the Defense Advanced Research Projects Agency, the National Institute of Health and the National Science Foundation. These projects fund research and development on new exoskeleton systems, providing the Company with new intellectual property and exoskeleton designs that have the potential for commercialization.

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

We are currently developing industrial exoskeleton models that are intended to increase an individual's workload, endurance and productivity. For example, we recently announced our intention to commercialize a passive, unpowered exoskeleton that would increase the productivity and quality of work of industrial workers and potentially reduce workmen's compensation claims and insurance costs of industrial employers. We are currently assessing interest of potential customers by targeting major North American and European construction companies and major tool manufacturers, and we have prototypes being tested in the field.

As we continue to develop, commercialize and market our various exoskeleton technologies, we may seek to establish new strategic relationships with third parties. Potential relationships may be in the form of technology or product development agreements, sales or distribution agreements, or license agreements.

**Liquidity**

Largely as a result of significant research and development activities related to the development of our advanced technology and commercialization of this technology into our medical device business, we have incurred significant operating losses and negative cash flows from operations since inception. The Company has also recognized significant non-cash losses associated with the revaluation of certain securities, which have also contributed significantly to our accumulated deficit. As of September 30, 2015, we had an accumulated deficit of \$86,746.

The Company's cash as of September 30, 2015, was \$11,238 compared to \$25,190 at December 31, 2014. During the nine months ended September 30, 2015, the Company used \$13,082 of cash in operations compared to \$12,296 for the nine months ended September 30, 2014.

Based upon our current nine-month average monthly net use of cash of approximately \$1,550 and assuming increases in current revenue and gross profit, offset by incremental net use of cash for increased sales and marketing and research and development, and a potential increase in rental activity from our medical device business, the Company believes it has sufficient resources to meet its financial obligations into the second quarter of 2016.

Our actual capital requirements may vary significantly and will depend on many factors. For example, we plan to continue to increase our investments (i) in our clinical, sales and marketing initiatives to accelerate adoption of the Ekso robotic exoskeleton in the rehabilitation market, (ii) in our research, development and commercialization activities with respect to an Ekso robotic exoskeleton for home use, and/or (iii) in the development and commercialization of able-bodied exoskeletons for industrial use. Consequently, the Company will 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 within the next two to four quarters. 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 reduce our 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**

There have been no material changes to our significant accounting policies as compared to those described in our Annual Report on Form 10-K for the year ended December 31, 2014.

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

**Basis of Presentation**

These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”), for the presentation of interim financial information. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed, or omitted, pursuant to such rules and regulations. The condensed consolidated balance sheet at December 31, 2014, has been derived from the audited consolidated financial statements at that date but does not include all disclosures required for the annual financial statements and should be read in conjunction with our audited consolidated financial statements and notes thereto included as part of our Annual Report on Form 10-K for the year ended December 31, 2014. Unless otherwise indicated, all dollar amounts included in these notes to the financial statements are in thousands.

In management’s opinion, the condensed consolidated financial statements reflect all adjustments (including reclassifications and normal recurring adjustments) necessary to present fairly the financial position at September 30, 2015, and results of operations and cash flows for all periods presented. The interim results presented are not necessarily indicative of results that can be expected for a full year. The condensed consolidated financial statements include the accounts of the Company and our wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

**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, useful lives assigned to long-lived assets, realizability of deferred tax assets, the valuation of options and warrants, and contingencies. Actual results could differ from those estimates.

**Concentration of Credit Risk and Other Risks and Uncertainties**

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and accounts receivable. We maintain our cash accounts in excess of federally insured limits. However, we believe we are not exposed to significant credit risk due to the financial position of the depository institutions in which these deposits are held. We extend credit to customers in the normal course of business and perform ongoing credit evaluations of our customers. Concentrations of credit risk with respect to accounts receivable exist to the full extent of amounts presented in the consolidated financial statements. We do not require collateral from our customers to secure accounts receivable.

Accounts receivable are derived from the sale of products shipped and services performed for customers located in the U.S. and throughout the world. Invoices are aged based on contractual terms with the customer. We review accounts receivable for collectability and provide an allowance for credit losses, as needed. We have not experienced any material losses related to accounts receivable as of September 30, 2015 and December 31, 2014. Many of the sales contracts with customers outside of the U.S. are settled in a foreign currency other than the U.S. dollar. We do not enter into any foreign currency hedging agreements and are susceptible to gains and losses from foreign currency fluctuations. To date, we have not experienced significant gains or losses upon settling foreign currency denominated accounts receivable.

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

As of September 30, 2015, we had three customers with accounts receivable balances totaling 10% or more of our total accounts receivable (15%, 11% and 10%), compared with two customers as of December 31, 2014 (22% and 11%).

In the three months ended September 30, 2015, we had one customer with sales comprising 10% or more of our total customer sales (48%), compared with three customers in the three months ended September 30, 2014 (19%, 17% and 17%). In the nine months ended September 30, 2015, we had one customer with sales comprising 10% or more of our total customer sales (33%), compared with one customer in the nine months ended September 30, 2014 (17%).

#### **Common Stock Warrants**

We accounted for the common stock warrants issued in connection with our Merger and related private placement offering (see *Note 3, The Merger, Offering and Other Related Transactions*) in accordance with the guidance in Accounting Standards Codification (“ASC”) 815-40. Under ASC 815-40, the warrants did not meet the criteria for equity treatment and were recorded as a liability. The warrants initially had an anti-dilution clause that allowed for a decrease in the exercise price of the warrants if the Company issued additional shares of common stock without consideration or for consideration per share less than the exercise price of such warrants. Accordingly, we classified the warrant instruments as liabilities at their fair value at the date of issuance and re-measured the warrants at each balance sheet date. Changes in the fair value were recognized as a gain (loss) on warrant liability in our Condensed Consolidated Statement of Operations. These warrants were amended in November 2014 to remove the price-based anti-dilution provision, among other things. Accordingly, the warrants are no longer recorded as a liability.

#### **Recent Accounting Pronouncements**

In July 2015, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2015-11 *Simplifying the Measurement of Inventory*. Under ASU 2015-11, inventory is to be measured at the lower of cost and net realizable value (“NRV”). NRV is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The updated guidance is effective for annual reporting periods beginning on or after December 15, 2016, and interim periods therein. Early adoption is permitted. Management is in the process of assessing the impact of ASU 2015-11 on the Company’s consolidated financial statements.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued an update, ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to defer the effective date of this update by one year. The updated standard becomes effective for the Company in the first quarter of fiscal year 2018, but allows the Company to adopt the standard one year earlier if it so chooses. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its Consolidated Financial Statements and related disclosures, and is therefore unable to determine the impact on the Company's financial statements.

### **3. The Merger, Offering and Other Related Transactions**

Holdings was incorporated in the State of Nevada on January 30, 2012 as a distributor of medical supplies and equipment to municipalities, hospitals, pharmacies, care centers, and clinics in Chile. At the time of the Merger, Holdings was a “shell company” as defined in Rule 12b-2 of the Exchange Act. Holdings’ fiscal year end was previously March 31 but was changed to December 31 in connection with the Merger.

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

On January 15, 2014, Holdings and a newly formed wholly-owned subsidiary of Holdings, Ekso Acquisition Corp, (“Acquisition Sub”) entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”) with Ekso Bionics. Under the Merger Agreement, Acquisition Sub merged with and into Ekso Bionics, with Ekso Bionics remaining as the surviving corporation and with the stockholders of Ekso Bionics exchanging all of their common stock, convertible preferred stock and warrants to purchase preferred stock issued and outstanding immediately prior to the closing of the Merger into an aggregate of 42,615,556 shares of Holdings’ common stock and warrants to purchase 621,361 shares of common stock. In addition, options to purchase 4,989,111 shares of common stock of Ekso Bionics were converted into options to purchase 7,602,408 shares of common stock of Holdings. These shares are in addition to 5,280,368 outstanding shares of Holdings common stock held by certain pre-Merger stockholders of Holdings, consisting of 4,500,600 shares held by such stockholders prior to the Merger and an additional 779,768 shares issued to such stockholders pursuant to a provision in the Merger Agreement requiring us to issue a number of shares of common stock such that the aggregate ownership of the pre-Merger stockholders (not including any shares of common stock purchased by them in the private placement offering described below) was approximately 6.8% of the outstanding common stock of the Company following the Merger and private placement offering.

Upon the closing of the Merger, under the terms of a split-off agreement and a general release agreement, Holdings transferred all of its pre-Merger operating assets and liabilities to a newly formed wholly-owned special-purpose subsidiary (“Split-Off Subsidiary”), and transferred all of the outstanding shares of capital stock of Split-Off Subsidiary to two individuals who were the pre-Merger majority stockholders of Holdings and Holdings’ former officers and sole director (the “Split-Off”), in consideration of and in exchange for (a) the surrender and cancellation of all shares of Holdings’ common stock held by such individuals (which were cancelled and resumed the status of authorized but unissued shares of our common stock) and (b) certain representations, covenants and indemnities.

**Accounting for Reverse Merger**

Ekso Bionics, as the accounting acquirer, recorded the Merger as the issuance of stock for the net monetary assets of Holdings accompanied by a recapitalization. This accounting was identical to that resulting from a reverse merger, except that no goodwill or intangible assets were recorded. In filings with the SEC subsequent to the Merger, including this filing, the historical financial statements of Holdings before the Merger have been replaced with the historical financial statements of Ekso Bionics before the Merger. The Merger was intended to be treated as a tax-free exchange under Section 368(a) of the Internal Revenue Code of 1986, as amended.

**Retroactive Conversion of all Share and Per Share Amounts**

In accordance with reverse merger accounting guidance, amounts for Ekso Bionics’ historical (pre-merger) common stock, preferred stock and warrants and options to purchase common stock, including share and per share amounts, have been retroactively adjusted using their respective exchange ratios in these financial statements unless otherwise disclosed. The conversion ratios were 1.5238, 1.6290, 1.9548 and 1.9548 for one with respect to shares of Ekso Bionics’ common stock, Series A preferred stock, Series A-2 preferred stock and Series B preferred stock, respectively.

**Repayment of 2013 Bridge Note**

In November 2013, in anticipation of the Merger and related private placement offering, Ekso Bionics completed a private placement to accredited investors of \$5,000 of its senior subordinated secured convertible notes (“2013 Bridge Notes”). Upon the closing of the Merger and the private placement offering described below, the \$5,000 in outstanding principal and \$83 of accrued interest of the 2013 Bridge Notes automatically converted into 5,000,000 Units (as defined below), and investors in the 2013 Bridge Notes received warrants to purchase 2,500,000 shares of common stock at an exercise price of \$1.00 per share for a term of three years (“Bridge Warrants”). The Bridge Warrants had weighted average anti-dilution protection, subject to customary exceptions.

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

**Private Placement Offering**

Concurrently with the closing of the Merger and in contemplation of the Merger, the Company held a closing of a private placement offering ("PPO") in which it sold 20,580,000 units ("Units") at a purchase price of \$1.00 per Unit, with each Unit consisting of one share of common stock plus a warrant to purchase an additional share of common stock of the Company at \$2.00 per share with a five year term ("PPO Warrants"). Included in the initial Unit sales were 5,000,000 Units that were issued upon conversion of the 2013 Bridge Notes mentioned above. Between January 29, 2014 and February 6, 2014, the Company issued an additional 9,720,000 Units in subsequent closings of the PPO. As a result of issuing a total of 30,300,000 Units, (a) the Company received gross proceeds of \$25,300, (b) \$5,083 of debt and accrued interest attributable to the 2013 Bridge Notes was settled with the issuance of 5,000,000 Units, (c) \$2,553 of our Senior Note Payable (as defined below) was paid in full, and (d) we incurred offering costs of \$3,338.

Investors in the Units have weighted average anti-dilution protection with respect to the shares of common stock included in the Units if within 24 months after the final closing of the PPO the Company issues additional shares of common stock or common stock equivalents (subject to customary exceptions, including but not limited to issuances of awards under the Company's 2014 Equity Incentive Plan) for consideration per share less than \$1.00. The PPO warrants also had weighted average anti-dilution protection, subject to customary exceptions.

In connection with the conversion of the 2013 Bridge Notes and the PPO, the placement agent for the PPO and its sub-agents were paid an aggregate commission of \$3,030 and were issued warrants to purchase an aggregate of 3,030,000 shares of common stock with a term of five years and an exercise price of \$1.00 per share ("Agent Warrants"). The Agent Warrants had weighted average anti-dilution protection, subject to customary exceptions.

**Offer to Amend and Exercise**

In November 2014, the Company consummated an offer to amend and exercise its PPO Warrants at a temporarily reduced exercise price ("Offer to Amend and Exercise"). Pursuant to the Offer to Amend and Exercise, an aggregate of 22,755,500 PPO Warrants were exercised by their holders and were also amended to reduce the exercise price from \$2.00 to \$1.00 per share of common stock, and to restrict the ability of the holder of shares issuable upon exercise of the amended warrants to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any of such shares without the prior written consent of the Company for a period of 50 days after the expiration date of the Offer to Amend and Exercise.

In connection with the Offer to Amend and Exercise, the holders of a majority of the then outstanding PPO Warrants, Bridge Warrants, and Agent Warrants approved an amendment to remove the price-based anti-dilution provisions in those warrants (see Note 9, *Warrants*).

**2014 Equity Incentive Plan**

Before the Merger, the Board of Directors adopted, and the stockholders approved, the 2014 Equity Incentive Plan ("2014 Plan"), which provides for the issuance of incentive awards constituting up to 14,410,000 shares of common stock to officers, key employees, consultants and directors. In connection with the Merger, options to purchase Ekso Bionics common stock outstanding immediately prior to the Merger were converted into options to purchase an aggregate of 7,602,408 shares of Holdings issued under the 2014 Plan.

On the closing of the Merger, the Board granted to officers and directors options to purchase an aggregate of 2,300,000 shares of common stock under the 2014 Plan.

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Subsequent to the Merger, on June 10, 2015, the Board submitted to the stockholders and the stockholders approved and ratified an amendment of the 2014 Plan to increase the maximum number of shares of common stock that may be issued under the 2014 Plan by 11,590,000 shares to 26,000,000 shares.

**4. Deferred Revenues**

In connection with our medical device sales and research services, we often receive cash payments before our earnings process is complete. In these instances, we record the payments as customer deposits until a device is shipped to the customer, or as customer advances in the case of research services until the earnings process is achieved. In both cases, the cash received is recorded as a component of deferred revenue.

Revenue from our Ekso medical device sales is deferred and recognized over the maintenance period. Accordingly, at the time of shipment to the customer the amount billed is recorded as deferred revenue. Also, at the time of shipment, the related inventory is reclassified to deferred cost of revenue where it is amortized to cost of revenue over the same period as the related revenue.

Deferred revenues and deferred cost of revenues consist of the following:

	<b>September 30,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>
Customer deposits and advances	\$ 90	\$ 105
Deferred Ekso medical device revenues	5,917	5,327
Deferred service and leasing revenues	2,231	1,875
Deferred revenues	8,238	7,307
Less current portion	(3,839)	(3,412)
Deferred revenues, non-current	\$ 4,399	\$ 3,895
Deferred Ekso medical device costs	\$ 4,344	\$ 3,568
Less current portion	(1,920)	(1,551)
Deferred cost of revenue, non-current	\$ 2,424	\$ 2,017

**5. Accrued Liabilities**

Accrued liabilities consist of the following:

	<b>September 30,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>
Salaries, benefits and related expenses	\$ 1,687	\$ 1,847
Professional fees	298	184
Warranty expense	-	126
Taxes	46	46
Royalties	-	50
Travel	15	76
All other	144	49
Total	\$ 2,190	\$ 2,378

**Ekso Bionics Holdings, Inc.**  
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**6. Capital Lease Obligation**

In 2012, the Company entered into a note agreement in connection with the lease for its Richmond, California facility. The note, for an aggregate principal of \$200, with an interest rate of 7%, minimum monthly payments of \$4, and a May 31, 2017 maturity, was used to fund leasehold improvements. This note is classified as a component of Capital lease obligation on the balance sheet. Commencing in August 2015, the Company entered into a long-term Capital lease obligation for equipment. The aggregate principal of the lease is \$166, with an interest rate of 4.7%, minimum monthly payments of \$3 and matures on July 1, 2020. The total capital lease obligation, including a nominal capital lease for equipment, was \$169 and \$13 as of September 30, 2015, and December 31, 2014, respectively.

Future obligations as of September 30, 2015 are as follows:

	<b>Leasehold Improvement Note</b>	<b>Capital Lease</b>	<b>Total</b>
2015 (remainder)	\$ 12	\$ 10	\$ 22
2016	48	42	90
2017	20	40	60
2018	-	37	37
2019	-	37	37
Thereafter	-	22	22
<b>Total minimum payments</b>	<b>80</b>	<b>188</b>	<b>268</b>
Less interest	(5)	(19)	(24)
<b>Present value minimum payments</b>	<b>75</b>	<b>169</b>	<b>244</b>
Less current portion	(44)	(35)	(79)
<b>Long-term portion of capital lease obligation</b>	<b>\$ 31</b>	<b>\$ 134</b>	<b>\$ 165</b>

**7. Operating Lease**

On November 29, 2011, the Company entered into an operating lease agreement for its headquarters and manufacturing facility in Richmond, California. The lease term commenced in March 2012 and expires in May 2017. The lease provides the Company with one option to renew for five additional years.

Future minimum operating lease payments are as follows as of September 30, 2015:

2015 (remainder of year)	\$ 94
2016	375
2017	157
<b>Total</b>	<b>\$ 626</b>

Rent expense under the Company's operating leases was \$86 and \$86 for the three month periods ended September 30, 2015, and 2014, respectively and was \$258 and \$257 for the nine month periods ended September 30, 2015, and 2014, respectively.

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**8. Capitalization and Equity Structure**

The Company's authorized capital stock at September 30, 2015, consisted of 500,000,000 shares of common stock and 10,000,000 shares of preferred stock. At September 30, 2015, 102,371,591 shares of common stock were issued and outstanding, and no shares of preferred stock were issued and outstanding.

**9. Warrants**

As discussed in *Note 3, The Merger, Offering and Other Related Transactions*, the Company issued during the Merger and PPO, warrants to purchase a total of 36,055,000 shares of common stock of which 30,300,000 were at an exercise price of \$2.00 per share, and the balance at \$1.00 per share. These warrants contained "weighted average" anti-dilution protection in the event that we issued common stock or securities convertible into or exercisable for shares of common stock at a price lower than the subject warrant's exercise price, subject to certain customary exceptions, as well as customary provisions for adjustment in the event of stock splits, subdivision or combination, mergers, etc.

Due to the market price of the Company's common stock price exceeding the exercise price of the then outstanding warrants, the Company recorded a non-cash benefit of \$15,773 and a non-cash charge of \$1,206 for the three and nine months ended September 30, 2014, respectively.

The assumptions utilized in re-valuing the warrants were as follows as of September 30, 2014:

Dividend yield	—
Risk-free interest rate	0.72- 1.53%
Share price at final valuation	0.84
Expected term (in years)	2.30-4.30
Volatility	65-70%
Periodic rate	0.17- 0.66%
Periods in the model	10

These warrants were amended in November 2014 to remove the price-based anti-dilution provision, among other things. Accordingly, the warrants are no longer recorded as a liability.

Warrant activity for the nine month period ended September 30, 2015 is as follows:

Name	Balance December 31, 2014	Exercise Price	Term (Years)	Exercised	Balance September 30, 2015
Placement agent warrants	3,030,000	\$ 1.00	5	(48,700)	2,981,300
Bridge warrants	2,600,000	\$ 1.00	3		2,600,000
PPO warrants	7,544,500	\$ 2.00	5		7,544,500
Pre-Merger/PPO warrants*	621,361	\$ 1.38	various	(2,720)	618,641
<b>Total</b>	<b>13,795,861</b>			<b>(51,420)</b>	<b>13,744,441</b>

\* *The Pre-Merger/PPO warrants all expire on May 20, 2023.*

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**10. Stock-based Compensation Plans and Awards**

In January 2014, and prior to the Merger, the Board of Directors and a majority of the stockholders adopted the 2014 Plan that allowed for the issuance of 14,410,000 shares of common stock. Options previously issued under the Ekso Bionics 2007 Equity Incentive Plan were converted into options to purchase an aggregate of 7,602,408 shares of the Company's common stock under the 2014 Plan. On June 10, 2015, the 2014 Plan was amended and restated by the stockholders to increase the maximum number of shares by 11,590,000 shares to an aggregate of 26,00,000 shares of common stock available for issuance under the 2014 Plan. As of September 30, 2015, there were 11,801,901 shares available for future awards.

Under the terms of the 2014 Plan, the Board of Directors may award stock, options, or similar rights having either a fixed or variable price related to the fair market value of the shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or any other security with the value derived from the value of the shares. Such awards include stock options, restricted stock, restricted stock units, stock appreciation rights and dividend equivalent rights.

The Board of Directors may grant stock options under the 2014 Plan at a price of not less than 100% of the fair market value of our common stock on the date the option is granted. Incentive stock options granted to employees who, on the date of grant, own stock representing more than 10% of the voting power of all of our classes of stock, are granted at an exercise price of not less than 110% of the fair market value of our common stock. The maximum term of incentive stock options granted to employees who, on the date of grant, own stock possessing more than 10% of the voting power of all our classes of stock, may not exceed five years. The maximum term of an incentive stock option granted to any other participant may not exceed ten years. Subject to the limitations discussed above, the Board of Directors determines the term and exercise or purchase price of other awards granted under the 2014 Plan. The Board of Directors also determines the terms and conditions of awards, including the vesting schedule and any forfeiture provisions. Options granted under the 2014 Plan may vest upon the passage of time, generally four years, or upon the attainment of certain performance criteria established by the Board of Directors. We may from time to time grant options to purchase common stock to non-employees for advisory and consulting services. Pursuant to ASC 505-50, *Equity-Based Payments to Non-Employees*, we periodically re-measure the fair value of these stock options using the Black-Scholes option pricing model and recognize expense ratably over the vesting period of each stock option award. Upon exercise of an option, it is the Company's policy to issue new shares of common stock.

The following table summarizes information about the Company's stock options outstanding at September 30, 2015, and activity during the nine-month period then ended:

	Stock Awards Outstanding	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2014	10,791,081	\$ 0.79		
Options granted	3,332,800	\$ 1.40		
Options exercised	(1,067,806)	\$ 0.52		
Options forfeited	(128,888)	\$ 0.76		
Options cancelled	(104,813)	\$ 0.50		
Balance as of September 30, 2015	<u>12,822,374</u>	\$ 0.98	7.84	\$ 4,154
Vested and expected to vest at September 30, 2015	<u>11,850,532</u>	\$ 0.95	7.73	\$ 4,098
Exercisable as of September 30, 2015	<u>6,103,793</u>	\$ 0.66	6.51	\$ 3,498

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Of the 1,067,806 shares exercised, 846,576 were issued on a withhold to cover basis, with 368,993 shares withheld from option holders to cover the exercise price of awards being exercised.

As of September 30, 2015, total unrecognized compensation cost related to unvested stock options was \$4,998. This amount is expected to be recognized as stock-based compensation expense in the Company's Condensed Consolidated Statements of Operations over the remaining weighted average vesting period of 2.93 years.

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014 <sup>(1)</sup>	2015	2014
Dividend yield	-	-	-	-
Risk-free interest rate	1.68%	-	1.41- 2.50%	1.74- 2.61%
Expected term (in years)	6.08	-	6.08-10	6.08-10
Volatility	75.27%	-	73.21-75.27%	65.66-66.46%

<sup>(1)</sup> No options were granted for the three months ended September 30, 2014.

Total stock-based compensation expense related to options granted to employees and non-employees was included in the Condensed Consolidated Statements of Operations as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Sales and marketing	\$ 147	\$ 9	\$ 440	\$ 260
Research and development	133	36	295	125
General and administrative	187	72	524	425
	<u>\$ 467</u>	<u>\$ 117</u>	<u>\$ 1,259</u>	<u>\$ 810</u>

## 11. Income Taxes

There were no material changes to the unrecognized tax benefits in the nine months ended September 30, 2015, 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 audit.

## 12. Commitments and Contingencies

### 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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**Material Contracts**

The Company enters into various license, research collaboration and development agreements which provide for payments to the Company for government grants, fees, cost reimbursements typically with a markup, technology transfer and license fees, and royalty payments on sales.

The Company has two license agreements to maintain exclusive rights to certain patents. Under these license agreements, the Company is required to pay 1% of net sales of products sold to entities other than the U.S. government. In the event of a sublicense, the Company will 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, starting in 2015 and for future years, of \$50 per year.

**U.S. Food and Drug Administration Clearance**

The Company's Ekso GT robotic exoskeleton has been marketed in the United States as a Class I 510(k) exempt Powered Exercise Equipment device since February 2012. On June 26, 2014, the U.S. Food and Drug Administration ("FDA") announced the creation of a new product classification for Powered Exoskeleton devices. On October 21, 2014, the FDA published the summary for the new Powered Exoskeleton classification and designated it as being Class II, which requires the clearance of a 510(k) notice.

On October 21, 2014, concurrent with the FDA's publication of the reclassification of Powered Exoskeleton devices, the FDA issued the Company an "Untitled Letter" which informed the Company in writing of the agency's belief that this new product classification applied to our Ekso GT device. We filed a 510(k) notice for the Ekso robotic exoskeleton on December 24, 2014, which was accepted by the FDA for substantive review on July 29, 2015. The Company intends to continue marketing the Ekso robotic exoskeleton under its current Class I registration and listing with its current indications for use until 510(k) clearance is either granted or denied by the FDA or the Company is otherwise notified by the FDA to cease such activities. The Company believes that in situations where the class of a product has been elevated by the FDA, manufacturers are normally granted enforcement discretion by the FDA and given ample time to seek clearance at the new class level. Nonetheless, the FDA may not agree with our decision to continue marketing the device until a 510(k) notice is cleared. From the time of our submission to the date of this report, the FDA has not indicated or notified the Company that it disagrees with this decision. If the FDA disagrees with our decision, we may be required to cease marketing or to recall the products until we obtain clearance or approval, and we may be subject to regulatory fines or penalties.

From September 2, 2015 to September 11, 2015, the Division of Bioresearch Monitoring Center for Devices and Radiological Health of the FDA conducted an inspection of the Company's facility in Richmond, California. At the conclusion of the inspection, the FDA issued a Form FDA 483 with four observations. These observations are inspectional and do not represent a final FDA determination of non-compliance. The observations pertain to informed consent requirements, reporting of adverse results and records maintenance. On October 2, 2015, the Company responded to the FDA. That response describes the corrective and preventive actions that we have implemented and continue to implement to address the FDA's concerns.

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**13. Net Income (Loss) Per Share**

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

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Numerator:</b>				
Net profit (loss)				
Basic	\$ (5,185)	\$ 12,024	\$ (14,945)	\$ (13,614)
Adjustment for change in fair value of warrant liability	-	(15,773)	-	-
Diluted	<u>\$ (5,185)</u>	<u>\$ (3,749)</u>	<u>\$ (14,945)</u>	<u>\$ (13,614)</u>
<b>Denominator:</b>				
Weighted-average common shares outstanding used in computing basic and diluted net income (loss) per share				
Basic	102,239,868	78,513,144	102,043,392	74,943,169
Dilutive effect of warrants	-	750,653	-	-
Dilutive effect of stock options	-	4,072,574	-	-
Diluted	<u>102,239,868</u>	<u>83,336,371</u>	<u>102,043,392</u>	<u>74,943,169</u>
Net income (loss) per share, basic	<u>\$ (0.05)</u>	<u>\$ 0.15</u>	<u>\$ (0.15)</u>	<u>\$ (0.18)</u>
Net income (loss) per share, diluted	<u>\$ (0.05)</u>	<u>\$ (0.04)</u>	<u>\$ (0.15)</u>	<u>\$ (0.18)</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:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Options to purchase common stock	12,822,374	-	12,822,374	3,724,529
Warrants	13,744,441	-	13,744,441	8,407,084
Total common stock equivalents	<u>26,566,815</u>	<u>-</u>	<u>26,566,815</u>	<u>12,131,613</u>

**14. Segment Disclosures**

The Company has two reportable segments, Engineering Services and Medical Devices. Engineering Services generates revenue principally from collaborative research and development service arrangements, technology license agreements, and government grants where the Company uses its robotics domain knowledge in bionic exoskeletons to bid on and procure contracts and grants from entities such as the National Science Foundation and the Defense Advanced Research Projects Agency. The Medical Devices segment designs, engineers, and manufactures exoskeletons for applications in the medical and military markets.

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The Company evaluates performance and allocates resources based on segment gross profit margin. The reportable segments are each managed separately because they serve distinct markets, and one segment provides a service and the other manufactures and distributes a unique product. The Company does not consider net assets as a segment measure and, accordingly, assets are not allocated.

Segment reporting information is as follows:

	<b>Engineering Services</b>	<b>Medical Devices</b>	<b>Total</b>
<b>Three months ended September 30, 2015</b>			
Revenue	\$ 1,820	\$ 1,095	\$ 2,915
Cost of revenue	1,352	1,095	2,447
Gross profit	<u>\$ 468</u>	<u>\$ 0</u>	<u>\$ 468</u>
<b>Three months ended September 30, 2014</b>			
Revenue	\$ 799	789	1,588
Cost of revenue	530	578	1,108
Gross profit	<u>\$ 269</u>	<u>211</u>	<u>480</u>
<b>Nine months ended September 30, 2015</b>			
Revenue	\$ 3,590	\$ 3,128	\$ 6,718
Cost of revenue	2,482	2,863	5,345
Gross profit	<u>\$ 1,108</u>	<u>\$ 265</u>	<u>\$ 1,373</u>
<b>Nine months ended September 30, 2014</b>			
Revenue	\$ 1,841	\$ 2,006	\$ 3,847
Cost of revenue	1,432	1,410	2,842
Gross profit	<u>\$ 409</u>	<u>\$ 596</u>	<u>\$ 1,005</u>

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

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
North America	\$ 2,379	\$ 1,271	\$ 5,272	\$ 3,102
Europe, Middle East, Asia	536	317	1,446	745
	<u>\$ 2,915</u>	<u>\$ 1,588</u>	<u>\$ 6,718</u>	<u>\$ 3,847</u>

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

You should read the following discussion of our financial condition and results of operation in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and on our Annual Report on Form 10-K for the year ended December 31, 2014.

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements include all statements other than statements of historical facts contained or incorporated by reference in this prospectus, including statements regarding (i) the plans and objectives of management for future operations, including plans or objectives relating to the design, development and commercialization of human exoskeletons, (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 SEC, (iv) our beliefs regarding the potential for commercial opportunity 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 on Form 10-K for the year ended December 31, 2014, could cause our future results to differ materially from those expressed in the forward-looking information:

- our ability to obtain or maintain regulatory approval to market the Company's medical devices;
- 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;
- our ability to complete clinical trials on a timely basis and that completed clinical trials will be sufficient to support commercialization of our products;
- 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;
- our ability to obtain or maintain patent protection for the Company's 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 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 ability to retain or attract key employees;
- our ability to obtain adequate financing to fund operations and to develop or enhance our technology;
- 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 on Form 10-Q 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 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

The Company designs, develops and sells wearable bionic devices or “human exoskeletons” that have applications in healthcare, industrial, military, and consumer markets. Our exoskeletons systems are strapped over the user’s clothing and augment human strength, endurance and mobility. These robotic or mechanical systems serve multiple markets and can be used both by able-bodied users as well as by persons with physical disabilities. We or our partners have sold, rented or leased devices that (a) enable individuals with neurological conditions affecting gait (e.g., stroke or spinal cord injury) to rehabilitate and to walk again; (b) allow industrial workers to perform heavy duty work for extended periods; and (c) permit soldiers to carry heavy loads for long distances while mitigating lower back, knee, and ankle injuries.

In our efforts to develop exoskeleton technology, we have established an extensive intellectual property portfolio that includes, in the United States alone and as of September 30, 2015, 12 patents that have been granted, 24 patent applications that are currently pending (meaning a complete non-provisional patent application has been filed and additional action is pending), and ten pending provisional patent applications that have been filed (meaning we have filed a short form application to establish an early filing date in anticipation of subsequently filing a non-provisional application). All but three of the patents and pending patent applications are either solely owned by us or exclusively licensed to us. Many of these patents and applications are also being pursued internationally as appropriate for their respective subject matter. Our patent portfolio includes claims directed to both devices and methods to provide optimal coverage of technologies relevant to our products, including medical exoskeletons, commercial exoskeletons, actuators, and strength-enhancing exoskeletons. The earliest priority date reaches back to 2003, and new applications continue to be filed.

Our long-term goal is to have one million people stand and walk in an Ekso exoskeleton by February 2022. Our first step to achieving that goal was for us to focus on selling our medical exoskeletons to rehabilitation centers and hospitals in the United States and Europe. We began that journey with the February 2012 sale of the Ekso, an exoskeleton for complete spinal cord injuries (“SCI”). We have since expanded that effort with the July 2013 launch of our Variable Assist software and the December 2013 release of our next generation Ekso hardware platform, Ekso GT. The Variable Assist software enables users with any amount of lower extremity strength to contribute their own power for either leg to achieve self-initiated walking. The Ekso GT builds on the experience of the Ekso and incorporates the Variable Assist, allowing us to expand our sales and marketing efforts beyond SCI-focused centers to centers supporting stroke and related neurological patients.

The Ekso GT is a wearable bionic suit that provides individuals with stroke, spinal cord injuries and other lower-extremity paralysis or weakness the ability to stand and walk over ground with a full weight-bearing, reciprocal gait using a cane, crutches or a walker under the supervision of a physical therapist. Walking is achieved by the shifting of the user’s body to activate sensors in the device that initiate steps. Battery-powered motors drive the legs, replacing deficient neuromuscular function. First-time users can expect to walk with aid from the device the first time they put on the Ekso exoskeleton (after passing an assessment), while an experienced user can transfer to or from their wheelchair and don or remove the Ekso in less than five minutes.

Most recently, we further upgraded our technology with the announcement in June 2015 of SmartAssist and the ability of the Ekso GT to integrate functional electrical stimulation (“FES”). Our SmartAssist software is the next generation software after Variable Assist, both improving on its core functionality and adding new features. The SmartAssist software will allow therapists to utilize Ekso GT across a broader continuum of care so that patients can use the device earlier for the pre ambulatory exercises and later during therapy to assist only as needed for each leg. The addition to the Ekso GT of FES integration offers the potential to combine the benefits of these two leading technologies into a single product offering.

Ekso Labs, our engineering services division, is focused on technology development and future applications. It is an exoskeleton laboratory that integrates emerging technologies into new product applications and expands on it for our partners. To date, the majority of our Ekso Labs revenue has been in the form of research grants from government organizations including United States Special Operations Command, the Defense Advanced Research Projects Agency, the National Institute of Health and the National Science Foundation. These projects fund research and development on new exoskeleton systems, providing the Company with new intellectual property and exoskeleton designs that have the potential for commercialization.

In addition to furthering exoskeleton technology for our current medical applications, Ekso Labs' research and development work may have potential use in future, able-bodied models of the Ekso human exoskeleton. Many of the research projects funded by grants are focused on researching future medical applications and capabilities not yet ready for commercial development. Other projects, often funded by commercial partners or the U.S. military, focus on able-bodied human exoskeleton applications.

We are currently developing industrial exoskeleton models that are intended to increase an individual's workload, endurance and productivity. For example, we recently announced our intention to commercialize a passive, unpowered exoskeleton that would increase the productivity and quality of work of industrial workers and potentially reduce workmen's compensation claims and insurance costs of industrial employers. We are currently assessing interest of potential customers by targeting major North American and European construction companies and major tool manufacturers, and we have prototypes being tested in the field.

As we continue to develop, commercialize and market our various exoskeleton technologies, we may seek to establish new strategic relationships with third parties. Potential relationships may be in the form of technology or product development agreements, sales or distribution agreements, or license agreements.

### **Regulatory Update**

The U.S. government regulates the medical device industry through various agencies, including but not limited to, the U.S. Food and Drug Administration ("FDA"), which administers the federal Food, Drug and Cosmetic Act. The FDA classifies medical devices into one of three classes (Class I, II or III) based on the degree of risk the FDA determines to be associated with a device and the extent of control deemed necessary to ensure the device's safety and effectiveness. Devices requiring fewer controls because they are deemed to pose lower risk are placed in Class I or II. Class I devices are deemed to pose the least risk and are subject only to general controls applicable to all devices, such as requirements for device labeling, premarket notification, and adherence to the FDA's current good manufacturing practice requirements, as reflected in its Quality System Regulation ("QSR"). Class II devices are intermediate risk devices that are subject to general controls and may also be subject to special controls such as performance standards, product-specific guidance documents, special labeling requirements, patient registries or post-market surveillance. Class III devices are those for which insufficient information exists to assure safety and effectiveness solely through general or special controls, and include life-sustaining, life-supporting, or implantable devices, and devices not "substantially equivalent" to a device that is already legally marketed. Most Class I devices, and some Class II devices are exempted by regulation from the 510(k) clearance requirement and can be marketed without prior authorization from FDA. Class I and Class II devices that have not been so exempted are eligible for marketing through the 510(k) clearance pathway. By contrast, devices placed in Class III generally require premarket approval, or PMA, prior to commercial marketing.

To obtain 510(k) clearance for a medical device, an applicant must submit a premarket notification application to the FDA demonstrating that the device is "substantially equivalent" to a predicate device, which is typically a legally marketed Class II device in the United States. A device is substantially equivalent to a predicate device if it has the same intended use and (i) the same technological characteristics, or (ii) has different technological characteristics and the information submitted demonstrates that the device is as safe and effective as a legally marketed device and does not raise different questions of safety or effectiveness.

While we believe that the Company's Ekso GT robotic exoskeleton has been appropriately marketed as a Class I 510(k) exempt Powered Exercise Equipment device since February 2012, on June 26, 2014, the FDA announced the creation of a new product classification for Powered Exoskeleton devices. On October 21, 2014, the FDA published the summary for the new Powered Exoskeleton classification and designated it as being Class II, which requires the clearance of a 510(k) notice.

On October 21, 2014, concurrent with the FDA's publication of the reclassification of Powered Exoskeleton devices, the FDA issued the Company an "Untitled Letter" which informed the Company in writing of the agency's belief that this new product classification applied to our Ekso GT device. We filed a 510(k) notice for the Ekso robotic exoskeleton on December 24, 2014, which was accepted by the FDA for substantive review on July 29, 2015.

The Company's requested indications for use, as specified in the Company's 510(k) notice, provides that the Ekso robotic exoskeleton is intended to enable individuals with weakness or paralysis of the lower limbs, such as from spinal cord injury (SCI), stroke and other conditions causing lower extremity weakness, to perform ambulatory functions such as gait training in rehabilitation institutions. Insofar as the proposed indications for use includes individuals with lower extremity weakness other than SCI, the Company's requested indications for use is more expansive than the indications for use of the predicate device referenced in the Company's 510(k) notice.

By letter dated September 11, 2015, the FDA has requested that the Company provide additional information regarding its clinical data and other information in support of the Company's requested 510(k) clearance for the Ekso robotic exoskeleton. The Company is working diligently to provide the information requested by the FDA, including information pertaining to the Company's requested indications for use and the Company's clinical data supporting the requested indications for use, information pertaining to mechanical and electromagnetic compatibility testing, electrical safety and software, information pertaining to medical device reports related to adverse events involving the Ekso robotic exoskeleton, and other requested information.

The Company has up to 180 days from September 11, 2015 to respond to the FDA's requests for additional information. Once the Company has submitted the additional information, the FDA will review that response for substantive adequacy and either: (1) determine that the response is adequate to support a determination of substantial equivalence; or (2) request further additional information, generally in the form of an interactive review. The FDA will generally seek to make a final decision on a 510(k) submission within 90 days from the date the 510(k) notice was first accepted for substantive review, excluding any time that the application was placed on hold due to an additional information request from the FDA. There is no guarantee that the FDA will ultimately determine that the information provided by the company is adequate to support a determination of substantial equivalence, and could seek the Company's voluntary withdrawal of the 510(k) notice or issue a not substantially equivalent (NSE) letter should there be deficiencies in the response.

The Company intends to request a submission issue meeting with the FDA to be held in advance of the Company's formal submission of its response to the FDA's request for additional information to discuss the Company's response strategy and seek the FDA's input on that strategy. Following that submission issue meeting and assuming a positive outcome to that meeting, the Company intends to submit a response to the FDA that addresses all aspects of the FDA's requests for additional information in a manner intended to support a clearance decision by the FDA. Although the FDA has not expressly requested that the Company conduct additional clinical studies or trials in support of its request for clearance, the Company may conclude after further dialogue with the FDA and the Company's advisors that additional clinical data is required in order to support the Company's requested indications for use. In such an event, the Company may be required to conduct additional clinical testing in support of its requested clearance. Alternatively, the Company also may determine to pursue more narrow indications for use until such time as the Company is able to generate additional data to support a broader indications for use.

Although there is the possibility that the Company could receive FDA clearance in 2015, we believe that it is much more likely that the Company will receive a determination from the FDA sometime in 2016. However, if the Company were to decide, or be required, to conduct additional clinical testing in support of its request for clearance, the Company may determine to withdraw its pending 510(k) notification and resubmit a 510(k) notification following completion of the additional clinical testing, which could further delay receipt of clearance.

The Company intends to continue marketing the Ekso robotic exoskeleton under its current Class I registration and listing with its current indications for use until 510(k) clearance is either granted or denied by the FDA or the Company is otherwise notified by the FDA to cease such activities. The Company believes that in situations where the class of a product has been elevated by the FDA, manufacturers are normally granted enforcement discretion by the FDA and given ample time to seek clearance at the new class level. Nonetheless, the FDA may not agree with our decision to continue marketing the device until a 510(k) notice is cleared. If the FDA disagrees with our decision, we may be required to cease marketing or to recall our products in the U.S. until we obtain clearance or approval, and we may be subject to regulatory fines or penalties.

From September 2, 2015 to September 11, 2015, the Division of Bioresearch Monitoring Center for Devices and Radiological Health of the FDA conducted an inspection of the Company's facility in Richmond, California. At the conclusion of the inspection, the FDA issued a Form FDA 483 with observations pertaining to informed consent requirements, reporting of events to FDA, and records maintenance. These observations are inspectional and do not represent a final FDA determination of non-compliance. On October 2, 2015, the Company responded to the FDA. That response describes the corrective and preventive actions that we have implemented and continue to implement to address the FDA's observations. Due to the nature of the findings, the Company does not expect that the Form FDA 483 will result in a warning letter or other action that could interfere with the Company's operations.

Since July 1, 2015, we have been informed of seven events with respect to our Ekso GT devices that are reportable pursuant to the FDA's medical device reporting, or MDR, regulations. There were no reported patient injuries related to any of these events, and in each case we have filed or will file the required adverse event reports with the FDA. We have voluntarily implemented a field correction and accelerated maintenance schedule based on field usage to address these issues. In addition, we have analyzed the root causes of these issues and have adjusted our manufacturing process and will source new components accordingly.

### **Critical Accounting Policies and Estimates**

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

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.

For the nine month period ended September 30, 2015, there have been no material changes to our critical accounting policies and estimates as compared to those described in our Annual Report on Form 10-K for the year ended December 31, 2014, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies, Estimates and Judgments."

## Results of Operations

The following table present our results of operations for the periods indicated (in thousands):

	<b>Three months ended September 30,</b>			
	<b>2015</b>	<b>2014</b>	<b>Change</b>	<b>% Change</b>
<b>Revenue:</b>				
Medical devices	\$ 1,095	\$ 789	\$ 306	39%
Engineering services	1,820	799	1,021	128%
<b>Total revenue</b>	<b>2,915</b>	<b>1,588</b>	<b>1,327</b>	<b>84%</b>
<b>Cost of revenue:</b>				
Medical devices	1,095	578	517	89%
Engineering services	1,352	530	822	155%
<b>Total cost of revenue</b>	<b>2,447</b>	<b>1,108</b>	<b>1,339</b>	<b>121%</b>
<b>Gross profit</b>	<b>468</b>	<b>480</b>	<b>(12)</b>	<b>(3%)</b>
<b>Operating expenses:</b>				
Sales and marketing	2,380	1,642	738	45%
Research and development	1,713	1,096	617	56%
General and administrative	1,556	1,474	82	6%
<b>Total operating expenses</b>	<b>5,649</b>	<b>4,212</b>	<b>1,437</b>	<b>34%</b>
<b>Loss from operations</b>	<b>(5,181)</b>	<b>(3,732)</b>	<b>(1,449)</b>	<b>39%</b>
<b>Other income (expense):</b>				
Interest expense	(4)	(3)	(1)	33%
Gain on warrant liability	-	15,773	(15,773)	(100%)
Interest income	2	1	1	100%
Other expense, net	(2)	(15)	13	(87%)
<b>Total other income (expense), net</b>	<b>(4)</b>	<b>15,756</b>	<b>(15,760)</b>	<b>(100%)</b>
<b>Net income (loss)</b>	<b>\$ (5,185)</b>	<b>\$ 12,024</b>	<b>\$ (17,209)</b>	<b>(143%)</b>

The following table present our results of operations for the periods indicated (in thousands):

	<b>Nine months ended September 30,</b>			
	<b>2015</b>	<b>2014</b>	<b>Change</b>	<b>% Change</b>
<b>Revenue:</b>				
Medical devices	\$ 3,128	\$ 2,006	\$ 1,122	56%
Engineering services	3,590	1,841	1,749	95%
<b>Total revenue</b>	<b>6,718</b>	<b>3,847</b>	<b>2,871</b>	<b>75%</b>
<b>Cost of revenue:</b>				
Medical devices	2,863	1,410	1,453	103%
Engineering services	2,482	1,432	1,050	73%
<b>Total cost of revenue</b>	<b>5,345</b>	<b>2,842</b>	<b>2,503</b>	<b>88%</b>
<b>Gross profit</b>	<b>1,373</b>	<b>1,005</b>	<b>368</b>	<b>37%</b>
<b>Operating expenses:</b>				
Sales and marketing	6,754	5,022	1,732	34%
Research and development	4,438	2,564	1,874	73%
General and administrative	5,090	5,354	(264)	(5%)
<b>Total operating expenses</b>	<b>16,282</b>	<b>12,940</b>	<b>3,342</b>	<b>26%</b>
<b>Loss from operations</b>	<b>(14,909)</b>	<b>(11,935)</b>	<b>(2,974)</b>	<b>25%</b>
<b>Other income (expense):</b>				
Interest expense	(10)	(433)	423	(98%)
Loss on warrant liability	-	(1,206)	1,206	(100%)
Interest income	9	4	5	125%
Other expense, net	(35)	(44)	9	(20%)
<b>Total other income (expense), net</b>	<b>(36)</b>	<b>(1,679)</b>	<b>1,643</b>	<b>(98%)</b>
<b>Net loss</b>	<b>\$ (14,945)</b>	<b>\$ (13,614)</b>	<b>\$ (1,331)</b>	<b>10%</b>

### **Revenue**

#### For the three months ended September 30, 2015

Medical device revenue increased \$0.3 million, or 39%, as compared to the three months ended September 30, 2014, primarily due to the near doubling of the number of medical device sales being recognized to revenue during the three months ended September 30, 2015, as compared to the same period in the prior year. Engineering services revenue increased by \$1.0 million, or 128%, as compared to the three months ended September 30, 2014, primarily due to an overall increase in Ekso Labs projects period over period.

#### For the nine months ended September 30, 2015

Medical device revenue increased \$1.1 million, or 56%, as compared to the nine months ended September 30, 2014, primarily due to the more than doubling of the number of medical device sales being recognized to revenue during the nine months ended September 30, 2015, as compared to the same period in the prior year. Engineering services revenue increased by \$1.7 million, or 95%, as compared to the nine months ended September 30, 2014, primarily due to an overall increase in Ekso Labs projects period over period.

## ***Gross Profit***

### For the three months and nine months ended September 30, 2015

Overall our gross profit remained relatively unchanged as compared to the three months ended September 30, 2014, and increased \$0.4 million or 37%, as compared to the nine months ended September 30, 2014.

Our medical device segment has experienced increased service related expenses related to an accelerated maintenance program, field corrections and the implementation of technological improvements developed subsequent to many of our units being placed into service. We recognize service expense on an as-incurred basis, which exceeded the increase in associated revenue during the same periods. The Company continues to evaluate this level of increased cost associated with fleet enhancements and expects increased costs for the next quarter or two.

The decrease in gross profit and margins for our medical devices was more than offset by improvements in gross profit and margins for our engineering services business during the three and nine months ended September 30, 2015. The improvement in this segment was driven primarily by a better balance of higher margin projects compared to the prior year.

## ***Operating Expenses***

### For the three months ended September 30, 2015

Sales and marketing expenses increased \$0.7 million, or 45%, as compared to the three months ended September 30, 2014, due to an increase in sales and marketing personnel and related resources, the greatest of which is an increase of \$0.3 million in compensation related costs.

Research and development expenses increased \$0.6 million, or 56%, as compared to the three months ended September 30, 2014, primarily due to an increase of \$0.5 million in compensation related expenses as a result of increases in headcount and \$0.1 million in development of our industrial business.

General and administrative expenses were relatively unchanged, as compared to the three months ended September 30, 2014.

### For the nine months ended September 30, 2015

Sales and marketing expenses increased \$1.7 million, or 34%, as compared to the nine months ended September 30, 2014, due to an increase in sales and marketing personnel, and regulatory and public relations expenses, the greatest of which is an increase of \$0.7 million in compensation related costs.

Research and development expenses increased \$1.9 million, or 73%, as compared to the nine months ended September 30, 2014, primarily due to an increase of \$1.5 million in compensation related expenses as a result of increases in headcount to support our increase in government projects and \$0.3 million in expenses related to the development of our industrial business.

General and administrative expenses were relatively unchanged as compared to the nine months ended September 30, 2014.

## ***Other Income (Expense), Net***

### For the three months ended September 30, 2015

Total other income (expenses), net decreased \$15.8 million, as compared to the three months ended September 30, 2014. The decrease was primarily attributable to a non-cash benefit in the 2014 period relating to outstanding warrants, with no comparable amount in the 2015 period. Due to the price-based anti-dilution provision in the warrants, the Company was required to classify the warrants as a liability and to adjust their fair value to market at each measurement period. In November 2014, the holders of a majority of the warrants approved an amendment to remove the price-based anti-dilution provisions in the warrants. As a result, the warrants are no longer recorded as a liability effective November 2014 because they met the criteria for equity treatment.

### For the nine months ended September 30, 2015

Total other expense, for the nine months ended September 30, 2015, reflected a decrease of \$1.6 million as compared to the nine months period ended September 30, 2014, primarily due to a \$1.2 million non-cash charge in the 2014 period relating to outstanding warrants, with no comparable amount in the 2015 period. The \$1.2 million of prior year warrant liability charges was attributable to warrants issued in the private placement offering in the first quarter of 2014. Interest expense decreased by \$0.4 million during the nine months ended September 30, 2015, as compared to the prior year periods due to the repayment of outstanding debt in January 2014.

### **Financial Condition, Liquidity and Capital Resources**

Since the Company's inception, we have devoted substantially all of our efforts toward the development of exoskeletons for the medical, military and industrial markets, toward the commercialization of our medical exoskeletons to rehabilitation centers and toward raising capital. Accordingly, we are considered to be in the early commercialization stage. We have financed our operations primarily through the issuance and sale of equity securities for cash consideration and convertible and promissory notes, as well as from government research grant awards and strategic collaboration payments.

### Cash and Working Capital

Since the Company's inception, we have incurred net losses and negative cash flows from operations. We incurred net losses of \$14.9 million for the nine months ended September 30, 2015, and \$33.7 million for the year ended December 31, 2014. In addition, our operating activities used \$13.1 million for the nine months ended September 30, 2015, and \$15.0 million for the year ended December 31, 2014.

### Liquidity and Capital Resources

Largely as a result of significant research and development activities related to the development of our advanced technology and commercialization of this technology into our medical device business, we have incurred significant operating losses and negative cash flows from operations since inception. The Company has also recorded significant non-cash losses associated with revaluation of certain securities, which have also contributed significantly to our accumulated deficits. As of September 30, 2015, we had an accumulated deficit of \$86.7 million.

The Company's cash as of September 30, 2015, was \$11.2 million compared to \$25.2 million at December 31, 2014. During the nine months ended September 30, 2015, the Company used \$13.1 million of cash in operations compared to \$12.3 million for the nine months ended September 30, 2014.

Based upon our current nine-month average monthly net use of cash of approximately \$1.6 million and assuming increases in current revenue and gross profit, offset by incremental net use of cash for increased sales and marketing and research and development and a potential increase in rental activity for our medical device business, the Company believes it has sufficient resources to meet its financial obligations into the second quarter of 2016.

Our actual capital requirements may vary significantly and will depend on many factors. For example, we plan to continue to increase our investments (i) in our clinical, sales and marketing initiatives to accelerate adoption of the Ekso robotic exoskeleton in the rehabilitation market, (ii) in our research, development and commercialization activities with respect to an Ekso robotic exoskeleton for home use, and/or (iii) in the development and commercialization of able-bodied exoskeletons for industrial use. Consequently, the Company will 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 within the next two to four quarters. 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 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 for the periods stated (in thousands). The Company held no cash equivalents for any of the periods presented.

	<b>Nine months ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
Net cash used in operating activities	\$ (13,082)	\$ (12,296)
Net cash used in investing activities	(962)	(813)
Net cash provided by financing activities	92	19,480
Net increase (decrease) in cash	(13,952)	6,371
Cash at beginning of the period	25,190	805
Cash at end of the period	<u>\$ 11,238</u>	<u>\$ 7,176</u>

#### *Net Cash Used in Operating Activities*

Net cash used in operations for the nine months ended September 30, 2015 was driven by our \$14.9 million operating loss, offset by \$1.9 million in non-cash charges related to depreciation and amortization, and stock compensation expense.

Net cash used in operations for the nine months ended September 30, 2014 was driven by our \$13.6 million operating loss and was partially offset by non-cash charges totaling \$2.7 million which primarily related to the loss on warrant liability of \$1.2 million, \$0.8 million in stock-based compensation expense, and \$0.5 million of depreciation and amortization expense. Net cash used in operating activities was also negatively impacted by increases of \$1.4 million in accounts receivable, and \$1.5 million in deferred cost of revenue, along with a positive impact of an increase of \$2.3 million in customer advances and deferred revenue related to an increase in medical devices shipped year over year.

#### *Net Cash Used in Investing Activities*

Net cash used in investing activities of \$1.0 million and \$0.8 million for the nine months ended September 30, 2015 and 2014, respectively, was primarily to acquire property and equipment, including expansion of our company-owned fleet of Ekso units used for demonstrations, loaners to current customers, and as rental units.

#### *Net Cash Provided by Financing Activities*

The net cash provided by financing activities for the nine months ended September 30, 2015, of \$0.1 million was primarily from the exercise of common stock warrants and options, offset by nominal note payments.

The net cash provided by financing activities for the nine months ended September 30, 2014, of \$19.5 million included a net \$22.0 million from the issuance of common stock related to the PPO. The proceeds from the PPO were in turn used in part to retire \$2.5 million of outstanding debt.

## Contractual Obligations and Commitments

The following table summarizes our outstanding contractual obligations as of September 30, 2015, 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 1 Year	1-3 Years	4-5 Years	After 5 Years
Facility Operating Lease	\$ 626	\$ 94	\$ 532	\$ -	\$ -
Leasehold Improvement Loans	80	12	68	-	-
Capital lease	188	10	119	59	-
Total	<u>\$ 894</u>	<u>\$ 116</u>	<u>\$ 719</u>	<u>\$ 59</u>	<u>\$ -</u>

In addition to the table above, which reflects only payment obligations, fixed and determinable, the Company has two license agreements to maintain exclusive rights to certain patents. Under these license agreements, the Company is required to pay 1% of net sales of products sold to entities other than the U.S. government. In the event of a sublicense, the Company will 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, starting in 2015 and for future years, of \$50 per year.

### **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 an United Kingdom based subsidiary. Accordingly, we are exposed to exchange rate risk. See Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our Annual Report on Form 10-K for the year ended December 31, 2014.

### **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, (“Exchange Act”)) as of September 30, 2015, which are intended to provide reasonable assurance 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.

We previously reported a material weakness in internal control over financial reporting related to the timing of the implementation of certain policies, processes and procedures that we have put in place since the Merger, which was described in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2014. As of December 31, 2014, we considered the material weakness that resulted from the previously identified deficiencies in the aggregate to have been remediated. The Company has implemented policies, practices and procedures to remediate the previously identified material weakness and has begun the process of testing the controls it has put in place. However, many of these have not been operational for a sufficient period of time to be properly tested for their effectiveness over time, and therefore the Company cannot determine our controls to be effective in the aggregate. As a result, our management, with the participation of our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were not effective as of September 30, 2015.

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 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*

Except as noted in the preceding paragraphs, there were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2015, 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**

During the nine months ended September 30, 2015, we were not a party to any material legal proceedings.

### **Item 1A. Risk Factors**

An investment in our securities involves a risk of loss. You should carefully consider the information set forth in this Quarterly Report on Form 10-Q and in the section titled “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2014. Except as set forth in the *Management’s Discussion and Analysis of Financial Condition and Results of Operations – Regulatory Update* section of this Quarterly Report on Form 10-Q there have been no material changes to the Risk Factors described in our Annual Report on Form 10-K for the year ended December 31, 2014.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
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 10Q for the quarter ended September 30, 2015, formatted in Extensible Business Reporting Language (“XBRL”): <ul style="list-style-type: none"><li>· unaudited condensed consolidated balance sheets;</li><li>· unaudited condensed consolidated statement of operations;</li><li>· unaudited condensed consolidated statement of cash flows;</li><li>· notes to unaudited condensed consolidated financial statements;</li></ul>

\* 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: November 9, 2015

By: /s/ Nathan Harding

Nathan Harding  
Chief Executive Officer

Date: November 9, 2015

By: /s/ Max Scheder-Bieschin

Max Scheder-Bieschin  
Chief Financial Officer

(Duly Authorized Officer and Principal Financial and Accounting Officer)

## CERTIFICATION

I, Nathan Harding, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the 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 period covered by the annual report 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(s) 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: November 9, 2015

/s/ Nathan Harding  
Nathan Harding  
Principal Executive Officer

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## CERTIFICATION

I, Max Scheder-Bieschin, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the 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 period covered by the annual report 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(s) 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: November 9, 2015

/s/ Max Scheder-Bieschin  
Max Scheder-Bieschin  
Principal Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc. (the "Company"), for the quarterly period ended September 30, 2015 as filed with the Securities and Exchange Commission (the "Report"), I, Nathan Harding, 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: November 9, 2015

/s/ Nathan Harding  
Nathan Harding  
Principal Executive Officer

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

In connection with the Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc. (the "Company"), for the quarterly period ended September 30, 2015 as filed with the Securities and Exchange Commission (the "Report"), I, Max Scheder-Bieschin, 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: November 9, 2015

/s/ Max Scheder-Bieschin  
Max Scheder-Bieschin  
Principal Financial Officer

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