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

FORM 10-Q

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

For the quarterly period ended June 30, 2024

or

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

For the transition period from ______ to ______

Commission File Number: 001-37854

Ekso Bionics Holdings, Inc.

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**99-0367049** (I.R.S. Employer Identification No.)
101 Glacier Point, Suite A **San Rafael, CA** (Address of principal executive offices)	**94901** (Zip Code)

(510) 984-1761
(Registrant's telephone number, including area code)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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

The number of shares of registrant's common stock outstanding as of July 26, 2024 was 18,444,181.

Ekso Bionics Holdings, Inc.

Quarterly Report on Form 10-Q

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	June 30, 2024 (unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and restricted cash	$ 5,885	$ 8,638
Accounts receivable, net of allowances of $28 and $79, respectively	6,520	5,645
Inventories	4,974	5,050
Prepaid expenses and other current assets	1,263	875
Total current assets	18,642	20,208
Property and equipment, net	1,748	2,018
Right-of-use assets	989	977
Intangible assets, net	4,739	4,892
Goodwill	431	431
Other assets	435	392
Total assets	$ 26,984	$ 28,918
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,125	$ 1,847
Accrued liabilities	1,973	2,664
Deferred revenues, current	1,926	1,993
Note payable, current	1,250	1,250
Lease liabilities, current	430	363
Total current liabilities	7,704	8,117
Deferred revenues	2,016	2,169
Notes payable, net	4,352	4,832
Lease liabilities	659	723
Warrant liabilities	49	366
Other non-current liabilities	145	105
Total liabilities	14,925	16,312
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Convertible preferred stock, $0.001 par value; 10,000 shares authorized; none issued and outstanding at June 30, 2024 and December 31, 2023	—	—
Common stock, $0.001 par value; 141,429 shares authorized; 18,444 and 14,848 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	19	15
Additional paid-in capital	256,491	251,580
Accumulated other comprehensive income	539	156
Accumulated deficit	(244,990)	(239,145)
Total stockholders' equity	12,059	12,606
Total liabilities and stockholders' equity	$ 26,984	$ 28,918

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue	$ 4,950	$ 4,703	$ 8,706	$ 8,825
Cost of revenue	2,313	2,449	4,118	4,571
Gross profit	2,637	2,254	4,588	4,254
Operating expenses:				
Sales and marketing	1,846	2,349	3,664	4,437
Research and development	1,116	1,398	2,252	2,552
General and administrative	2,010	2,791	4,263	5,997
Total operating expenses	4,972	6,538	10,179	12,986
Loss from operations	(2,335)	(4,284)	(5,591)	(8,732)
Other (expense) income, net:				
Interest expense, net	(74)	(61)	(131)	(172)
Loss on modification of warrant	—	—	(109)	—
Gain on revaluation of warrant liabilities	84	152	426	126
Unrealized (loss) gain on foreign exchange	(91)	(7)	(440)	210
Other expense, net	—	(30)	—	(51)
Total other (expense) income, net	(81)	54	(254)	113
Net loss	$ (2,416)	$ (4,230)	$ (5,845)	$ (8,619)
Other comprehensive income (loss)	92	(10)	383	(204)
Comprehensive loss	$ (2,324)	$ (4,240)	$ (5,462)	$ (8,823)
Net loss per share applicable to common shareholders, basic and diluted	$ (0.13)	$ (0.31)	$ (0.33)	$ (0.64)
Weighted average number of common shares outstanding, basic and diluted	18,224	13,637	17,822	13,467

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

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

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2023	—	$ —	14,848	$ 15	$ 251,580	$ 156	$ (239,145)	$ 12,606
Net loss	—	—	—	—	—	—	(3,429)	(3,429)
Issuance of common stock under:								
Equity financing, net	—	—	2,997	3	3,967	—	—	3,970
Matching contribution to 401(k) plan	—	—	163	—	237	—	—	237
Equity incentive plan	—	—	88	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	376	—	—	376
Foreign currency translation adjustments	—	—	—	—	—	291	—	291
Balance as of March 31, 2024	—	$ —	18,096	$ 18	$ 256,160	$ 447	$ (242,574)	$ 14,051
Net loss	—	—	—	—	—	—	(2,416)	(2,416)
Issuance of common stock under:								
Equity financing, net	—	—	75	—	47	—	—	47
Equity incentive plan	—	—	273	1	—	—	—	1
Stock-based compensation expense	—	—	—	—	284	—	—	284
Foreign currency translation adjustments	—	—	—	—	—	92	—	92
Balance as of June 30, 2024	—	$ —	18,444	$ 19	$ 256,491	$ 539	$ (244,990)	$ 12,059

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

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

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

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

	Six Months Ended June 30,	
	2024	**2023**
Operating activities:		
Net loss	$ (5,845)	$ (8,619)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	803	842
Changes in provision for credit losses on accounts receivable	39	16
Gain on revaluation of warrant liabilities	(426)	(126)
Stock-based compensation expense	660	938
Loss on modification of warrant	109	—
Common stock contribution to 401(k) plan	113	219
Unrealized loss (gain) on foreign currency transactions	440	(210)
Changes in operating assets and liabilities:		
Accounts receivable	(1,029)	(518)
Inventories	(9)	(283)
Prepaid expenses and other assets, current and noncurrent	(387)	(62)
Accounts payable	281	(13)
Accrued, lease and other liabilities, current and noncurrent	(681)	(61)
Deferred revenues	(204)	760
Net cash used in operating activities	(6,136)	(7,117)
Investing activities:		
Acquisition of property and equipment	(8)	(97)
Net cash used in investing activities	(8)	(97)
Financing activities:		
Principal payments under note payable	(625)	—
Proceeds from issuance of common stock, net	4,017	—
Net cash provided by financing activities	3,392	—
Effect of exchange rate changes on cash	(1)	(4)
Net decrease in cash	(2,753)	(7,218)
Cash and restricted cash at beginning of period	8,638	20,525
Cash and restricted cash at end of period	$ 5,885	$ 13,307
Supplemental disclosure of cash flow activities		
Cash paid for interest	$ 96	$ 98
Cash paid for income taxes	$ 8	$ 32
Supplemental disclosure of non-cash activities		
Transfer of inventory to (from) property and equipment	$ 72	$ (131)
Initial recognition of operating lease liability and right of use asset	$ 180	$ —
Share issuance RSU	$ 1	$ —
Share issuance for common stock contribution to 401(k) plan	$ 238	$ 249

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

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

1. Organization

Description of Business

Ekso Bionics Holdings, Inc. (the "Company") designs, develops, and markets wearable powered and non-powered exoskeleton products to augment human strength, endurance and mobility. The Company's exoskeleton technology is primarily focused on aiding in the recovery and improved quality of life of individuals who have suffered from a variety of neurological conditions and allows for neurorehabilitation ranging from hospital to home, and also has technology that can be utilized by able-bodied users in the workplace. The Company has marketed devices that (i) enable individuals with neurological conditions affecting gait, including acquired brain injury ("ABI") and multiple sclerosis ("MS"), and spinal cord injury ("SCI") to rehabilitate and to stand and walk in neurorehabilitation settings and, for patients with a SCI, for home and community use, (ii) assist individuals with a broad range of upper extremity impairments, and (iii) allow industrial workers to perform difficult repetitive work for extended periods. Founded in 2005, the Company is headquartered in the San Francisco Bay area and listed on the Nasdaq Capital Market under the symbol "EKSO".

Liquidity and Going Concern

As of June 30, 2024, the Company had an accumulated deficit of $244,990. Largely as a result of significant research and development activities related to the development of the Company's advanced technology and commercialization of such technology into its medical device business, the Company has incurred significant operating losses and negative cash flows from operations since inception. During the six months ended June 30, 2024, the Company used $6,136 of cash in its operations. Cash on hand as of June 30, 2024 was $5,885.

As described in Note 9. *Notes Payable, net*, borrowings under the Company's secured term loan agreement with Pacific Western Bank have a liquidity covenant requiring minimum cash on hand equivalent to the current outstanding principal balance. As of June 30, 2024, $2,000 of cash must remain as restricted. After considering cash restrictions, effective unrestricted cash as of June 30, 2024 was approximately $3,885.

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

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

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

Basis of Presentation and Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on March 4, 2024.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared on a consistent basis with the audited consolidated financial statements for the fiscal year ended December 31, 2023, and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth herein.

The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024 or any future periods.

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

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet, and the reported amounts of revenues and expenses during the reporting period. For the Company, these estimates include, but are not limited to, assets acquired and liabilities assumed in business combinations, revenue recognition, deferred revenue, the valuation of warrants and employee equity awards, future warranty costs, accounting for leases, useful lives assigned to long-lived assets, valuation of inventory, realizability of deferred tax assets, and contingencies. Actual results could differ from those estimates.

Foreign Currency

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

Inventory

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

Leases

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

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

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

Revenue Recognition

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

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

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

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company has significant cash balances at foreign financial institutions which throughout the year regularly exceed the applicable country cash deposit insurance limits of approximately $100 at each of the Company's two foreign banks. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows. The Company's cash balances held in domestic banks are deposited into accounts at various institutions with each balance under the $250 Federal Deposit Insurance Corporation ("FDIC") insurance limit. The Company extends credit to customers in the normal course of business. Concentrations of credit risk with respect to accounts receivable exist to the full extent of amounts presented in the condensed consolidated financial statements. The Company does not require collateral from its customers to secure accounts receivable.

Accounts receivable are derived from the sale of products shipped and services performed for customers primarily located in the U.S., Europe, Asia, and Australia. Invoices are aged based on contractual terms with the customer. The Company reviews accounts receivable for collectability and provides an allowance for potential credit losses. The allowance for potential credit losses on trade receivables reflects the Company's best estimate of probable losses inherent in the accounts receivable balance based on known troubled accounts, historical experience, and other currently available evidence. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 90 days. The Company has not experienced material losses related to accounts receivable as of June 30, 2024 and December 31, 2023.

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

The Company had two customers with an accounts receivable balance totaling 10% or more of the Company's total accounts receivable as of June 30, 2024 (15% and 10%), as compared with no customers as of December 31, 2023.

During the three months ended June 30, 2024, the Company had two customers with sales of 10% or more of the Company's total revenue (11% and 10%), as compared with three customers in the three months ended June 30, 2023 (18%, 14% and 10%).

During the six months ended June 30, 2024, the Company had two customers with sales of 10% or more of the Company's total revenue (12% and 10%), as compared with two customers in the six months ended June 30, 2023 (16% and 13%).

Recent Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 looks to provide improvements to the segment disclosure by providing users with more decision-useful information about reportable segments in a public entity. The main provisions require a company to disclose, on an annual and interim basis, significant expenses included within each reported measure of segment profit or loss, an amount for other segment items by reportable segment and a description of its composition. ASU 2023-07 is to be applied retrospectively to all prior periods presented in the financial statements with an effective date for all public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company does not expect the impact of adopting ASU 2023-07 to be material on its consolidated financial statements.

Accounting Pronouncements Adopted in 2024

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

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

3. Accumulated Other Comprehensive Income (Loss)

The Company's accumulated other comprehensive income (loss) consists of the accumulated net unrealized gains or losses on foreign currency translation adjustments. The change in accumulated other comprehensive income (loss) presented on the condensed consolidated balance sheets for the six months ended June 30, 2024 and 2023, is reflected in the table below net of tax:

	Six Months Ended June 30,	
	2024	2023
Balance at beginning of period	$ 156	$ 563
Net unrealized gain (loss) on foreign currency translation	383	(204)
Balance at end of period	$ 539	$ 359

4. Fair Value Measurement

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

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

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

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

	Total	Level 1	Level 2	Level 3
June 30, 2024				
Liabilities				
Warrant liabilities	$ 49	$ —	$ —	$ 49
December 31, 2023				
Liabilities				
Warrant liabilities	$ 366	$ —	$ —	$ 366

The following table sets forth a summary of the changes in the fair value of the Company’s Level 3 financial liabilities for the six months ended June 30, 2024, which were measured at fair value on a recurring basis:

	Warrant Liabilities
Balance as of December 31, 2023	$ 366
Loss on modification of warrant	109
Gain on revaluation of warrants	(426)
Balance as of June 30, 2024	$ 49

Refer to Note 11. *Capitalization and Equity Structure – Warrants* for additional information regarding the valuation of warrants.

5. Inventories

Inventories as of June 30, 2024 and December 31, 2023 consisted of the following:

	June 30, 2024	December 31, 2023
Raw materials	$ 3,983	$ 4,298
Work in progress	217	290
Finished goods	774	462
Inventories	$ 4,974	$ 5,050

6. Revenue

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

The Company’s industrial device segment (EksoWorks) revenue is primarily generated through the sale of the upper body exoskeleton EVO and associated accessories. Revenue from industrial device sales is recognized at the point in time when control of the product transfers to the customer. Transfer of control generally occurs upon shipment from the Company’s facility.

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

Deferred Revenue

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

Deferred revenue consisted of the following:

	June 30, 2024	December 31, 2023
Deferred extended maintenance and support	$ 3,786	3,993
Deferred device and advances	156	169
Total deferred revenues	3,942	4,162
Less current portion	(1,926)	(1,993)
Deferred revenues, non-current	$ 2,016	$ 2,169

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

Deferred revenue activity consisted of the following for the six months ended June 30, 2024:

Beginning balance	$ 4,162
Deferral of revenue	1,166
Recognition of deferred revenue	(1,386)
Ending balance	$ 3,942

The Company expects to recognize approximately $1,162 of the deferred revenue during the remainder of 2024, $1,351 in 2025, and $1,429 thereafter.

In addition to deferred revenue, the Company has a non-cancellable backlog of $2,872, expected to be recognized between 2024 and 2026, primarily related to its customer orders received but not fulfilled and contracts for subscription units with its customers.

Disaggregation of Revenue

The following table disaggregates the Company’s revenue by major source for the three months ended June 30, 2024:

	EksoHealth	EksoWorks	Total
Device revenue	$ 3,656	$ 159	$ 3,815
Service and support	836	—	836
Subscriptions	146	—	146
Parts and other	146	7	153
	$ 4,784	$ 166	$ 4,950

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

	EksoHealth	EksoWorks	Total
Device revenue	$ 3,603	$ 7	$ 3,610
Service and support	722	—	722
Subscriptions	261	4	265
Parts and other	102	4	106
	$ 4,688	$ 15	$ 4,703

The following table disaggregates the Company’s revenue by major source for the six months ended June 30, 2024:

	EksoHealth	EksoWorks	Total
Device revenue	$ 6,241	$ 327	$ 6,568
Service and support	1,601	—	1,601
Subscriptions	290	—	290
Parts and other	211	36	247
	$ 8,343	$ 363	$ 8,706

The following table disaggregates the Company’s revenue by major source for the six months ended June 30, 2023:

	EksoHealth	EksoWorks	Total
Device revenue	$ 6,651	$ 118	$ 6,769
Service and support	1,366	—	1,366
Subscriptions	536	11	547
Parts and other	131	12	143
	$ 8,684	$ 141	$ 8,825

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7. Accrued Liabilities

Accrued liabilities as of June 30, 2024 and December 31, 2023 consisted of the following:

	June 30, 2024	December 31, 2023
Salaries, benefits and related expenses	$ 1,459	$ 2,058
Device warranty	417	461
Other	97	145
Total	$ 1,973	$ 2,664

Warranty

The current portion of the device warranty liability is classified as a component of Accrued liabilities, while the long-term portion of the device warranty liability is classified as a component of Other non-current liabilities in the condensed consolidated balance sheets. A reconciliation of the changes in the device warranty liability for the three and six months ended June 30, 2024 is as follows:

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Balance at beginning of the period	$ 526	$ 566
Additions for estimated future expense	195	316
Incurred costs	(160)	(321)
Balance at end of the period	$ 561	$ 561

	Balance as of June 30, 2024
Current portion	$ 417
Long-term portion	144
Total	$ 561

8. Goodwill and Intangible Assets

On December 5, 2022, the Company acquired the Human Motion Control ("HMC") business unit from Parker (the "HMC Acquisition"). The assets acquired from the business unit included intellectual property rights associated with the Ekso Indego Personal, Ekso Indego Therapy, and future products in the orthotics and prosthetics space.

Goodwill

The Company accounted for the acquisition as a business combination in accordance with ASC 805, Business Combinations, by applying the acquisition method, and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair values at the acquisition date The excess of the purchase price over the net assets acquired of $431 was recorded as goodwill. The goodwill recognized is attributed primarily to expected synergies of HMC with the Company.

The Company determined no impairment existed for goodwill for the three and six months ended June 30, 2024 and 2023.

Intangible Assets

The following table summarizes the components of gross assets, accumulated amortization, and net carrying values for definite and indefinite lived intangible asset balances as of June 30, 2024 and December 31, 2023:

	June 30, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	$ 2,310	$ (453)	$ 1,857
Trade name	2,310	N/A	2,310
Intellectual property	460	—	460
Customer relationships	140	(28)	112
Total intangible assets	$ 5,220	$ (481)	$ 4,739

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	$ 2,310	$ (310)	$ 2,000
Trade name	2,310	N/A	2,310
Intellectual property	460	—	460
Customer relationships	140	(18)	122
Total intangible assets	$ 5,220	$ (328)	$ 4,892

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

Definite lived intangible assets are amortized over their estimated lives using the straight line method, which is estimated as eight years for developed technology, 12 years for intellectual property, eight years for customer relationships and one year for below market lease. The acquired trade name was estimated to have an indefinite life, and consequently, no amortization expense was recorded. The Company determined no impairment existed for intangible assets for the three and six months ended June 30, 2024 and 2023.

The estimated future amortization expenses related to definite lived intangible assets as of June 30, 2024 were as follows:

Fiscal Year	**Amount**
2024 - remainder	$ 153
2025	345
2026	345
2027	345
2028	345
2029 and thereafter	896
Total	$ 2,429

Amortization expense related to the acquired definite lived intangible assets was $77 and $82 for the three months ended June 30, 2024 and 2023, respectively, and $153 and $163 for the six months ended June 30, 2024 and 2023, respectively, and was included as a component of operating expenses and cost of revenue in the condensed consolidated statement of operations and comprehensive loss.

9. Notes Payable, net

PWB Term Loan

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

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

The PWB Loan Agreement contains a liquidity covenant, which requires that the Company maintain cash in accounts of the lender or subject to control agreements in favor of the lender in an amount equal to at least the outstanding balance of the PWB Term Loan, which was $2,000 as of June 30, 2024. It also contains a primary depository covenant, which restricts the Company from having more than $1,000 held in subsidiary accounts outside of the United States. As of June 30, 2024 the Company was compliant with all covenants.

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

The debt issuance costs and debt discounts combined with the stated interest resulted in an effective interest rate of 8.74% and 8.87% for the three months ended June 30, 2024 and 2023, respectively, and 8.74% and 8.70% for the six months ended June 30, 2024 and 2023, respectively. The debt issuance costs and debt discounts are amortized to interest expense using the effective interest method over the life of the loan. Interest expense for the PWB Term Loan totaled $44 for each of the three months ended June 30, 2024 and 2023, and $87 for each of the six months ended June 30, 2024 and 2023.

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

The following table presents scheduled principal payments of the Company’s PWB Term Loan as of June 30, 2024:

Period	Amount
2024-2025	$ —
2026	2,000
Total principal payments	2,000
Less debt discount and issuance cost	(5)
Note payable, net	$ 1,995
Current portion	$ —
Long-term portion	1,995
Note payable, net	$ 1,995

Parker Hannifin Promissory Note

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

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

The Company recorded the Promissory Note of $4,055 in its condensed consolidated balance sheets under the captions Notes Payable, Current and Notes Payable, Net, estimating an implicit discount rate of 7.5% via reference to the interest charged on the Company's PWB Term Loan and other relevant economic factors present at the execution date of the Promissory Note. The amortization of debt discounts resulted in an effective interest rate of 7.05% and 7.50% for the three months ended June 30, 2024 and 2023, respectively, and 7.30% and 7.50% for the six months ended June 30, 2024 and 2023, respectively. The debt discount is amortized to interest expense using the effective interest method over the life of the loan. Interest expense on the Promissory Note was $70 and $79 for the three months ended June 30, 2024 and 2023, respectively, and $145 and $159 for the six months ended June 30, 2024 and 2023, respectively.

The following table presents scheduled principal payments of the Company's Promissory Note as of June 30, 2024:

Period	Amount
2024 - remainder	$ 625
2025	1,250
2026	1,250
2027	938
Total principal payments	4,063
Less debt discount	(456)
Note payable, net	$ 3,607
Current portion	1,250
Long-term portion	2,357
Note payable, net	$ 3,607

10. Lease Obligations

The Company's operating lease agreement for its headquarters and manufacturing facility in San Rafael, California (the "San Rafael Lease") commenced in July 2022 and expires in October 2026, and it provides the Company with the option to renew for an additional three-year period at the prevailing market rate at the time of extension.

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

The Company's operating lease agreement for its office in Hamburg, Germany (the "Hamburg Lease") commenced in May 2022 and expires in June 2025 and provides the Company with an option to renew for one five-year period.

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

The Company entered into an operating lease agreement for its shared service and manufacturing facility in Brecksville, Ohio (the "Ohio Lease"), commencing in June 2024 and expiring in July 2027, with the option to renew for an additional three-year period at the prevailing market rate at the time of extension. In July 2024, the Company relocated from its Macedonia, Ohio facility to the new Brecksville, Ohio facility. Refer to Note 14. *Commitments and Contingencies – Material Contracts*, in the notes to our condensed consolidated financial statements for additional information regarding our Macedonia, Ohio facility.

The Company has determined that the Ohio Lease constitutes an operating lease under ASC 842 and estimates the lease term as July 2024 through July 2027. The option to extend for a three-year period lacks significant economic incentives and disincentives, which would make exercise reasonably certain. Fixed lease payments for identified lease components over the identified term were discounted at the Company's estimated incremental borrowing rate as of the date of contract execution and are reflected in the condensed consolidated balance sheets under the captions Lease liabilities, current and Lease liabilities, and the corresponding right of use asset is reflected in the condensed consolidated balance sheets under the caption Right-of-use assets. Non-lease components, such as operating costs, are excluded from the lease liability calculation and expensed as incurred. The Company records a straight-line monthly rent expense for the Ohio Lease equal to the sum of all fixed lease payments divided by the number of months in the lease term.

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The Company’s future lease payments as of June 30, 2024, which are presented as Lease liabilities, current and Lease liabilities on the Company’s condensed consolidated balance sheets are as follows:

Periods	Operating Leases
2024 - remainder	$ 248
2025	483
2026	432
2027	41
Total lease payments	1,204
Less: imputed interest	(115)
Present value of lease liabilities	$ 1,089
Weighted-average remaining lease term (in years)	2.38
Weighted-average discount rate	8.3%

Lease expense under the Company’s operating leases was $135 and $138 for the three months ended June 30, 2024 and 2023, respectively, and $271 for each of the six months ended June 30, 2024 and 2023, respectively.

11. Capitalization and Equity Structure

Summary

The Company’s authorized capital stock at June 30, 2024 and December 31, 2023 consisted of 141,429 shares of common stock and 10,000 shares of preferred stock. As of June 30, 2024 and December 31, 2023, there were 18,444 and 14,848, respectively, shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding.

January 2024 Offering

On January 10, 2024, the Company entered into a securities purchase agreement with certain institutional investors to sell an aggregate of 2,968 shares of the Company’s common stock in a registered direct offering (the “January 2024 Offering”) at an offering price of $1.55 per share. The net proceeds of the January 2024 Offering were approximately $3,932 after deducting placement agent fees and offering expenses paid by the Company. The Company used the net proceeds from the January 2024 Offering for general corporate purposes, which included research and development activities, selling, general and administrative costs, strategic initiatives and to meet working capital needs.

At the Market Offering

In October 2020, the Company entered into an At The Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC (the "Agent"), under which the Company may issue and sell shares of its common stock, from time to time, to or through the Agent. The Company may offer and sell shares having an aggregate offering price of up to $5,000 under the registration statement and prospectus supplement filed with the SEC related to such offering. In June 2023, the Company entered into an amendment to the ATM Agreement that removed the requirement that shares of the Company's common stock may not be sold for a price lower than $6.75 per share. During the three months ended June 30, 2024, the Company sold 75 shares of common stock under the ATM Agreement at an average price of $1.42 per share, for aggregate proceeds of $46, net of commission and issuance costs. During the six months ended June 30, 2024, the Company sold 105 shares of common stock under the ATM Agreement at an average price of $1.43 per share, for aggregate proceeds of $85, net of commission and issuance costs. The Company did not sell any shares under the ATM Agreement during the three and six months ended June 30, 2023. As of June 30, 2024, the Company had $4,134 available for future offerings under the prospectus filed with respect to the ATM Agreement.

Warrants

Warrants outstanding as of June 30, 2024 and December 31, 2023 were as follows:

Source	Exercise Price	Remaining term (Years)	December 31, 2023	Issued	Expired	Exercised	June 30, 2024
2021 Warrants	$ 12.81	1.6	273	—	—	—	273
June 2020 Investor Warrants	$ 5.18	1.4	127	—	—	—	127
June 2020 Placement Agent Warrants	$ 5.64	0.9	39	—	—	—	39
December 2019 Warrants	$ 8.10	1.0	556	—	—	—	556
December 2019 Placement Agent Warrants	$ 8.44	0.5	52	—	—	—	52
May 2019 Warrants	$ 1.55	—	193	—	(193)	—	—
			1,240	—	(193)	—	1,047

No warrants were exercised during the three and six months ended June 30, 2024 and 2023.

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2021 Warrants

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

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

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

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

	June 30, 2024	December 31, 2023
Current share price	$ 1.06	$ 2.50
Conversion price	$ 12.81	$ 12.81
Risk-free interest rate	4.86%	4.20%
Expected term (years)	1.61	2.11
Volatility of stock	97.1%	76.5%

June 2020 Investor Warrants

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

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

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

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

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

	June 30, 2024	December 31, 2023
Current share price	$ 1.06	$ 2.50
Conversion price	$ 5.18	$ 5.18
Risk-free interest rate	4.92%	4.26%
Expected term (years)	1.44	1.94
Volatility of stock	97.6%	78.2%

June 2020 Placement Agent Warrants

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

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

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

	June 30, 2024	December 31, 2023
Current share price	$ 1.06	$ 2.50
Conversion price	$ 5.64	$ 5.64
Risk-free interest rate	5.12%	4.54%
Expected term (years)	0.94	1.44
Volatility of stock	112.6%	83.0%

December 2019 Warrants

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

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

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

	June 30, 2024	December 31, 2023
Current share price	$ 1.06	$ 2.50
Conversion price	$ 8.10	$ 8.10
Risk-free interest rate	5.11%	4.53%
Expected term (years)	0.97	1.47
Volatility of stock	112.4%	82.3%

December 2019 Placement Agent Warrants

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

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

	June 30, 2024	December 31, 2023
Current share price	$ 1.06	$ 2.50
Conversion price	$ 8.44	$ 8.44
Risk-free interest rate	5.35%	4.82%
Expected term (years)	0.47	0.97
Volatility of stock	99.4%	85.2%

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

May 2019 Warrants

In May 2019, pursuant to an underwriting agreement (the "May 2019 Offering"), the Company issued the warrants (the "May 2019 Warrants") to purchase 444 shares of common stock. The May 2019 Warrants had a five-year term from the date of issuance and expired in May 2024.

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

	June 30, 2024	December 31, 2023	
Share price	N/A	$ 1.88	(1)
Conversion price	N/A	$ 3.52	
Risk-free interest rate	N/A	5.3%	
Expected term (years)	—	0.4	
Volatility of stock	N/A	77.5%	

(1) As of December 31, 2023, management determined that a financing event was likely in the first quarter of 2024, and reduced the share price used in the model by 25% in order to reflect the total amount that would be realized accordingly.

12. Stock-based Compensation

Shares available for grant

The Company's Amended and Restated 2014 Equity Incentive Plan (the "2014 Plan") expired on January 31, 2024. Following such expiration and prior to the 2024 Annual Meeting of Stockholders (the "Annual Meeting"), no grants were made under the 2014 Plan. On June 6, 2024, the Company held its Annual Meeting and amended and restated the 2014 Plan (the "Restated 2014 Plan") to extend the term of the 2014 Plan to until April 15, 2034, and to increase the total number of shares of common stock authorized for issuance by 1,000 shares relative to the amount available for issuance at the time the 2014 Plan expired. As of June 30, 2024, the total number of shares authorized for grant under the Restated 2014 Plan was 4,724, of which 1,066 were available for future grants.

Stock Options

The following table summarizes information about the Company’s stock options outstanding as of June 30, 2024, and activity during the six months then ended:

	Stock Awards	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2023	252	$ 36.17		
Options cancelled	(60)	49.74		
Balance as of June 30, 2024	192	$ 31.95	3.91	$ —
Vested and expected to vest as of June 30, 2024	192	$ 31.95	3.91	$ —
Exercisable as of June 30, 2024	192	$ 31.96	3.91	$ —

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There were no stock options awarded during the three and six months ended June 30, 2024 and 2023, and no unrecognized compensation cost related to unvested stock options as of June 30, 2024.

Restricted Stock Units

The Company issues time-based restricted stock units (“RSUs”) and performance-based restricted stock units ("PSUs") to employees and non-employees. Each RSU and PSU represents the right to receive one share of the Company’s common stock upon vesting and subsequent settlement. PSUs vest upon achievement of performance targets based on the Company's annual operating plan. The fair values of RSUs and PSUs are determined based on the closing price of the Company’s common stock on the date of grant.

Combined RSU and PSU activity for the six months ended June 30, 2024 is summarized below:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested as of December 31, 2023	1,305	$ 1.67
Granted	313	1.12
Vested	(494)	1.80
Forfeited	(42)	1.81
Unvested as of June 30, 2024	1,082	$ 1.44

As of June 30, 2024, $999 of total unrecognized compensation expense related to unvested RSUs and PSUs was expected to be recognized over a weighted average period of 1.14 years.

Compensation Expense

Stock-based compensation expense is included in the condensed consolidated statements of operations and comprehensive loss in general and administrative, research and development, or sales and marketing expenses, depending on the nature of the services provided. Stock-based compensation expense related to options, RSUs and PSUs was recorded as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Sales and marketing	$ 6	$ 76	$ 58	$ 140
Research and development	81	131	171	213
General and administrative	198	307	431	585
	$ 285	$ 514	$ 660	$ 938

401(k) Plan Share Match

During the six months ended June 30, 2024 and 2023, the Company issued 163 and 161 shares of common stock with a fair value of $238 and $249, respectively, to eligible employees’ deferral accounts for the 401(k) Plan matching contribution representing 50% of each eligible employee’s elected deferral (up to the statutory limit) for the year ended December 31, 2023 and 2022.

The expense for the 401(k) Plan share matching was $113 and $219 for the six months ended June 30, 2024 and 2023, respectively.

13. Income Taxes

There were no material changes to the unrecognized tax benefits in the six months ended June 30, 2024, and the Company does not expect significant changes to unrecognized tax benefits through the end of the fiscal year.

14. Commitments and Contingencies

Material Contracts

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

In connection with the HMC Acquisition, the Company assumed two license agreements with Vanderbilt University to maintain exclusive rights to patents on the Company's behalf.

The Vanderbilt Exoskeleton License Agreement was entered into as of October 15, 2012 and will continue until April 29, 2038, unless sooner terminated. Under this agreement, the Company is required to pay 6% of net sales of licensed patent products and 3% of net sales of licensed software products. The minimum annual royalty for licensed products is $250.

The Vanderbilt Knee License Agreement was entered into as of March 1, 2022 and will continue until February 15, 2041, unless sooner terminated. Under this agreement, the Company is required to pay 3.75% of net sales for licensed patent products and the minimum annual royalty is $75 due on or before July 31, 2028 and $100 per year thereafter.

Purchase Obligations

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

The Company had purchase obligations primarily for purchases of inventory and manufacturing related service contracts totaling $2,137 as of June 30, 2024, which are expected to be paid within one year, and $2,783 as of December 31, 2023. Timing of payments and actual amounts paid may be different depending on the time of receipt of goods or services or changes to agreed-upon amounts for some obligations.

The Company has operating lease commitments totaling $1,204 payable over 37 months related to the San Rafael Lease, the Ohio Lease, and the Hamburg Lease as disclosed in Note 10. *Lease Obligations*.

Loss Contingencies

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

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

15. Net Loss Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss applicable to common stockholders, basic and diluted	$ (2,416)	$ (4,230)	$ (5,845)	$ (8,619)
Denominator:				
Weighted-average number of shares, basic and diluted	18,224	13,637	17,822	13,467
Net loss per common share, basic and diluted	$ (0.13)	$ (0.31)	$ (0.33)	$ (0.64)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Options to purchase common stock	192	261	192	261
Restricted stock units	1,082	1,555	1,082	1,555
Warrants for common stock	1,047	1,240	1,047	1,240
Total common stock equivalents	2,321	3,056	2,321	3,056

16. Segment Disclosures

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

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

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Segment reporting information is as follows:

	EksoHealth	EksoWorks	Total
Three months ended June 30, 2024			
Revenue	$ 4,784	$ 166	$ 4,950
Cost of revenue	2,196	117	2,313
Gross profit	$ 2,588	$ 49	$ 2,637
Three months ended June 30, 2023			
Revenue	$ 4,688	$ 15	$ 4,703
Cost of revenue	2,421	28	2,449
Gross profit	$ 2,267	$ (13)	$ 2,254

	EksoHealth	EksoWorks	Total
Six months ended June 30, 2024			
Revenue	$ 8,343	$ 363	$ 8,706
Cost of revenue	3,852	266	4,118
Gross profit	$ 4,491	$ 97	$ 4,588
Six months ended June 30, 2023			
Revenue	$ 8,684	$ 141	$ 8,825
Cost of revenue	4,372	199	4,571
Gross profit	$ 4,312	$ (58)	$ 4,254

Ekso Bionics Holdings, Inc.
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The Company operates in the following regions: (1) Americas, (2) Europe, the Middle East, and Africa ("EMEA"), and (3) Asia Pacific ("APAC"). Individual countries with revenue greater than 10% of total revenue for the three and six months ended June 30, 2024 and 2023 are disclosed separately from the regional totals. Geographic information for revenue based on location of customers is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Americas				
United States	$ 2,589	$ 3,684	$ 4,886	$ 6,642
Canada	330	6	352	8
Mexico	—	—	9	3
Other	—	—	—	—
Americas revenue	2,919	3,691	5,247	6,653
EMEA				
France	522	—	868	1
Germany	418	52	543	296
Romania	181	475	181	475
Poland	57	284	96	511
Other	338	51	659	335
EMEA revenue	1,516	862	2,347	1,618
APAC				
Hong Kong	108	118	122	297
Indonesia	301	—	636	—
Other	106	32	354	257
APAC revenue	515	150	1,112	554
Total Revenue	$ 4,950	$ 4,703	$ 8,706	$ 8,825

17. Related Party Transactions

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

The Company's total settlement amount was $325 and to be paid in cash over fourteen months, with an initial payment of $145 paid in the first 40 days and $15 per month for the remaining twelve months. The total settlement amount was fully paid in April 2024. The Company had a liability of $0 and $60 related to this settlement on its condensed consolidated balance sheet under the caption Accrued Liabilities as of June 30, 2024 and December 31, 2023, respectively.

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

In this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (this "Quarterly Report"), the "Company", "we", "its" and "our" refers to Ekso Bionics Holdings, Inc. and its wholly-owned subsidiaries. The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which is incorporated herein by reference (the "Annual Report").

This Quarterly Report contains forward-looking statements. These forward-looking statements include statements other than statements of historical facts contained or incorporated by reference in this Quarterly Report, including statements regarding (i) the plans and objectives of management for future operations, including those relating to the design, development and commercialization of exoskeleton products for humans, (ii) the manufacturing of our products and strengthening of our supply chain, and potential opportunities for strategic partnerships, (iii) beliefs regarding the regulatory path for our products, including potential approvals required and timing of approvals, (iv) statements regarding the financial and operational impacts on our business following the completion of the integration of our acquisition from Parker Hannifin Corporation of certain assets related to Parker Hannifin Corporation's human motion control business, and software applications, support services and cloud environments related to such business in December 2022 (the "HMC Acquisition"), (v) our future financial performance, including any such statement contained in a discussion and analysis of financial condition by management or in the results of operations included pursuant to the rules and regulations of the SEC, (vi) our beliefs regarding the potential for commercial opportunities, including for exoskeleton technology and our exoskeleton products, and for strategic partnerships, (vii) our beliefs regarding potential clinical and other health benefits of our medical devices, (viii) the actions we will take in seeking reimbursement from Centers for Medicare and Medicaid Services ("CMS") and the success of such actions, (ix) the timing and amounts of potential CMS reimbursement, (x) our ability to obtain CE certificates registered by Ekso Bionics, Inc. for our Ekso Indego Therapy and Ekso Indego Personal devices, (xi) the impact and effects of global health events and other risk factors on our business, results of operations or prospects, and (xii) the assumptions underlying or relating to any statement described in points (i) through (xi) above. The words "may," "might," "would," "should," "could," "project," "estimate," "pro-forma," "predict," "potential," "strategy," "anticipate," "attempt," "develop," "plan," "help," "believe," "continue," "intend," "expect," "future," and similar expressions (including the negative of any of the foregoing) are intended to identify forward-looking statements.

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

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

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

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

Overview

Our Business

We design, develop, and market exoskeleton products that augment human strength, endurance, and mobility. Our exoskeleton technology serves multiple end markets and can be utilized both by persons with physical disabilities or impairments and on able-bodies. The majority of our sales are generated in our Enterprise Health business line within our EksoHealth Segment, which includes the sales of products and services related to neurorehabilitation in clinical settings. We also provide products and service to individual users, primarily driven by sales of our Ekso Indego Personal product in our Personal Health business line.

In addition to our current products and services, we continue to explore business development initiatives to fuel growth and long-term value in our existing segments.

EksoHealth

Our Enterprise Health business line focuses on sales of our EksoNR and Ekso Indego Therapy products to customers, including inpatient rehabilitation hospitals and clinics as well as some outpatient rehabilitation clinics. Our marketing to these customers involves the education of clinical and executive stakeholders on the economic and clinical value of our products and services. In tandem, we continue to leverage our EksoNR and Ekso Indego customer base to educate and mentor strategic target centers that specialize in stroke, ABI and SCI rehabilitation in specific geographies. We believe that our Enterprise Health business line will be a source of stable sales growth.

Our Personal Health business line is focused on marketing and sales of our Ekso Indego Personal product to individual users. These individual users are currently served by the Veterans Administration, which provides our products to qualified veterans for individual use, individuals who are covered under worker's compensation insurance, and private individuals who pay out of pocket. In April 2024, CMS approved a final payment level of $91,031.93 for Medicare reimbursement of the Ekso Indego Personal, which took effect of April 1, 2024. We intend to seek insurance coverage beyond CMS and to seek additional indications of use for our products. We believe that our Personal Health business line has the potential for a higher growth rate than our Enterprise Health business line.

EksoWorks

Sales of products to able-bodied individuals for use in industrial or work-related use are represented by our EksoWorks segment. Our only active product within our EksoWorks segment is EVO. Our primary end market for our EksoWorks segment is comprised of commercial enterprises that are focused on solving ergonomic challenges for their workers. These challenges include injury prevention, fatigue reduction, and/or improved worker productivity. While EVO is a general-purpose product, we currently target specific vertical markets including aerospace, automotive, general manufacturing, and certain construction trades.

Economic and Industry Trends

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

With the recent approval of CMS lump sum reimbursement for Indego Personal, we believe we will see increased demand for this device as we are able to more economically serve the larger U.S. patient population suffering from SCI. Specifically, according to the National Spinal Cord Injury Statistical Center, an estimated 294,000 individuals are currently living with SCI and another 17,810 suffer from new SCI injuries each year. Approximately 56% of individuals with SCI are enrolled in Medicare or Medicaid within 5 years post-injury. With Medicare reimbursement recently approved, we plan to sell products to individuals in this market through Durable Medical Equipment suppliers (DMEs). DMEs typically resell products from DME manufacturers to individual users. DMEs are responsible for the Medicare reimbursement process, which requires a physician's prescription and evidence of medical necessity to be submitted to and approved by Medicare before reimbursement is provided. See "Part I—Item 1A. Risk Factors," specifically the risk titled "Coverage policies and reimbursement levels of third-party payers, including Medicare or Medicaid, may impact sales of our products" in our Annual Report for more information.

Critical Accounting Estimates

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

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

Standalone Selling Prices

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

Warrant Liabilities

We use the Black-Scholes option-pricing model to value our warrant liabilities at each reporting period, which requires the input of highly subjective assumptions, most notably the estimated volatility of our common stock over the expected term. We use our historical common stock volatility to estimate expected volatility over the warrant terms. Management must also make uncertain estimates regarding the likelihood and timing of certain future events for application of the Lattice Model for the valuation of certain warrants. Changes in these assumptions could have potential material impacts on the estimated fair value of warrant liabilities. During the three months ended June 30, 2024, management made no changes to its estimates regarding the likelihood of future events.

Inventory Valuation

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

Deferred Tax Asset

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

Assets Acquired and Liabilities Assumed in Business Combinations

We allocate the fair value of the purchase price of an acquisition to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, the amount and timing of projected future cash flows based on expected future growth rates and margins, discount rate used to determine the present value of these cash flows, future changes in technology and royalty for similar brand licenses, and asset lives. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable, and as a result, actual results may differ from estimates. Allocation of purchase consideration to identifiable assets and liabilities affects our amortization expense, as acquired finite-lived intangible assets are amortized over the useful life, whereas any indefinite-lived intangible assets, including goodwill, are not amortized. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are included in the consolidated statement of operations.

Future Warranty Costs

Sales of devices generally include an initial warranty for parts and services for one year in the Americas, two years in EMEA, and one to three years in the APAC region. A liability for the estimated cost of product warranty is established at the time revenue is recognized based on the historical experience of known product failure rates and expected material and labor costs to provide warranty services. Specific additional warranty accruals may be made if unforeseen technical problems arise. Alternatively, if estimates are determined to be greater than the actual amounts necessary, a portion of the liability may be reversed in future periods. At the end of each reporting period, we estimate our future warranty costs related to products sold during the period. This liability represents our best estimate of the costs we will incur to fulfill warranty obligations for products sold during the period. At least annually, we review and update our estimates based on actual warranty claims experience.

Accounting for Leases

In accordance with ASC 842, Leases, at the inception of an arrangement, we determine whether the arrangement is or contains a lease based on the unique facts and circumstances present, generally based on whether we have the right to obtain substantially all of the economic benefits from the use of an identified asset and whether we have the right to direct the use of an identified asset in exchange for consideration, which relates to an asset which we do not own. Operating lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable. As such, we utilize our incremental borrowing rate to determine the present value of the future lease payments, which is a hypothetical rate based on our understanding of what our credit rating would be to borrow and resulting interest we would pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Certain adjustments to the right-of-use asset may be required for items, such as initial direct costs paid or incentives received. Lease payments may be fixed or variable; however, only fixed payments are included in our lease liability. Variable lease payments may include costs such as common area maintenance, utilities, or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Useful Lives Assigned to Long-Lived Assets

The useful life of an asset represents the period during which the asset is expected to contribute directly or indirectly to future cash flows. We estimate the useful lives of the Company’s long-lived assets based on various factors, including the expected period of economic benefit of the asset in use, our intended use of the asset, economic factors such asset obsolescence and technological advances, any limitations imposed by legal, regulatory, or contractual requirements, and industry norms. These assumptions affect the timing and amount of depreciation expense, which could have a material adverse effect on the results of our operations.

Accounting Policies

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

Results of Operations

The following table presents our results of operations for the three months ended June 30, 2024 and 2023 (in thousands, except percentages):

	Three Months Ended June 30, 2024	2023	Change	% Change
Revenue	$ 4,950	$ 4,703	$ 247	5%
Cost of revenue	2,313	2,449	(136)	(6)%
Gross profit	2,637	2,254	383	17%
Gross profit %	*53%*	*48%*		
Operating expenses:				
Sales and marketing	1,846	2,349	(503)	(21)%
Research and development	1,116	1,398	(282)	(20)%
General and administrative	2,010	2,791	(781)	(28)%
Total operating expenses	4,972	6,538	(1,566)	(24)%
Loss from operations	(2,335)	(4,284)	1,949	(45)%
Other (expense) income, net:				
Interest expense, net	(74)	(61)	(13)	21%
Gain on revaluation of warrant liabilities	84	152	(68)	(45)%
Unrealized loss on foreign exchange	(91)	(7)	(84)	1200%
Other income (loss), net	—	(30)	30	(100)%
Total other (expense) income, net	(81)	54	(135)	(250)%
Net loss	$ (2,416)	$ (4,230)	$ 1,814	(43)%

Revenue

Revenue increased $0.2 million, or 5%, for the three months ended June 30, 2024, compared to the same period of 2023. This increase was comprised of a $0.1 million increase in EksoHealth revenue and a $0.1 million increase in EksoWorks revenue.

The increase in EksoHealth revenue was driven by an increase in the average selling price for the EksoNR on an aggregate basis across all regions, driven by an increase in the volume of EksoNR service revenue, partially offset by a lower volume of EksoNR subscriptions revenue. The increase in EksoWorks revenue was primarily driven by an increase in the volume of EVO sales.

Gross Profit and Gross Margin

Gross profit increased $0.4 million for the three months ended June 30, 2024 compared to the same period of 2023, driven by an increase in sales in the EksoHealth and EksoWorks segments, cost savings on supply chain and a reduction in service costs.

Gross margin increased to 53% for the three months ended June 30, 2024, compared to a gross margin of 48% for the same period of 2023. The overall increase in gross margin was primarily due to an increase in the average selling price for the EksoNR on an aggregate basis across all regions and lower EksoHealth device and service costs.

Operating Expenses

Sales and marketing expenses decreased $0.5 million, or 21%, for the three months ended June 30, 2024, compared to the same period of 2023. The decrease was primarily due to lower headcount and consultant costs.

Research and development expenses decreased $0.3 million, or 20%, for the three months ended June 30, 2024, compared to the same period of 2023, primarily due to a decrease in the Company's use of third-party product development consultants and lower discretionary payroll costs.

General and administrative expenses decreased $0.8 million, or 28%, for the three months ended June 30, 2024, compared to the same period of 2023, primarily due to lower discretionary payroll, consultant and legal costs.

Total Other (Expense) Income, Net

Interest expense, net increased 21% for the three months ended June 30, 2024 compared to the same period of 2023. This increase is primarily related to lower interest income from cash deposits.

Gain on revaluation of warrant liabilities was $0.1 million for the three months ended June 30, 2024 as compared to a gain on revaluation of warrant liabilities of $0.2 million for the three months ended June 30, 2023, and was associated with the revaluation of warrants issued in 2019, 2020 and 2021. Gains and losses on revaluation of warrants are primarily driven by changes in our stock price, time to maturity and the risk-free interest rate.

Unrealized loss on foreign exchange for the three months ended June 30, 2024 was $0.1 million compared to a de minimis unrealized loss on foreign exchange for the same period of 2023. These unrealized gains and losses are primarily the result of foreign currency revaluations of our inter-company monetary assets and liabilities.

The following table presents our results of operations for the six months ended June 30, 2024 and 2023 (in thousands, except percentages):

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change	% Change
Revenue	$ 8,706	$ 8,825	$ (119)	(1)%
Cost of revenue	4,118	4,571	(453)	(10)%
Gross profit	4,588	4,254	334	8%
Gross profit %	*53%*	*48%*		
Operating expenses:				
Sales and marketing	3,664	4,437	(773)	(17)%
Research and development	2,252	2,552	(300)	(12)%
General and administrative	4,263	5,997	(1,734)	(29)%
Total operating expenses	10,179	12,986	(2,807)	(22)%
Loss from operations	(5,591)	(8,732)	3,141	(36)%
Other (expense) income, net:				
Interest expense, net	(131)	(172)	41	(24)%
Loss on modification of warrant	(109)	—	(109)	*
Gain on revaluation of warrant liabilities	426	126	300	238%
Unrealized (loss) gain on foreign exchange	(440)	210	(650)	(310)%
Other (expense) income, net	—	(51)	51	*
Total other (expense) income, net	(254)	113	(367)	(325)%
Net loss	$ (5,845)	$ (8,619)	$ 2,774	(32)%

(*) Not meaningful

Revenue

Revenue decreased $0.1 million, or 1%, for the six months ended June 30, 2024, compared to the same period of 2023. This decrease was comprised of a $0.3 million decrease in EksoHealth revenue offset by a $0.2 million increase in EksoWorks.

The decrease in EksoHealth revenue was primarily due to a decrease in the volume of EksoNR device sales and partially offset by an increase in the volume of Indego device sales, an increase in the volume of EksoNR and Indego service revenue, and partially due to lower volume of EksoNR subscriptions revenue. The increase in EksoWorks revenue was primarily driven by an increase in the volume of EVO sales.

Gross Profit and Gross Margin

Gross profit increased $0.3 million for the six months ended June 30, 2024 compared to the same period of 2023, driven by an increase in sales in the EksoHealth and EksoWorks segments, cost savings on supply chain and a reduction in service costs.

Gross margin increased to 53% for the six months ended June 30, 2024, compared to a gross margin of 48% for the same period of 2023. The overall increase in gross margin was primarily due to an increase in the average selling price for the EksoNR on an aggregate basis across all regions and lower EksoHealth device and service costs.

Operating Expenses

Sales and marketing expenses decreased $0.8 million, or 17%, for the six months ended June 30, 2024, compared to the same period of 2023. The decrease was primarily due to lower headcount and consultant costs.

Research and development expenses decreased $0.3 million, or 12%, for the six months ended June 30, 2024, compared to the same period of 2023, primarily due to a decrease in the Company's use of third-party product development consultants and lower discretionary payroll costs.

General and administrative expenses decreased $1.7 million, or 29%, for the six months ended June 30, 2024, compared to the same period of 2023, primarily due to the absence of costs associated with the acquisition and integration of HMC in the comparable quarter and lower discretionary payroll, consultant and legal costs.

Total Other (Expense) Income, Net

Interest expense, net decreased 24% for the six months ended June 30, 2024 compared to the same period of 2023. This decrease is primarily related to higher interest income from cash deposits.

Loss on modification of warrants of $0.1 million for the six months ended June 30, 2024 was due to the reduction of the exercise price of the May 2019 Warrants from $3.52 per share to $1.55 per share, in connection with the January 2024 Offering. There was no comparable amount for the six months ended June 30, 2023.

Gain on revaluation of warrant liabilities was $0.4 million for the six months ended June 30, 2024 as compared to a gain on revaluation of warrant liabilities of $0.1 million for the six months ended June 30, 2023, and was associated with the revaluation of warrants issued in 2019, 2020 and 2021. Gains and losses on revaluation of warrants are primarily driven by changes in our stock price, time to maturity, and the risk-free interest rate.

Unrealized loss on foreign exchange for the six months ended June 30, 2024 was $0.4 million compared to unrealized gain on foreign exchange of $0.2 million for the same period of 2023. These unrealized gains and losses are primarily the result of foreign currency revaluations of our inter-company monetary assets and liabilities.

Liquidity and Capital Resources

As of June 30, 2024, of our $5.9 million of cash, $5.2 million was held domestically while $0.7 million was held by our foreign subsidiaries. Cash consisted of bank deposits with third-party financial institutions. As described in Note 9 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report under the caption Notes Payable, net, borrowings under our secured term loan agreement with Pacific Western Bank have a requirement of minimum cash on hand equivalent to the current outstanding principal balance, which is due in full August 2026. As of June 30, 2024, $2.0 million of cash must remain as restricted. After considering cash restrictions, effective unrestricted cash as of June 30, 2024 was approximately $3.9 million.

On June 30, 2024, we had working capital of $11.0 million, compared to working capital of $12.1 million as of December 31, 2023. The decrease in working capital was primarily due to a lower cash balance from cash used in operations.

We have financed our operations primarily through the issuance and sale of equity securities for cash consideration and through bank debt.

In July 2024, we filed with the SEC a registration statement on Form S-1 relating to our potential offering of shares of common stock and pre-funded warrants to purchase shares of common stock. To the extent an offering under such registration statement is consummated, we expect to use the net proceeds from such offering for general corporate purposes, which may include growth and expansion of our EksoHealth segment as we work to increase our revenue following the establishment of CMS reimbursement of the Ekso Indego Personal device, research and development activities, selling, general and administrative costs, and pursuing strategic initiatives, which initiatives may include potential synergistic and accretive acquisitions, as well as meeting our other working capital needs. Such offering, if consummated at all, will depend on a variety of factors, including, among other things, the SEC declaring the registration statement effective, market conditions and the trading price of our common stock, and such offering would be dilutive to our existing stockholders. See “Part II – Item 1A. Risk Factors—You may be diluted from future issuances of our equity securities, including in future financings or strategic transactions, from compensatory equity awards and exercises of outstanding warrants, and such issuances, or perception that such issuances may occur, could depress the market price of our common stock."

On January 16, 2024, we sold an aggregate of 3.0 million shares of common stock in a registered direct offering (the "January 2024 Offering") at a price of $1.55 per share, which generated net proceeds of approximately $3.9 million after deducting placement agent fees and our estimated offering expenses.

In October 2020, we entered into an At The Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC (the "Agent"), under which we may issue and sell shares of our common stock, from time to time, to or through the Agent. Offers and sales of shares of common stock by us through the Agent may be made by any method deemed to be an “at the market offering” as defined under SEC Rule 415 or in privately negotiated transactions, subject to certain conditions. Such shares may be offered pursuant to the registration statement on Form S-3 (File No. 333-272607) (the “Registration Statement”), which was declared effective by the SEC on June 20, 2023, and a related prospectus supplement filed with the SEC on July 28, 2023 (the “ATM Prospectus”). Pursuant to the Registration Statement and the ATM Prospectus, shares having an aggregate offering price of up to $5.0 million may be offered and sold, subject to certain SEC rules limiting the amount of shares of the Company’s common stock that we may sell under the Registration Statement. In June 2023, we entered into an amendment to the ATM Agreement that removed the requirement that shares of our common stock may not be sold for a price lower than $6.75 per share. During the three months ended June 30, 2024, we sold 75,166 shares of common stock under the ATM Agreement at an average price of $1.42, for aggregate proceeds of $46,190, net of commission and issuance costs. During the six months ended June 30, 2024, we sold 105,049 shares of common stock under the ATM Agreement at an average price of $1.43, for aggregate proceeds of $85,073, net of commission and issuance costs. As of June 30, 2024, we had $4.1 million available for future offerings under the prospectus filed with respect to the ATM Agreement.

Cash

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

	Six months ended June 30,	
	2024	2023
Net cash used in operating activities	$ (6,136)	$ (7,117)
Net cash used in investing activities	(8)	(97)
Net cash provided by financing activities	3,392	—
Effect of exchange rate changes on cash	(1)	(4)
Net decrease in cash	(2,753)	(7,218)
Cash and restricted cash at beginning of period	8,638	20,525
Cash and restricted cash at end of period	$ 5,885	$ 13,307

Net Cash Used in Operating Activities

Net cash used in operating activities decreased by $1 million, or 14%, for the six months ended June 30, 2024, compared to the same period of 2023 primarily due to the absence of payments related to the acquisition and integration of HMC and cost savings on supply chain, reduction in service costs and efficiencies in operating activities.

Net Cash Used in Investing Activities

Net cash used in investing activities decreased by $0.1 million, or 91%, for the six months ended June 30, 2024, compared to the same period of 2023, primarily due to the reduction in manufacturing equipment purchases.

Net Cash Provided by Financing Activities

Net cash provided by financing activities of $3.4 million for the six months ended June 30, 2024 was related to net proceeds of $3.9 million from the January 2024 Offering after deducting placement agent fees and offering expenses, proceeds of $0.1 million from shares of common stock sold under the ATM Agreement, partially offset by $0.6 million of principal payments towards the Promissory Note.

Material Cash Requirements and Going Concern

Our material cash requirements include the following items, some of which are represented in the table of Contractual Obligations and Commitments: (1) employee wages, benefits and incentives, (2) the procurement of raw materials and components to support the manufacturing and sale of our products, (3) expenditures for the ongoing improvement and development of existing and new technologies, (4) debt repayments (for additional information see Note 9 in the notes to our condensed consolidated financial statements included elsewhere in the Quarterly Report on Form 10-Q), and (5) operating lease payments (for additional information see Note 10 in the notes to our condensed consolidated financial statements included elsewhere in the Quarterly Report on Form 10-Q).

We expect that our operating cash requirements in the near term will continue to exceed cash provided by operations with the product development activities assumed in the HMC Acquisition, service of our Promissory Note with Parker Hannifin, and with the significant research and development activities related to the development of the Company's advanced technology and commercialization of such technology into its medical device business. As described in Note 1. *Organization: Liquidity and Going Concern* of the notes to our condensed consolidated financial statements, management believes that substantial doubt exists about our ability to meet cash requirements twelve months from the issuance of such financial statements, and such substantial doubt is not alleviated by our plans.

The Company does not expect, nor do our historical operating results suggest, that cash flows generated from operations will be sufficient to meet our material cash requirements in the long term. Management expects that the Company's historical reliance on external financing, from both equity and debt financings, will continue to provide the capital necessary to meet its material cash requirements in the long term. Management has not yet determined the form such additional financing may take, but management expects that the most likely forms include one or more of the following: (i) underwritten offerings of shares of our common stock or other offerings of equity and/or equity-linked securities, including the potential offering contemplated by our recently filed registration statement on Form S-1, (ii) sales of shares of our common stock under an "at the market" offering program, (iii) incurring indebtedness with one or more financial institutions, and (iv) the factoring of trade receivables.

Contractual Obligations and Commitments

The following table summarizes our outstanding contractual obligations as of June 30, 2024, and the effect those obligations are expected to have on our liquidity and cash flows in future periods (in thousands):

	Payments Due By Period:			
	Total	Less than One Year	1-3 Years	3-5 Years
Term loan	$ 2,370	$ 171	$ 2,199	$ —
Promissory note	4,063	1,250	2,500	313
Facility operating leases	1,204	502	696	6
Purchase obligations	2,137	2,137	—	—
Total	$ 9,774	$ 4,060	$ 5,395	$ 319

Refer to Note 14. *Commitments and Contingencies* in the notes to our condensed consolidated financial statements for additional information regarding our contractual obligations and lease commitments.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

There have been no material changes in our market risk during the six months ended June 30, 2024, compared to the disclosures in Part II, Item 7A of our Annual Report.

Item 4. Controls and Procedures

Disclosure Controls and Procedures.

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

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

Changes in Internal Control Over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

The results of any litigation cannot be predicted with certainty, and an unfavorable resolution in any legal proceedings could materially affect our future business, results of operations, or financial condition. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. For additional information, please refer to Note 14. *Commitments and Contingencies* in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report.

Item 1A. Risk Factors

We have not identified any material changes to the risk factors previously disclosed in Part I - Item 1A - "Risk Factors" in our Annual Report other than as set forth below:

The markets in which our products are sold are highly competitive and continue to develop, and important assumptions about the potential market for our current and future products may be inaccurate.

We face competition within the medical devices and industrial robotics markets on the basis of product features, clinical outcomes, price, services and other factors. Our competitive position will depend on multiple, complex factors, including our ability to achieve market acceptance for our products, develop new products, implement production and marketing plans, secure regulatory approvals for products under development and protect our intellectual property. Competitors may offer, or may attempt to develop, more efficacious, safer, cheaper, or more convenient alternatives to our products, including alternatives that could make the need for robotic exoskeletons obsolete. The entry into the market of manufacturers located in low-cost manufacturing locations may also create pricing pressure, particularly in developing markets. Our future success depends, among other things, upon our ability to compete effectively against current technology, as well as to respond effectively to technological advances, and upon our ability to successfully implement our marketing strategies and execute our research and development plan. If customers do not perceive our product offerings to be of value or to be easy and comfortable to use, we may not be able to attract and retain customers. If we are unable to successfully retain existing customers and attract new customers and achieve volume sales of our products, our business, prospects, financial condition and operating results will be materially and adversely affected.

Our business strategy is based, in part, on our estimates of the number of individuals with physical limitations and disability and considers the occurrence of strokes, ABIs, SCIs and multiple sclerosis in our target markets, and the percentage of those groups that would be able to use our current and future products. Limited sources exist to obtain reliable market data with respect to the number of mobility-impaired individuals and the incurrence of ABIs, SCIs and strokes in our target markets. In addition, there are no third-party reports or studies regarding what percentage of those with limited mobility and/or SCIs would be able to use exoskeletons, in general, or our current or planned future products, in particular. Our assumptions may be inaccurate and may change. If our estimates of our current or future addressable market are incorrect, our business may not develop as we expect, and the price of our common stock may suffer.

Furthermore, the markets for medical and industrial robotic exoskeletons are continuing to develop. We cannot be certain that the markets for robotic exoskeletons will continue to develop as we expect, or that robotic exoskeletons for medical or industrial use will achieve widespread market acceptance. Additionally, the development of new or improved products, processes or technologies by other companies may render our products or proposed products less competitive or obsolete. The use of robotic devices is not universally accepted in the rehabilitation community and may never be. Current or future clinical trials and studies may not provide sufficient data that the rehabilitation community interprets to support the use of exoskeletons in rehabilitation. Any of these outcomes could materially and adversely affect our business, financial condition and operating results and prospects.

Coverage policies and reimbursement levels of third-party payers, including Medicare or Medicaid, may impact sales of our products.

To the extent that the adoption of our products by our customers is dependent in the future on their ability to obtain adequate reimbursement for the products or treatments provided using our product from third-party payers, including government payors such as Medicare and Medicaid, managed care organizations and commercial payors, the coverage policies and reimbursement levels of these third-party payers may impact the decisions of healthcare providers, facilities, or end users to purchase our products or the prices they would be willing to pay for those products. Reimbursement rates could also affect the acceptance rates of new technologies. We have no control over these factors.

In the United States, the principal decisions about reimbursement for new medical products are typically made by CMS. CMS decides whether and to what extent a new product will be covered and reimbursed under Medicare and private payors tend to follow CMS to a substantial degree. Because there is no uniform policy of coverage and reimbursement in the United States, each payor generally determines for its own enrollees or insured patients whether to cover or otherwise establish a policy to reimburse our diagnostic tests, and seeking payor approvals is a time-consuming and costly process. Our business plan within our Personal Health business line depends in a large part on sales of our Ekso Indego Therapy product by individuals with SCI who are covered by Medicare or Medicaid.

If CMS delays or cancels reimbursement decisions, or materially changes the reimbursement level it has set, our ability to sell into this market may be diminished. In addition, the policies affecting the implementation of individual reimbursement decisions are made by regional DME MACs. Certain policies are not yet known to us and may affect the number of individual purchases that are approved to receive reimbursement in the future. In addition, we may not be able to obtain insurance coverage beyond CMS. We cannot be certain that coverage for our current and our planned future products will be provided in the future by additional payors or that existing agreements, policy decisions or reimbursement levels will remain in place, remain adequate, or be fulfilled under existing terms and provisions. If we cannot obtain coverage and adequate reimbursement from private and governmental payors such as Medicare and Medicaid for our current products or new products that we may develop in the future, demand for such products may decline or may not grow as we expect, which could limit our ability to generate revenue and have a material adverse effect on our financial condition, results of operations and cash flow.

The coverage and reimbursement market may be additionally impacted by future legislative changes. There are increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs which may cause such organizations to limit both coverage and the level of reimbursement for newly approved products and, as a result, they may not cover or provide adequate payment for our products. Specifically, there have been several recent U.S. presidential executive orders, Congressional inquiries, and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug and medical device pricing, reduce the cost under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies. We expect to experience pricing pressures in connection with the sale of any of our products due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, cost containment initiatives and additional legislative changes.

If we fail to manage the complex and lengthy reimbursement process, our business and operating results could be adversely affected.

The sale of products in our Personal Health business line primarily depends on reimbursements provided by third party payors. We distribute these products to end users through the VA hospitals. Our products are also distributed through DME suppliers, who will then pursue reimbursement from Medicare, Medicaid, or private insurance providers. Our financial condition and results of operations may be affected by coverage and reimbursement policies of these payors, which are also subject to change over time. The reimbursement process is complex and can involve lengthy delays between the time that a product is delivered to the consumer and the time that the reimbursement amounts are settled. Depending on the payor, we or our customers may be required to obtain certain payor-specific documentation from physicians and other healthcare providers before submitting claims for reimbursement. Certain payors have filing deadlines and they will not pay claims submitted after such time. We are also subject to extensive pre-payment and post-payment audits by governmental and private payors that could result in material delays, refunds of monies received or denials of claims submitted for payment under such third-party payor programs and contracts. We cannot ensure that we will be able to continue to effectively manage the process which would adversely affect our business, financial condition and results of operations.

We must obtain certain regulatory approvals in the EU, which could be costly and time-consuming and subject us to unanticipated delays or prevent us from marketing certain devices.

In the EU, we are required to comply with the EU MDR and obtain CE Certificates of Conformity in order to affix the CE Mark and market medical devices. As of June 30, 2024, none of our products had yet been approved under the EU MDR. We are currently in the process of obtaining CE Certificates of Conformity in order to affix the CE Mark to the products we acquired in the HMC Acquisition, including Ekso Indego Therapy and Ekso Indego Personal. Until we complete this process, we will not be able to import these products in the EU. While our application for the CE mark for these products is under regulatory review, we have not received confirmation of a specific date by which this review will be completed. In addition, changes in regulatory policy for the approval or CE marking of a medical device during the period of product development and regulatory agency review or notified body review of each submitted new application may cause delays or rejections. In March 2023, the European Commission extended the original compliance dates for the EU MDR. As a result, the MDR transitional period deadline for our products was set to December 31, 2028. Failure to comply with the EU MDR requirements by the MDR transitional period deadline would prevent us from generating revenue from sales of our products in the EU, which could adversely affect our business, results of operations and financial condition.

You may be diluted from future issuances of our equity securities, including in future financings or strategic transactions, from compensatory equity awards and exercises of outstanding warrants, and such issuances, or perception that such issuances may occur, could depress the market price of our common stock.

Future operating or business decisions may cause dilution to our existing stockholders. For example, we may sell equity securities or issue securities exercisable or convertible into shares of our common stock in connection with strategic transactions or for financing purposes, including under the ATM Agreement, in connection with the potential offering contemplated by our recently filed registration statement on Form S-1 relating to the offering and sale of common stock and pre-funded warrants to purchase common stock, or otherwise through registered or unregistered offerings. As of June 30, 2024, we had $4.1 million available for future offerings under the prospectus filed with respect to the ATM Agreement. Furthermore, a substantial majority of the outstanding shares of our common stock are, and all of the shares sold in this offering will be, freely tradable without restriction or further registration under the Securities Act, unless these shares are owned or purchased by “affiliates” as that term is defined in Rule 144 under the Securities Act. We may also make equity grants under one or more employee equity incentive plan or our employee stock purchase plan or issue common stock as matching contributions to our employees under our 401(k) Plan. You may also be subject to dilution from the exercise or settlement of outstanding options or restricted stock units under the Restated 2014 Plan, and from the exercise of our warrants, including the exercise of any pre-funded warrants. In addition, sales or issuances of a substantial number of shares of our common stock, or other equity-related securities in the public markets, or the perception that such sales or issuances could occur, could depress the market price of our common stock.

We may not achieve profitability in the near term or at all, and historically we have not been profitable. Management has historically financed the Company’s operations through external financings, from both equity and debt financings, like issuances under our ATM Agreement and the January 2024 Offering, for example. To the extent our cash on hand and the proceeds, if any, from this offering do not provide sufficient capital for us to achieve profitability, or we are unable to maintain profitability once initially achieved, we expect we will need to raise additional capital through future financings. To the extent we decide to conduct a financing in the future, the form of such financing may include one or more of the following: (i) underwritten offerings of shares of our common stock, (ii) sales of shares of our common stock under an "at the market" offering program, (iii) incurring indebtedness with one or more financial institutions, (iv) sale of product line or technology, and (v) the factoring of trade receivables. Additional funding may not be available to us on acceptable terms, or at all, such as the offering contemplated by our registration statement on Form S-1 relating to the offering and sale of common stock and pre-funded warrants to purchase common stock, or we may be required to seek other more costly or time-consuming methods. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

Item 5. Other Information

During the quarter ended June 30, 2024, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

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Item 6. Exhibits

Exhibit Number	Description
10.1	Amended and Restated 2014 Equity Incentive Plan (incorporated by reference from Exhibit 10.4 to the Registrant's Registration Statement on Form S-1 filed July 29, 2024)
10.2	Form of Restricted Stock Unit Award under Amended and Restated 2014 Equity Incentive Plan (incorporated by reference from Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 filed July 29, 2024)
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial statements from the Ekso Bionics Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline Extensible Business Reporting Language ("iXBRL"): • unaudited condensed consolidated balance sheets; • unaudited condensed consolidated statements of operations and comprehensive income (loss); • unaudited condensed consolidated statements of stockholders' equity; • unaudited condensed consolidated statement of cash flows; and • notes to unaudited condensed consolidated financial statements.
101.ins	Inline XBRL Instant Document
101.sch	Inline XBRL Taxonomy Schema Document
101.cal	Inline XBRL Taxonomy Calculation Linkbase Document
101.def	Inline XBRL Taxonomy Definition Linkbase Document
101.lab	Inline XBRL Taxonomy Label Linkbase Document
101.pre	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.
\+ Furnished herewith.

SIGNATURES

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

EKSO BIONICS HOLDINGS, INC.

Date: July 29, 2024	By:	/s/ Scott G. Davis Scott G. Davis Chief Executive Officer (Principal Executive Officer)
Date: July 29, 2024	By:	/s/ Jerome Wong Jerome Wong Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Scott G. Davis, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

(4) The company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

(5) The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: July 29, 2024

/s/ Scott G. Davis
Scott G. Davis
Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Jerome Wong, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

(4) The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

(5) The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: July 29, 2024

/s/ Jerome Wong
Jerome Wong
Principal Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc. (the “Company”), for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission (the “Report”), I, Scott G. Davis, Chief Executive Officer and principal executive officer, hereby certify as of the date hereof, solely for purposes of 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Dated: July 29, 2024

/s/ Scott G. Davis

Scott G. Davis

Principal Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc. (the “Company”), for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission (the “Report”), I, Jerome Wong, Chief Financial Officer and principal financial officer, hereby certify as of the date hereof, solely for purposes of 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

Dated: July 29, 2024

/s/ Jerome Wong
Jerome Wong
Principal Financial Officer