UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2014

or

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

For the transition period from _____ to _____

Commission File Number: 333-181229

Ekso Bionics Holdings, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**99-0367049**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1414 Harbour Way South, Suite 1201 Richmond, CA	**94804**
(Address of principal executive offices)	(Zip Code)

(203) 723-3576

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

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

The number of shares of registrant's common stock outstanding as of November 1, 2014 was: 78,608,410

Ekso Bionics Holdings, Inc.

FORM 10-Q Quarterly Report

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Ekso Bionics Holdings, Inc.
Condensed Consolidated Balance Sheets

	September 30, 2014	December 31, 2013
	(Unaudited)	(See Note 1)
Assets		
Current assets:		
Cash	$ 7,176,268	$ 805,306
Accounts receivable, net	1,921,574	549,469
Inventories, net	864,397	725,096
Note receivable from stockholder	—	103,735
Prepaid expenses and other current assets	330,798	250,998
Deferred cost of revenue, current	1,369,087	768,599
Total current assets	11,662,124	3,203,203
Property and equipment, net	1,957,324	1,575,286
Deferred cost of revenue, non-current	1,743,865	803,298
Other assets	54,764	1,002,150
Total assets	$ 15,418,077	$ 6,583,937
Liabilities, Convertible Preferred Stock and Stockholders' Deficit		
Current liabilities:		
Notes payable, current	$ 40,743	$ 1,638,505
Convertible debt	—	5,062,417
Accounts payable	1,077,073	1,498,680
Accrued liabilities	1,321,960	1,430,799
Customer deposits, advances and deferred revenues, current	3,454,906	2,419,226
Liability due to early stock option exercise	1,323	5,293
Total current liabilities	5,896,005	12,054,920
Customer deposits, advances and deferred revenues, non-current	3,439,610	2,209,111
Notes payable, non-current	88,401	866,950
Warrant liability	11,819,450	377,747
Deferred rent	96,553	123,709
Total liabilities	21,340,019	15,632,437
Commitments and contingencies (Note 11)		
Convertible preferred stock issuable in series, $0.001 par value; 10,000,000 and 33,523,600 shares authorized at September 30, 2014 (unaudited) and December 31, 2013, respectively; none and 25,923,872 shares issued and outstanding at September 30, 2014 (unaudited) and December 31, 2013, respectively; liquidation preference of $2.85 - $4.11 per share at December 31, 2013	—	27,324,208
Stockholders' deficit:		
Common stock, $0.001 par value; 500,000,000 and 60,952,000 shares authorized at September 30, 2014 (unaudited) and December 31, 2013, respectively; 78,584,173 and 21,114,783, shares issued and outstanding at September 30, 2014 (unaudited) and December 31, 2013, respectively	78,584	21,114
Additional paid-in capital	45,645,109	1,637,797
Accumulated deficit	(51,645,635)	(38,031,619)
Total stockholders' deficit	(5,921,942)	(36,372,708)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 15,418,077	$ 6,583,937

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Ekso Bionics Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
Revenue				
Medical devices	$ 788,299	$ 416,682	$ 2,005,592	$ 1,138,995
Engineering services	799,884	417,082	1,841,355	1,375,010
Total revenue	1,588,183	833,764	3,846,947	2,514,005
Cost of revenue				
Cost of medical devices	578,737	245,575	1,410,285	775,007
Cost of engineering services	529,657	287,468	1,431,802	1,018,801
Total cost of revenue	1,108,394	533,043	2,842,087	1,793,808
Gross profit	479,789	300,721	1,004,860	720,197
Operating expenses				
Sales and marketing	1,641,280	767,316	5,021,668	3,238,834
Research and development	1,096,380	453,168	2,563,806	2,164,840
General and administrative	1,473,951	752,215	5,354,009	2,854,332
Total operating expenses	4,211,611	1,972,699	12,939,483	8,258,006
Loss from operations	(3,731,822)	(1,671,978)	(11,934,623)	(7,537,809)
Other income (expense)				
Interest expense	(2,399)	(170,106)	(432,780)	(1,482,950)
Gain (loss) on warrant liability	15,773,100	(33,063)	(1,205,900)	(33,063)
Interest income	1,021	1,184	3,897	4,003
Other expense, net	(15,539)	(19,961)	(44,610)	(40,815)
Total other income (expense), net	15,756,183	(221,946)	(1,679,393)	(1,552,825)
Net income (loss)	$ 12,024,361	$ (1,893,924)	$ (13,614,016)	$ (9,090,634)
Basic net income (loss) per share	$ 0.15	$ (0.09)	$ (0.18)	$ (0.43)
Weighted-average shares used in computing basic per share amounts	78,513,144	21,085,283	74,943,169	20,937,488
Diluted net income (loss) per share	$ (0.04)	$ (0.09)	$ (0.18)	$ (0.43)
Weighted-average shares used in computing diluted per share amounts	83,336,371	21,085,283	74,943,169	20,937,488

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

Ekso Bionics Holdings, Inc.
Condensed Consolidated Statements of Stockholders' Deficit
(Unaudited)

	Convertible Preferred Stock		Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance at December 31, 2012	15,799,291	$ 16,675,983	15,065,931	$ 9,920	$ 1,047,936	($ 26,144,245)	($ 25,086,389)
Issuance of Series B convertible preferred stock at $2.10 per share issued in exchange for cash	4,083,225	4,294,259	-	-	-	-	-
Issuance of Series B convertible preferred stock upon conversion of convertible debt and accrued interest	6,041,356	6,490,071	-	-	-	-	-
Common stock warrants issued in connection with issuance of Series B convertible preferred stock	-	275	-	-	-	-	-
Common stock warrants issued in connection with issuance of Series B convertible preferred stock	-	(136,380)	-	-	136,380	-	136,380
Issuance of common stock upon exercise of options	-	-	771,341	94	65,499	-	65,593
Common stock repurchased	-	-	(2,857)	(2)	(187)	-	(189)
Vesting of early exercised options	-	-	-	13	3,961	-	3,974
Compensation expense for options issued a non-employee	-	-	-	-	4,679	-	4,679
Stock-based compensation expense	-	-	-	-	390,618	-	390,618
Effect of merger and recapitalization of share amounts	-	-	-	5,809	(5,809)	-	-
Issuance of shares to stockholders of Ekso Bionics Holdings Inc.	-	-	5,280,368	5,280	(5,280)	-	-
Net loss	-	-	-	-	-	(11,887,374)	(11,887,374)
Balance at December 31, 2013 (See Note 1)	25,923,872	$ 27,324,208	21,114,783	21,114	1,637,797	(38,031,619)	(36,372,708)
Issuance of common stock upon exercise of options	-	-	90,057	90	1,820	-	1,910
Fair value of warrant liability transferred to equity upon net exercise	767,212	-	-	-	281,987	-	281,987
Conversion of preferred stock	(26,691,084)	(27,324,208)	26,691,084	26,691	27,297,517	-	27,324,208
Balance at January 15, 2014 before Merger and PPO	-	-	47,895,924	47,895	29,219,121	(38,031,619)	(8,764,603)
PPO shares issued for cash	-	-	25,300,000	25,300	25,274,700	-	25,300,000
PPO shares issued upon conversion of 2013 Bridge Notes	-	-	5,000,000	5,000	5,077,578	-	5,082,578
Shares issued to consultant in PPO	-	-	250,000	250	(250)	-	-
Fair value of warrant obligation transferred to equity	-	-	-	-	95,760	-	95,760
Offering costs	-	-	-	-	(4,250,744)	-	(4,250,744)
Issuance of common stock warrants at fair value	-	-	-	-	(10,613,550)	-	(10,613,550)
Balance at January 15, 2014 after Merger and PPO	-	-	78,445,924	78,445	44,802,615	(38,031,619)	6,849,441
Stock option exercises	-	-	138,249	139	67,057	-	67,196
Offering costs	-	-	-		(34,962)	-	(34,962)
Stock-based compensation expense	-	-	-	-	810,399	-	810,399
Net loss	-	-	-	-	-	(13,614,016)	(13,614,016)
Balance at September 30 , 2014 (unaudited)	-	$ -	78,584,173	$ 78,584	$ 45,645,109	$ (51,645,635)	$ (5,921,942)

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

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

	Nine months ended September 30,	
	2014	**2013**
Operating activities:		
Net loss	$ (13,614,016)	$ (9,090,634)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	535,400	342,148
Loss on sale of property and equipment	—	223
Inventory allowance expense	21,420	—
Amortization of deferred rent	(27,156)	(27,154)
Amortization of debt discounts	191,111	126,010
Amortization of notes payable offering costs	—	6,974
Interest expense accrued to convertible notes	—	162,563
Interest income added to note receivable from stockholder	—	(3,525)
Adjustment to record convertible notes at fair value	—	799,195
Stock-based compensation expense	810,399	278,155
Loss on increase in fair value of warrant liability	1,205,900	33,063
Changes in operating assets and liabilities:		
Accounts receivable	(1,372,105)	122,954
Inventories	(160,722)	(339,147)
Prepaid expense and other assets	(80,072)	(80,658)
Deferred costs of revenue	(1,541,055)	(384,283)
Accounts payable	(422,328)	194,793
Accrued liabilities	(108,119)	(169,504)
Customer advances and deferred revenues	2,266,179	1,267,074
Net cash used in operating activities	(12,295,164)	(6,761,753)
Investing activities:		
Note receivable from stockholder	103,735	—
Acquisition of property and equipment, net	(917,437)	(49,627)
Net cash used in investing activities	(813,702)	(49,627)
Financing activities:		
Principal payments on notes payable	(2,547,261)	(1,046,077)
Proceeds from Convertible Bridge Notes	—	2,000,000
Proceeds from issuance of convertible preferred stock and warrants, net of issuance costs	—	4,294,259
Proceeds from issuance of common stock, net of repurchases and issuance costs	22,027,089	51,634
Net cash provided by financing activities	19,479,828	5,299,816
Net increase (decrease) in cash	6,370,962	(1,511,564)
Cash at beginning of the period	805,306	1,738,662
Cash at end of the period	$ 7,176,268	$ 227,098
Supplemental disclosure of cash flow activities:		
Cash paid for interest	$ 136,085	$ 306,792
Cash paid for taxes	$ 1,698	$ 13,903
Supplemental disclosure of non-cash activities:		
Conversion of convertible preferred stock to common stock	$ 27,324,208	$ 6,285,033

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Ekso Bionics Holdings, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

Throughout this Quarterly Report on Form 10-Q (this "Report"), the words "we," "us," "our," or "the Company" refer to Ekso Bionics Holdings, Inc. and its wholly-owned subsidiaries, Ekso Bionics, Inc. and Ekso Bionics Ltd. unless stated otherwise.

1. Organization

Description of Business and Liquidity

On January 15, 2014, a wholly-owned subsidiary of Ekso Bionics Holdings, Inc. (formerly known as PN Med Group Inc.), Ekso Acquisition Corp., merged with and into Ekso Bionics, Inc. (the "Merger"). Ekso Bionics, Inc. was the surviving corporation and became a wholly-owned subsidiary of Ekso Bionics Holdings, Inc. As a result of this transaction, Ekso Bionics Holdings, Inc. discontinued its pre-merger operations, acquired the business of Ekso Bionics, Inc. and continues the operations of Ekso Bionics, Inc. as a publicly traded company. See *Note 3, The Merger, Offering and Other Related Matters*. Ekso Bionics, Inc. was incorporated in January 2005 in the State of Delaware.

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

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

We also have a collaborative partnership with Lockheed Martin Corporation to develop products for military applications.

Ekso Labs is the engineering services division of the Company and is primarily focused on technology development and future applications. In essence it is an exoskeleton laboratory that continually integrates emerging technologies into new product applications and expands on it with our partners. Ekso Labs develops intellectual property through research grants from government organizations, including the Department of Defense.

Liquidity

Largely as a result of significant research and development activities related to the creation of our advanced technology, we have incurred significant operating losses and negative cash flows from operations since inception. As of September 30, 2014, we had an accumulated deficit of $51.6 million and a stockholders' deficit of $5.9 million.

The Company's cash as of September 30, 2014 was $7.2 million compared to $11.0 million at June 30, 2014. During the three months ended September 30, 2104, the Company used $3.6 million of cash in operations compared to $5.6 million and $3.1 million for the three month periods ended March 31, 2014 and June 30, 2014, respectively. The Company believes its cash resources as of September 30, 2104 are sufficient to fund its current business plan, support operations, fund research and development and meet current obligations into the second quarter of 2015. See Note 14. Subsequent Events for a discussion of the issuer tender offer commenced by the Company on October 23, 2014.

There can be no assurance that financing will be available when required in sufficient amounts, on acceptable terms or at all. In the event that the necessary additional financing is not obtained, we may have to reduce our discretionary overhead costs substantially, including general and administrative, sales and marketing, and research and development or otherwise curtail operations.

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

There have been no material changes to our significant accounting policies as compared to those described in our Current Report on Form 8-K/A filed with the SEC on March 31, 2014 other than as noted below in *Common Stock Warrants*.

Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC") for the presentation of interim financial information. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed, or omitted, pursuant to such rules and regulations. The condensed consolidated balance sheet at December 31, 2013 and the condensed consolidated statement of stockholders' deficit for the year ended December 31, 2013 have been derived from the audited consolidated financial statements at that date but do not include all disclosures required for the annual financial statements and should be read in conjunction with our audited consolidated financial statements and notes thereto included as part of our Current Report on Form 8-K/A filed with the SEC on March 31, 2014.

In management's opinion, the condensed consolidated financial statements reflect all adjustments (including reclassifications and normal recurring adjustments) necessary to present fairly the financial position at September 30, 2014, and results of operations and cash flows for all periods presented. The interim results presented are not necessarily indicative of results that can be expected for a full year. The condensed consolidated financial statements include the accounts of the Company and our wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying footnotes. These estimates include, but are not limited to: revenue recognition, useful lives assigned to long-lived assets, realizability of deferred tax assets, valuation of warrant liabilities, valuation of common and preferred stock options, and the valuation of common stock for purposes of determining stock-based compensation and contingencies. Actual results could differ from those estimates.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and accounts receivable. We maintain our cash accounts in excess of federally insured limits. However, we believe we are not exposed to significant credit risk due to the financial position of the depository institutions in which these deposits are held.

We extend credit to customers in the normal course of business and perform ongoing credit evaluations of our customers. Concentrations of credit risk with respect to accounts receivable exist to the full extent of amounts presented in the consolidated financial statements. We do not require collateral from our customers to secure accounts receivable.

Accounts receivable are derived from the sale of products shipped and services performed for customers located in the U.S. and throughout the world. Invoices are aged based on contractual terms with the customer. We review accounts receivable for collectability and provide an allowance for credit losses, as needed. We have not experienced any material losses related to accounts receivable as of September 30, 2014 and December 31, 2013.

Many of the sales contracts with customers outside of the U.S. are settled in a foreign currency other than the U.S. dollar. We do not enter into any foreign currency hedging agreements and are susceptible to gains and losses from foreign currency fluctuations. To date, we have not experienced significant gains or losses upon settling foreign contracts.

As of September 30, 2014, we had one customer with accounts receivable balances totaling 10% or more of our total accounts receivable (24%), compared with two customers as of December 31, 2013 (28% and 19%).

In the three months ended September 30, 2014, we had three customers with sales balances of 10% or more of our total customer sales (19%, 17%, and 17%), compared with two customers in the three months ended September 30, 2013 (22% and 16%). In the nine months ended September 30, 2014, we had one customer with a sales balance of 17% of our total customer sales compared to one customer in the nine months ended September 30, 2013 (13%).

Common Stock Warrants

We account for the common stock warrants issued in connection with our Merger, (see *Note 3, The Merger, Offering and Other Related Matters)* in accordance with the guidance in Accounting Standards Codification ("ASC") 815-40. Under ASC 815-40, the warrants do not meet the criteria for equity treatment and are recorded as a liability. The warrants have an anti-dilution clause that allows for a decrease in the exercise price of the warrants if the Company issues additional shares of common stock without consideration or for consideration per share less than the common stock warrant's exercise price. Accordingly, we classified the warrant instruments as liabilities at their fair market value at the date of the Merger and will re-measure the warrants at each balance sheet date until they are exercised or they expire. Any change in the fair value is recognized as a gain (loss) on warrant liability in our consolidated statement of operations.

The fair value of the warrant liability was determined using the binomial lattice pricing model. This model is dependent upon several variables such as the instrument's term, expected strike price, current stock price, risk-free interest rate estimated over the expected term, and the estimated volatility of our stock over the term of the warrant. The expected strike price is estimated based on a weighted average probability analysis of the strike price changes expected during the term as a result of the anti-dilution clause in the agreement. The risk-free rate is based on U.S. Treasury securities with similar maturities as the expected terms of the warrants. The volatility is estimated based on blending the volatility rates for a number of similar publicly-traded companies.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers*. This standard establishes a principle for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The standard also provides guidance on the recognition of costs related to obtaining and fulfilling customer contracts. The updated guidance is effective for annual reporting periods beginning on or after December 15, 2016, and interim periods within those annual periods. Early adoption is not permitted. Management is still in the process of assessing the impact of ASU 2014-09 on the Company's consolidated financial statements.

In June 2014, the FASB issued Accounting Standards Update ("ASU") 2014-12, *Compensation – Stock Compensation*. ASU No. 2014-12 relates to share-based payments in which the terms of the award provide that a performance target that affects vesting that could be achieved after the requisite service period is to be treated as a performance condition. ASU No. 2014-12 is effective for annual reporting periods beginning on or after December 15, 2015 and early adoption is permitted. Management is still in the process of assessing the impact of ASU 2014-12 on the Company's consolidated financial statements.

In August 2014, the FASB issued Accounting Standards Update ("ASU") 2014-15, *Presentation of Financial Statements – Going Concern*. Under ASU No. 2014-15, an entity's management is to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable. If such conditions are identified, management is to consider whether its plans that are intended to mitigate those relevant conditions or events will alleviate the substantial doubt, with the findings disclosed in the financial statements of the entity. ASU No. 2014-15 is effective for annual reporting periods beginning on or after December 15, 2016 and early adoption is permitted.

3. The Merger, Offering and Other Related Transactions

As used in these notes to the financial statements, the term "the Company" refers to Ekso Bionics Holdings, Inc. formerly known as PN Med Group, Inc., and its wholly-owned subsidiaries, including Ekso Bionics, Inc. after giving effect to the Merger; the term "Holdings" refers to the business of Ekso Bionics Holdings, Inc. prior to the Merger, and the term "Ekso Bionics" refers to Ekso Bionics, Inc. prior to the Merger.

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

On January 15, 2014, Holdings and a newly formed wholly-owned subsidiary of Holdings, Ekso Acquisition Corp. ("Acquisition Sub") entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") with Ekso Bionics. Under the Merger Agreement, Acquisition Sub merged with and into Ekso Bionics, with Ekso Bionics remaining as the surviving corporation and with the stockholders of Ekso Bionics exchanging all of their common stock, preferred stock and warrants to purchase preferred stock issued and outstanding immediately prior to the closing of the Merger into an aggregate of 42,615,556 shares of Holdings' common stock and warrants to purchase 621,363 shares of common stock. In addition, options to purchase 4,978,645 shares of common stock of Ekso Bionics were converted into options to purchase 7,586,459 shares of common stock of Holdings. These shares are in addition to 5,280,368 outstanding shares of Holdings common stock held by certain pre-Merger stockholders of Holdings, consisting of 4,500,600 shares held by such stockholders prior to the Merger and an additional 779,768 shares issued to such stockholders pursuant to a provision in the Merger Agreement requiring us to issue a number of shares such that the aggregate ownership of the pre-Merger stockholders (not including any shares of common stock purchased by them in the PPO, as defined below) remained approximately 6.8% of the outstanding common stock of the Company following the Merger.

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

Accounting for Reverse Merger

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

Retroactive Conversion of all Share and Per Share Amounts

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

Private Placement Offering and Repayment of 2013 Bridge Note

As more fully discussed in *Note 8, Capitalization and Equity Structure*, during January and February 2014, in connection with the Merger, the Company completed multiple closings of a private placement offering (the "PPO") of 30,300,000 Units (as described below) at a purchase price of $1.00 per Unit, consisting of the sale of 25,300,000 Units for a total of $25,300,000 in cash proceeds and the conversion of senior secured convertible notes issued by Ekso Bionics in November 2013 into 5,000,000 Units and additional warrants to purchase 2,500,000 shares of common stock. The Units consist of one share of common stock and a warrant to purchase one share of stock in the Company.

Other warrants, shares and stock options were issued in connection with the Merger as more fully discussed in *Note 8, Capitalization and Equity Structure.*

4. Fair Value Measurements

We record our financial assets and liabilities at fair value. The accounting standard for fair value provides a framework for measuring fair value, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting standard establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- **Level 1**—Quoted prices in active markets for identical assets or liabilities. We consider 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 assets or liabilities requires the use of significant management judgments or estimation.

Our fair value hierarchies for our financial assets and liabilities which require fair value measurement on a recurring basis are as follows:

	Total	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2014				
Liabilities:				
Warrant liability	$ 11,819,450	$ –	$ –	$ 11,819,450
December 31, 2013				
Liabilities:				
Warrant liability	$ 377,747	$ –	$ –	$ 377,747
Convertible debt	$ 5,062,417	$ –	$ –	$ 5,062,417

The following table sets forth a summary of the changes in the fair value of our Level 3 financial liabilities, which were measured at fair value on a recurring basis.

	Warrant liability	Convertible debt
Beginning balance December 31, 2013	$ 377,747	$ 5,062,417
Transfer to equity upon settlement	(377,747)	(5,062,417)
Fair value of warrants on date of issuance	10,613,550	–
Change in fair value of warrants during the period	1,205,900	–
Ending balance September 30, 2014	$ 11,819,450	$ –

The fair value of each warrant was determined using a lattice model with the following assumptions:

	September, 30 2014
Dividend yield	–
Risk-free interest rate	0.72-1.53%
Current share price	$ 0.84
Expected term (in years)	2.30-4.30
Volatility	65-70%
Periodic rate	0.17-66 %
Periods in the model	10

The warrant liability and convertible debt outstanding as of December 31, 2013 were settled in transactions related to the Merger. *See Note 3, The Merger, Offering and Other Related Transactions.*

5. Customer Deposits, Advances and Deferred Revenues

In connection with our device sales and research services, we often receive cash payments before our earnings process is complete. In these instances, we record the payments as customer deposits or customer advances until the device is shipped to the customer or in the case of research services until the earnings process or milestone is achieved.

As described in our revenue recognition policy for Ekso™ unit sales, revenues are deferred and recognized over the maintenance period. Accordingly, at the time of shipment the amount billed is recorded as deferred revenue. Also, at the time of shipment to the customer, the related inventory is reclassified to deferred cost of revenue where it is amortized to cost of revenue over the same period as the related revenue.

Customer deposits, advances, deferred revenues, and deferred unit costs consist of the following:

	September 30, 2014	December 31, 2013
Customer deposits and advances	$ 362,062	$ 443,436
Deferred Ekso unit revenues	4,943,023	3,462,980
Deferred service, leasing and software revenues	1,589,431	721,921
Customer advances and deferred revenues	6,894,516	4,628,337
Less current portion	(3,454,906)	(2,419,226)
Customer advances and deferred revenues, non-current	$ 3,439,610	$ 2,209,111
Deferred Ekso unit costs	$ 3,112,952	$ 1,571,897
Less current portion	(1,369,087)	(768,599)
Deferred cost of revenue, non-current	$ 1,743,865	$ 803,298

6. Accrued Liabilities

Accrued liabilities consist of the following:

	September 30, 2014	December 31, 2013
Salaries, benefits and related expenses	$ 839,832	$ 657,628
Professional fees	274,389	421,966
Warranty expense	140,335	288,110
Taxes	67,404	62,283
Other	–	812
Total	$ 1,321,960	$ 1,430,799

7. Debt Instruments

Senior Notes Payable and Warrants

On April 27, 2011, we entered into a senior note payable agreement with Venture Lending & Leasing VI, Inc. (the "Lender"). The initial loan commitment of $1,500,000 was funded in two tranches: $1,000,000 in April 2011 and $500,000 in October 2011. In May 2012, the Lender funded an additional $3,500,000 under an amendment to the 2011 agreement. The aggregate of $5,000,000 in funded loans is referred to as the "Senior Note Payable".

The Senior Note Payable was interest-only for the first nine months, after which it converted into a fully-amortizing 30-month term note. The Senior Note Payable was secured by substantially all of our assets, including accounts receivable, inventories, property and equipment, and intangible assets, including intellectual property. This security interest terminated upon our payment of the Senior Note Payable in January 2014.

Under the 2011 agreement, the Lender received warrants to purchase 128,570 shares of our Series A convertible preferred stock.

In connection with the 2012 amendment, the Lender received additional warrants to purchase shares of Series B convertible preferred stock.

On January 15, 2014, upon the closing of the Merger and the private placement financing discussed in *Note 3, The Merger, Offering and Other Related Transactions*, the Senior Note Payable was settled with proceeds from the initial closing of our private placement offering, and the warrants to purchase preferred stock issued to the Lender were exchanged for warrants to purchase common stock, which warrants remain outstanding. As of September 30, 2014 and December 31, 2013, the outstanding principal of the loan amounted to $0 and $2,344,302, respectively.

2013 Convertible Bridge Notes

In November 2013, in anticipation of the Merger and related PPO, Ekso Bionics completed a private placement to accredited investors of $5,000,000 of its senior subordinated secured convertible notes (the "2013 Bridge Notes"). The 2013 Bridge Notes bore interest at 10% per annum and were payable on July 15, 2014, subject to earlier conversion as described below. Interest on the 2013 Bridge Notes was paid at maturity, provided that upon conversion of the 2013 Bridge Notes accrued interest was forgiven.

We determined that the 2013 Bridge Notes should be recorded at fair market value at inception and re-measured at each subsequent reporting period. The 2013 Bridge Notes were secured by a second priority security interest on all of our assets, subject to certain limited exceptions. This security interest terminated upon conversion of the 2013 Bridge Notes in connection with the Merger and PPO.

On January 15, 2014, upon the closing of the Merger and the PPO, the outstanding principal amount and accrued interest of the 2013 Bridge Notes was converted into Units at a conversion price of $1.00 per Unit. Also, the investors received an additional warrant to purchase a number of shares of Company common stock equal to 50% of the number of shares of Company common stock contained in the Units into which the Bridge Notes were converted (i.e., 2,500,000 shares in the aggregate), at an exercise price of $1.00 per share, for a term of three years (the "Bridge Warrants").

As of September 30, 2014 and December 31, 2013, the outstanding principal of the notes amounted to $0 and $5,062,417 including accrued interest of $0 and $62,417, respectively.

Other Notes Payable

We also financed certain leasehold improvements to our Richmond, California facility. As of September 30, 2014 and December 31, 2013, the outstanding principal on the loan was $115,297 and $144,041, respectively. In addition, the Company has a long-term capital lease obligation of $13,847.

8. Capitalization and Equity Structure

Merger Agreement, Recapitalization and PPO

As discussed in *Note 3. The Merger, Offering and Other Related Transactions*, on January 15, 2014 (the "Closing Date"), Ekso Bionics, Acquisition Sub and Holdings entered into the Merger Agreement and the Merger closed on the same date. Pursuant to the terms of the Merger Agreement, Acquisition Sub merged with and into Ekso Bionics, which was the surviving corporation and thus became a wholly-owned subsidiary of Holdings. The Merger, PPO and other related transactions are described more fully in our Form 8-K/A filed with the SEC on March 31, 2014.

Share Exchanges

At the closing of the Merger, all of the outstanding capital stock of Ekso Bionics was exchanged for an aggregate of 42,615,556 shares of our common stock.

In addition, pursuant to the Merger Agreement warrants to purchase 407,772 shares of Ekso Bionics' common stock issued and outstanding immediately prior to the closing of the Merger were converted into warrants to purchase 621,363 shares of the Company's common stock. Options to purchase 4,978,645 shares of Ekso Bionics' common stock issued and outstanding immediately prior to the closing of the Merger were converted into options to purchase 7,586,459 shares of the Company's common stock.

Upon the closing of the Merger and the PPO, the $5,000,000 in outstanding principal of the 2013 Bridge Notes automatically converted into Units at a conversion price of $1.00 per Unit, and investors in the 2013 Bridge Notes received warrants to purchase 2,500,000 shares of common stock at an exercise price of $1.00 per share for a term of three years (the "Bridge Warrants"). The Bridge Warrants have weighted average anti-dilution protection, subject to customary exceptions.

Concurrently with the closing of the Merger and in contemplation of the Merger, the Company held a closing of the PPO in which it sold 20,580,000 Units (including Units issued upon conversion of the Bridge Notes as described above), at a purchase price of $1.00 per Unit, each Unit consisting of one share of our common stock and a warrant to purchase one share of common stock with an exercise price per share of $2.00 and a term of 5 years (the "PPO Warrants"). Between January 29, 2014 and February 6, 2014, the Company issued an additional 9,720,000 Units in subsequent closings of the PPO.

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

In connection with the conversion of the 2013 Bridge Notes and the PPO, the Placement Agent and its sub-agents were paid an aggregate commission of $3,030,000 and were issued warrants to purchase an aggregate of 500,000 shares of our common stock, with an exercise price per share of $1.00 and a term of five years ("Bridge Agent Warrants") and warrants to purchase an aggregate of 2,500,000 shares of common stock with a term of five years and an exercise price of $1.00 per share (the "PPO Agent Warrants"). The Bridge Agent Warrants and PPO Agent Warrants have weighted average anti-dilution protection, subject to customary exceptions.

2014 Equity Incentive Plan

Before the Merger, the Board of Directors adopted, and the stockholders approved, the 2014 Equity Incentive Plan, which provides for the issuance of incentive awards of up to 14,410,000 shares of common stock to officers, key employees, consultants and directors. In connection with the Merger, options to purchase Ekso Bionics common stock outstanding immediately prior to the Merger were converted into an aggregate of 7,586,459 shares of Holdings issued under the 2014 Equity Incentive Plan.

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

Summary Capitalization Subsequent to Merger and PPO

The Company's authorized capital stock at September 30, 2014 consisted of 500,000,000 shares of common stock and 10,000,000 shares of preferred stock. At September 30, 2014, 78,584,173 shares of common stock were issued and outstanding, and no shares of preferred stock were issued and outstanding.

Common Stock

The holders of outstanding shares of common stock are entitled to receive dividends out of assets or funds legally available for the payment of dividends at such times and in such amounts as the Board of Directors from time to time may determine. Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. There is no cumulative voting for the election of directors. The common stock is not entitled to pre-emptive rights and is not subject to conversion or redemption. Upon liquidation, dissolution or winding up of the Company, the assets legally available for distribution to stockholders are distributable ratably among the holders of the common stock after payment of liquidation preferences, if any, on any outstanding payment of other claims of creditors. Each outstanding share of common stock is duly and validly issued, fully paid and non-assessable.

Preferred Stock

We may issue shares of preferred stock from time to time in one or more series, each of which will have such distinctive designation or title as shall be determined by our Board of Directors and will have such voting powers, full or limited, or no voting powers, and such preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated in such resolution or resolutions providing for the issue of such class or series of preferred stock as may be adopted from time to time by the Board of Directors.

Options on Common Stock

Options to purchase an aggregate of 9,910,969 shares of our common stock have been issued and are outstanding under the 2014 Equity Incentive Plan, as described in *Note 9. Stock-based Compensation Plans and Awards*:

Warrants

As of the September 30, 2014:

- The Bridge Warrants entitle their holders to purchase 2,500,000 shares of common stock, with a term of three years and an exercise price of $1.00 per share.
- The Bridge Agent Warrants entitle their holders to purchase 500,000 shares of common stock, with a term of five years and an exercise price of $1.00 per share.
- The PPO Warrants entitle their holders to purchase 30,300,000 shares of common stock, with a term of five years and an exercise price of $2.00 per share.
- The PPO Agent Warrants entitle their holders to purchase 2,530,000 shares of common stock, with a term of five years and an exercise price of $1.00 per share.
- Holders of warrants to purchase Ekso Bionics, Inc. common stock prior to the Merger hold warrants to purchase 621,363 shares of common stock, which expire on various dates from June 1, 2022 to August 30, 2023 and have an exercise price of $1.38 per share. These warrants may, at the option of the holders, be exercised on a “cashless exercise” basis, which means that in lieu of paying the aggregate exercise price for the shares being purchased upon exercise of the warrants for cash, the holder will forfeit a number of shares underlying the warrants with a “fair market value” equal to such aggregate exercise price. We will not receive additional proceeds to the extent these warrants are exercised on a “cashless exercise” basis.
- Other warrants entitle their holders to purchase 225,000 shares of common stock, with a term of three years and an exercise price of $1.00 per share.

The outstanding warrants, other than those converted from warrants to purchase Ekso Bionics common stock, contain "weighted average" anti-dilution protection in the event that we issue common stock or securities convertible into or exercisable for shares of common stock at a price lower than the subject warrant's exercise price, subject to certain customary exceptions, as well as customary provisions for adjustment in the event of stock splits, subdivision or combination, mergers, etc.

The fair value of the warrant liability was determined using the binomial lattice pricing model. This model is dependent upon several variables such as the instrument's term, expected strike price, risk-free interest rate estimated over the expected term, and the estimated volatility of our stock over the term of warrant. The expected strike price is estimated based on a weighted average probability analysis of the strike price changes expected during the term as a result of the anti-dilution clause in the agreement. The risk-free rate is based on U.S. Treasury securities with similar maturities as the expected terms of the warrants. The volatility is estimated based on blending the volatility rates for a number of similar publicly-traded companies.

See *Note 14. Subsequent Events* for additional information concerning the Company's outstanding warrants, including a discussion of the issuer tender offer with respect to the PPO Warrants commenced by the Company on October 23, 2014.

9. Stock-based Compensation Plans and Awards

In January 2014, the Board of Directors adopted the 2014 Equity Incentive Plan. In connection with the Merger, options previously issued under the 2007 Equity Incentive Plan were converted into options to purchase shares of the Company's common stock under the 2014 Equity Incentive Plan. Under the terms of the 2014 Equity Incentive Plan, the Board of Directors may award stock, options, or similar rights having either a fixed or variable price related to the fair market value of the shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or any other security with the value derived from the value of the shares. Such awards include stock options, restricted stock, restricted stock units, stock appreciation rights and dividend equivalent rights.

The Board of Directors may grant stock options under the 2014 Equity Incentive Plan at a price of not less than 100% of the fair market value of our common stock on the date the option is granted. Incentive stock options granted to employees who, on the date of grant, own stock representing more than 10% of the voting power of all of our classes of stock are granted at an exercise price of not less than 110% of the fair market value of our common stock. The maximum term of these incentive stock options, granted to employees who own stock possessing more than 10% of the voting power of all classes of the our stock, may not exceed five years. The maximum term of an incentive stock option granted to any other participant may not exceed ten years. Subject to the limitations discussed above, the Board of Directors determines the term and exercise or purchase price of other awards granted under the 2014 Equity Incentive Plan. The Board of Directors also determines the terms and conditions of awards, including the vesting schedule and any forfeiture provisions. Awards under the 2014 Equity Incentive Plan may vest upon the passage of time or upon the attainment of certain performance criteria established by the Board of Directors.

We may from time to time grant options to purchase common stock to non-employees for advisory and consulting services. Pursuant to ASC 505-50, *Equity-Based Payments to Non-Employees*, we periodically remeasure the fair value of these stock options using the Black-Scholes option pricing model and recognize expense ratably over the vesting period of each stock option award. Non-employee stock compensation is included in the Condensed Consolidated Statements of Operation in general and administrative, research and development or sales and marketing expenses, depending upon the nature of the non-employee services provided.

The following table summarizes information about the Company's stock outstanding at September 30, 2014, and activity during the nine-month period then ended:

	Stock Awards	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2013	7,555,327	$ 0.45		
Options granted	3,461,391	$ 1.35		
Options exercised	(228,306)	$ 0.31		
Options forfeited	(749,901)	$ 1.13		
Options cancelled	(127,542)	$ 0.47		
Balance as of September 30, 2014	9,910,969	$ 0.72	7.45	$ 2,704,099
Vested and expected to vest at September 30, 2014	9,276,442	$ 0.69	7.34	$ 2,645,583
Exercisable as of September 30, 2014	4,710,443	$ 0.41	5.87	$ 2,093,011

As of September 30, 2104, total unrecognized compensation cost related to unvested stock options was $2.4 million. This amount is expected to be recognized as stock-based compensation expense in the Company's consolidated statements of operations over the remaining weighted average vesting period of 2.58 years.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	**2013**	**2014**	**2013**
Expected life (in years)	_	9.87	6.08-10.0	5.0-6.0
Risk-free interest rate	_	2.61%	1.74-2.61%	0.83-1.68%
Expected volatility	_	66%	65.66-66.46%	68%
Expected dividend yield	_	0%	0%	0%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	**2013**	**2014**	**2013**
Stock-based compensation expenses:				
Sales and marketing	$ 8,798	$ 29,855	$ 259,734	$ 80,421
Research and development	36,143	20,909	126,039	55,990
General and administrative	72,389	56,869	424,626	141,744
	$ 117,330	$ 107,633	$ 810,399	$ 278,155

10. Income Taxes

The effective tax rate for the three and nine months ended September 30, 2014 was less than one percent based on the estimated tax loss for the fiscal year. There were no material changes to the unrecognized tax benefits in the nine months ended September 30, 2014 and the Company does not expect significant changes to unrecognized tax benefits through the end of the fiscal year. Because of the Company's history of tax losses, all years remain open to tax audit.

11. Commitments and Contingencies

Contingencies

In the normal course of business, we may be subject to various legal matters. As of September 30, 2014, we were not a party to any legal matters that could have a material affect on our consolidated financial position, results of operations or cash flows.

Material Contracts

We enter into various license, research collaboration and development agreements which provide for payments to us for government grants, fees, cost reimbursements typically with a markup, technology transfer and license fees, and royalty payments on sales. As of September 30, 2014, we were not a party to any agreements that were not in the normal course of our business.

In connection with the PPO, we entered into a Registration Rights Agreement, pursuant to which we agreed that promptly, but no later than 90 calendar days from the final closing of the PPO, the Company would file a registration statement with the SEC (the "Registration Statement") covering the resale of (a) the shares of common stock issued in the PPO (including those issued upon conversion of the Bridge Notes), (b) the shares of common stock issuable upon exercise of the Bridge Warrants, (c) the shares of common stock issuable upon exercise of the PPO Warrants, and (d) the shares of common stock underlying Bridge Agent Warrants and PPO Agent Warrants (the "Registrable Shares"). On June 9, 2014, we filed the Registration Statement on Form S-1/A (No. 333-195783) and on June 20, 2014 the Registration Statement was declared effective.

The Company must use commercially reasonable efforts to keep the Registration Statement effective for one year from the date it is declared effective by the SEC or until Rule 144 is available to the holders of Registrable Shares to sell all of their registrable shares without volume limitations within a 90 day period, whichever is earlier. During such time, the Company will be required to pay "Liquidated Damages", defined below, if the Registration Statement, after being filed and declared effective, ceases to be continuously effective for more than 30 calendar days.

The Liquidated Damages consist of payment to each holder of Registrable Securities in an amount equal to 1.0% of the PPO offering price per share for each full month that the Registration Statement is not effective, up to a maximum of 8% of the PPO offering price per share (the "Liquidated Damages"). As of September 30, 2014, we have determined that it is very unlikely that we will incur liquidation damages and as such have not established a liability for liquidated damages.

12. Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares outstanding for the period. Diluted net income (loss) per share is calculated by adjusting the numerator and denominator of the basic net income (loss) per share to gives effect to all potentially dilutive common shares. The potentially dilutive securities include stock options and warrants. Diluted net income (loss) per share also gives effect to potential adjustments to the numerator for changes resulting from the revaluation of warrants to fair value for the period, even if the Company is in a net loss position, if the effect would result in more dilution.

The following table is a reconciliation of the numerators and denominators used in the calculation of basic and diluted net loss per share computations for the three and nine months ended September 30, 2014 and 2013:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Numerator:				
Net income (loss) used to compute net income (loss) per share				
Basic	$ 12,024,361	$ (1,893,924)	$ (13,614,016)	$ (9,090,634)
Less gain on change in fair value of warrant liability	(15,773,100)	–	–	–
Diluted, as adjusted	$ (3,748,739)	$ (1,893,924)	$ (13,614,016)	$ (9,090,634)
Denominator:				
Weighted-average common shares outstanding used in computing basic net income (loss) per share				
Basic	78,513,144	21,085,283	74,943,169	20,937,488
Dilutive effect of warrants	750,653	–	–	–
Dilutive effect of stock options	4,072,574	–	–	–
Diluted, as adjusted	83,336,371	21,085,283	74,943,169	20,937,488
Net income (loss) per share, basic	$ 0.15	$ (0.09)	$ (0.18)	$ (0.43)
Net loss per share, diluted	$ (0.04)	$ (0.09)	$ (0.18)	$ (0.43)

The following potential common shares and warrants outstanding were excluded from the computation of diluted net loss per share because including them would have been anti-dilutive:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Options to purchase common stock	–	7,335,135	3,724,529	7,335,135
Warrants	–	–	8,407,084	–
Total common stock equivalents	–	7,335,135	12,131,613	7,335,135

A total of 5,280,368 shares of common stock held by pre-Merger stockholders of Holdings as described in Note 3, *The Merger, Offering and Other Related Transactions,* have been retroactively reflected as outstanding for the three and nine months ended September 30, 2014 and 2013 for purposes of determining the basic and diluted net loss per share in the accompanying Condensed Consolidated Statements of Operations.

13. Segment Disclosures

We have two reportable segments, Engineering Services and Medical Devices. Engineering Services generates revenue principally from collaborative research and development service arrangements, technology license agreements, and government grants where we use our robotics domain knowledge in bionic exoskeletons to bid on and procure contracts and grants from entities such as the United States Special Operations Command, the Defense

Advanced Research Projects Agency and the National Science Foundation. The Medical Devices segment designs, engineers, and manufactures and sells exoskeletons for applications in the medical markets.

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

Segment reporting information is as follows:

	Engineering Services	Medical Devices	Total
Three months ended September 30, 2014			
Revenue	$ 799,884	$ 788,299	$ 1,588,183
Cost of revenue	529,657	578,737	1,108,394
Gross profit (loss)	$ 270,227	$ 209,562	$ 479,789
Three months ended September 30, 2013			
Revenue	$ 417,082	$ 416,682	$ 833,764
Cost of revenue	287,468	245,575	533,043
Gross profit	$ 129,614	$ 171,107	$ 300,721
Nine months ended September 30, 2014			
Revenue	$ 1,841,355	$ 2,005,592	$ 3,846,947
Cost of revenue	1,431,802	1,410,285	2,842,087
Gross profit	$ 409,553	$ 595,307	$ 1,004,860
Nine months ended September 30, 2013			
Revenue	$ 1,375,010	$ 1,138,995	$ 2,514,005
Cost of revenue	1,018,801	775,007	1,793,808
Gross profit	$ 356,209	$ 363,988	$ 720,197

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
North America	$ 1,271,149	$ 700,316	$ 3,102,292	$ 2,195,004
Europe, Middle East Asia	317,034	133,448	744,655	319,001
	$ 1,588,183	$ 833,764	$ 3,846,947	$ 2,514,005

14. Subsequent Events

On October 23, 2014, the Company commenced an issuer tender offer with respect to certain warrants to purchase common stock of the Company in order to provide the holders thereof with the opportunity to amend and exercise their warrants upon the terms and subject to the conditions set forth in the Company's tender offer statement on Schedule TO and the related exhibits included therein (the "Offering Materials") filed with the Securities and Exchange Commission (the "SEC") on October 23, 2014.

The Company is offering to amend, upon the terms and subject to the conditions set forth in the Offering Materials, warrants to purchase an aggregate of 30,300,000 shares of common stock of the Company (the "Offer to Amend and Exercise"), consisting of outstanding warrants to purchase 30,300,000 shares of the Company's common stock (the "Warrant Shares") at an exercise price of $2.00 per share, issued to investors participating in the Company's private placement financing with respect to which closings occurred on January 15, 2014, January 29, 2014 and February 6, 2014 (the "PPO Warrants").

Pursuant to the Offer to Amend and Exercise, the PPO Warrants of holders who elect to participate in the Offer to Amend and Exercise will be amended (the "Amended Warrants") to: (i) reduce the exercise price to $1.00 per share of common stock in cash, (ii) shorten the exercise period so that they expire concurrently with the expiration of the Offer to Amend and Exercise at 9:00 p.m. (Pacific Time) on November 20, 2014, as such expiration date may be extended by the Company in its sole discretion (the "Expiration Date"), (iii) delete any price-based anti-dilution provisions; (iv) restrict the ability of the holder of shares issuable upon exercise of the Amended Warrants to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any of such shares without the prior written consent of the Company for a period of fifty (50) days after the Expiration Date (the "Lock-Up Period"); and (v) provide that a holder, acting alone or with others, will agree not to effect any purchases or sales of any securities of the Company in any "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any type of direct and indirect stock pledges, forward sale contracts, options, puts, calls, short sales, swaps, "put equivalent positions" (as defined in Rule 16a-1(h) under the Exchange Act) or similar arrangements, or sales or other transactions through non-U.S. broker dealers or foreign regulated brokers through the expiration of the Lock-Up Period.

The purpose of the Offer to Amend and Exercise is to encourage the amendment and exercise of the PPO Warrants by significantly reducing both the exercise price and the exercise period of the PPO Warrants in order to help the Company reduce its outstanding warrant liability and to provide funds to support the Company's operations.

The Company believes the Offer to Amend and Exercise will help the Company reduce the warrant liability recorded by the Company on its financial statements, which is an impediment to the Company's longer term goal to pursue a listing of its common stock on a national securities exchange. Due to the price-based weighted-average anti-dilution provisions contained in the PPO Warrants, the Company is required to record a derivative liability on its balance sheet each fiscal quarter for these warrants for so long as they are not exercised and have not expired. In addition, the Company is required to record any change in the value of the warrants on a quarterly basis. The warrant liability is primarily affected by changes in the Company's stock price, which causes the warrant liability to fluctuate as the market price of the Company's stock fluctuates. The warrant liability required to be recorded by the Company may have the adverse effect of substantially reducing the Company's stockholders' equity. The initial listing standards applicable to the Company for both the NYSE MKT and NASDAQ require that a company meet minimum stockholders' equity requirements.

The Company plans to use the net proceeds from the Offer to Amend and Exercise to fund its ongoing operations, including the Company's efforts to accelerate adoption of its Ekso^{TM} in the medical rehabilitation market, to develop its medical product offerings for use outside the rehabilitation environment, and to explore opportunities in able-bodied exoskeleton applications on its own or with partners.

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

You should read the following discussion of our financial condition and results of operation in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and to our Current Report on Form 8-K/A filed with the SEC on March 31, 2014 pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

This Quarterly Report on Form 10-Q contains forward-looking statements, such as statements of our plans, objectives, expectations and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect" and the like, and/or future tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. The following factors, among others, including those described in the section titled "Risk Factors" included in this Quarterly Report on Form 10-Q and in our Current Report on Form 8-K/A filed with the SEC on March 31, 2014, could cause our future results to differ materially from those expressed in the forward-looking information:

- *the anticipated timing, cost and progress of the development and commercialization of new products or services, and improvements to our existing products, and related impacts on our profitability and cash position;*
- *our ability to effectively market and sell our products and expand our business, both in unit sales and product diversification;*
- *our ability to achieve broad customer adoption of our products and services;*
- *existing or increased competition;*
- *rapid changes in technological solutions available to our markets;*
- *volatility with our business, including long and variable sales cycles, which could have a negative impact on our results of operations for any given quarter;*
- *the scope, validity and enforceability of our and third party intellectual property rights;*
- *significant government regulation of medical devices and the healthcare industry;*
- *our customers' ability to get third party reimbursement for our products and services associated with them;*
- *our failure to implement our business plan or strategies;*
- *our ability to retain or attract key employees;*
- *our ability to obtain funding necessary to fund operations and to develop or enhance our technology;*
- *stock volatility or illiquidity;*
- *our ability to maintain adequate internal controls over financial reporting; and*
- *overall economic and market conditions.*

Although we believe that the assumptions underlying the forward-looking statements and forward-looking information contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such statements and information included in this Quarterly Report on Form 10-Q may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements and forward-looking information included herein, the inclusion of such statements and information should not be regarded as a representation by us or any other person that the results or conditions described in such statements and information or our objectives and plans will be achieved. Such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We are pioneering the field of human robotic exoskeletons to augment human strength, endurance and mobility. The Company designs, develops and sells wearable robots, or "human exoskeletons," that have applications in medical, military, industrial, and consumer markets. Our exoskeletons systems are strapped over the user's clothing, enabling individuals with neurological conditions affecting gait (e.g., spinal cord injury or stroke) to walk again; permitting soldiers to carry heavy loads for long distances while mitigating lower back, knee, and ankle injuries; and allowing industrial workers to perform heavy duty work for extended periods.

Since we sold our first medical devices in 2012, the Ekso GT™, or "Ekso device" has been placed in use at seven of the top 10 rehabilitation centers in the United States ranked by U.S. News and World Report as among the best for addressing challenging cases and procedures in surveys conducted with medical rehabilitation specialists in 2011, 2012 and 2013. As of September 30, 2014, we have shipped approximately 95 devices to approximately 72 rehabilitation centers and individual users for rehabilitation.

We have established an extensive intellectual property portfolio that includes eight patents that have been granted, 19 patent applications that are currently pending (which means a complete patent application has been filed with the applicable patent authority and additional action is pending), and seven provisional patents (which means that we have filed a short form application to establish an early filing date in anticipation of completion and submission of a complete application). All but three of the patents are either solely owned by or exclusively licensed to us. Many of these have also been filed internationally as appropriate for their respective subject matter and have begun to issue. Our patent portfolio includes product and method type claims, since the devices that we produce and the processes performed by those devices are patentable. Our patents encompass technologies relevant to our devices, including medical exoskeletons, commercial exoskeletons, actuators, and strength-enhancing exoskeletons. The earliest priority date reaches back to 2003, and new applications continue to be filed.

The Company also has a collaborative partnership with Lockheed Martin Corporation to develop products for military applications.

Ekso Labs is our engineering services division and is focused on technology development and future applications. In essence it is an exoskeleton laboratory that continually integrates emerging technologies into new product applications and expands on it for our partners. Ekso Labs is responsible for developing intellectual property through research grants from government organizations including United States Special Operations Command, the Defense Advanced Research Projects Agency and the National Science Foundation.

On January 15, 2014, a wholly-owned subsidiary of the Company, Ekso Acquisition Corp. merged with and into Ekso Bionics, Inc. (the "Merger"). As a result of the Merger, the Company discontinued its pre-merger operations and acquired and continues the business of Ekso Bionics, Inc.

Medical Device Revenue and Cost of Revenue

We recognize revenue and cost of revenue on the sale our medical devices, software and service agreements on a straight-line basis over the longer of the expected service agreement term or three years. All costs incurred subsequent to the date of shipment are expensed as incurred. The cost of medical device revenue includes expenses associated with the manufacture and delivery of devices including materials, payroll, benefits, subcontractor expenses, depreciation of manufacturing equipment, excess and obsolete inventory costs, and shipping charges.

Engineering Services Revenue and Cost of Revenue

We enter into technology license agreements that typically provide for annual minimum access fees. When these annual minimum payments have separate stand-alone values, we recognize revenue when the technology is transferred or accessed, provided that the technology transferred or accessed is not dependent on the outcome of continuing research and/or other development efforts.

Collaborative arrangements typically consist of cost reimbursements for specific engineering and development spending, and future product royalty payments. Cost reimbursements for engineering and development spending are recognized as the related project labor hours are incurred in relation to all labor hours and when collectability is reasonably assured. Amounts received in advance are recorded as deferred revenue until the technology is transferred, services are rendered, or milestones are reached. Product royalty payments are recorded when earned under the arrangement.

Government grants, which support our research efforts in specific projects, generally provide for reimbursement of approved costs as defined in the notices of grant awards. Grant revenue is recognized as the associated project labor hours are incurred in relation to total labor hours. There are some grants, like the National Science Foundation grants, which we draw upon and spend based on budgets preapproved by the grantor.

The cost of engineering services revenue includes payroll and benefits, subcontractor expenses and materials. All costs related to engineering services are expensed as incurred and reported as cost of revenue.

Strategy

Ekso Bionics exists to apply technological breakthroughs to the advancement of human motion. From the disabled to those who need help achieving feats beyond natural capability, we develop bionics "For the Human Endeavor". We design and develop wearable robotic exoskeletons to augment human strength, endurance, and mobility. The intellectual property that enables this for multiple vertical markets is created in our Ekso Labs group. The first technology developed by this group was the Human Universal Load Carrier or "HULC ^{TM}" military technology. The commercialization of that technology was started by entering into a licensing arrangement with Lockheed Martin. The second technology developed by this group was the Ekso GT medical technology. This technology's commercialization was begun by building an internal medical device business. It is our belief that as adoption of exoskeletons for medical devices grows, it will open the path to other vertical markets, such as home medical, industrial and consumer applications, to be commercialized.

Our long-term goal in the medical market is to have one million persons stand and walk in Ekso^{TM} exoskeletons by February 2022. We plan to achieve this goal by initially focusing on selling our medical exoskeletons to rehabilitation centers and hospitals in the United States, Europe and Asia. There are approximately 5,700 registered hospitals in the U.S., providing services to the 12,000 to 14,000 spinal cord injury ("SCI") incidences per year and approximately 650,000 persons who survive a stroke per year. It is estimated that there are approximately 7,000,000 persons who have survived a stroke. In Europe there are approximately 12,000 public and private hospitals, of which an estimated 4,600 are classified as acute care facilities.

In February 2012, we sold the first Ekso device, a human exoskeleton for people with complete SCIs. Since then we launched our Variable Assist software and announced our newest hardware platform, Ekso GT. The Variable Assist software enables users with any amount of lower extremity strength to contribute their own power for either leg to achieve self-initiated walking. The Ekso GT builds on the experience of the Ekso device and incorporates the Variable Assist, allowing us to expand our sales and marketing efforts beyond SCI-focused centers to centers supporting stroke and other neurological disorders.

We believe that our development efforts related to the commercialization of exoskeletons outside of our current medical applications will likely result in technology that can also be used to advance our Ekso device for medical use, including potentially, making possible a unit that can be used by individuals in the home.

Regulatory Plans

Under the Federal Food, Drug, and Cosmetic Act, medical devices are classified into one of three classes — Class I, Class II or Class III — depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness. Class I devices are those for which safety and effectiveness can be assured by adherence to a set of guidelines or general controls, which include compliance with the applicable portions of the FDA's Quality System Regulation, facility registration and product listing, reporting of adverse medical events, and appropriate, truthful and non-misleading labeling, advertising, and promotional materials.

Class II devices are those which are subject to the general controls and may require adherence to certain performance standards or other special controls (as specified by the FDA) and premarket clearance by the FDA. Premarket review and clearance by the FDA for these devices is accomplished through the 510(k) premarket notification procedure. For most Class II devices, the manufacturer must submit a premarket notification to the FDA demonstrating that the device is "substantially equivalent" to a legally marketed "predicate" device.

If the FDA agrees that the device is substantially equivalent, it will grant clearance to commercially market the device. The FDA's 510(k) clearance process usually takes from three to 12 months. However, clearance may take longer as the FDA can request additional information about the device. For example, the FDA may require clinical data to make a determination regarding substantial equivalence. If the FDA determines that the device, or its intended use, is not "substantially equivalent," the FDA will place the device, or the particular use of the device, into Class III, and the device sponsor must then fulfill much more rigorous premarketing requirements, known as premarket approval.

The Company's Ekso GT robotic exoskeleton has been registered and listed as a Powered Exercise Equipment device (Class I) since February 2012. During that time, there have been no reportable events in the device's commercial lifetime, indicating a risk profile in line with its classification. The indications for use of the Company's Ekso robotic exoskeleton and their presentation in device labeling and promotional material have remained consistent.

On June 26, 2014, the FDA announced the creation of a new product classification for Powered Exoskeleton devices. This new product classification was designated as being Class II. Given the new product classification, the Company has determined to file with the FDA a 510(k) premarket notification seeking clearance to market the current device under the new Powered Exoskeleton device classification and expects to make this filing in the fourth quarter of 2014, unless otherwise directed by the FDA as discussed below.

On October 24, 2014, the Company received a letter from the FDA confirming that the Company is not exempt from filing a premarket notification and requesting a meeting between the Company and the FDA to discuss the Company's "plans to submit a 510(k) for the Ekso powered exoskeleton." The Company is scheduled to meet with the FDA by the end of November and may defer filing its 510(k) premarket notification until such meeting(s) have occurred. There can be no assurance that our filing of a 510(k) for our Ekso GT will address the concerns that have been raised by the FDA or that the FDA will not require that the Company stop marketing the Ekso GT during the regulatory clearance process.

The Company intends to continue marketing the Ekso robotic exoskeleton under its current Class I registration and listing with its current indications for use until 510(k) clearance is either granted or denied by the FDA or the Company is otherwise notified by the FDA. The Company believes that in situations where the class of a product has been elevated by the FDA, manufacturers are normally given ample time to seek clearance at the new class level.

Critical Accounting Policies and Estimates

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

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimate that are reasonably likely to occur, could materially impact the condensed consolidated financial statements. We believe that our critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the condensed consolidated financial statements.

Other than as noted below regarding the accounting for common stock warrants and accounting for convertible debt instruments, there have been no material changes to our critical accounting policies and estimates as compared to those described in our Current Report on Form 8-K/A filed with the SEC on March 31, 2014 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates."

Accounting for Common Stock Warrants

We account for the common stock warrants issued in connection with our Merger, See *Note 3, The Merger, Offering and Other Related Matters,* to our condensed, consolidated financial statements in accordance with the guidance in Accounting Standards Codification ASC 815-40. Under ASC 815-40, the warrants do not meet the criteria for equity treatment and are recorded as a liability. The warrants have an anti-dilution clause that allows for a decrease in the exercise price of the warrants if the Company issues additional shares of common stock without consideration or for consideration per share less than the common stock warrant's exercise price. Accordingly, we classified the warrant instruments as liabilities at their fair market value at the date of the merger and will re-measure the warrants at each balance sheet date until they are exercised or they expire. Any change in the fair value is recognized as a gain (loss) on warrant liability in our consolidated statement of operations.

The fair value of the warrant liability was determined using the binomial lattice pricing model. This model is dependent upon several variables such as the instrument's term, expected strike price, current stock price, risk-free interest rate estimated over the expected term, and the estimated volatility of our stock over the term of warrant. The expected strike price is estimated based on a weighted average probability analysis of the strike price changes expected during the term as a result of the anti-dilution clause in the agreement. The risk-free rate is based on U.S. Treasury securities with similar maturities as the expected terms of the warrants. The volatility is estimated based on blending the volatility rates for a number of similar publicly-traded companies.

Accounting for Convertible Debt Instruments

Accounting for convertible debt instruments was not deemed a critical accounting policy as of September 30, 2014 as our convertible debt obligations were discharged in full following the Merger. *See Note 3, The Merger, Offering and Other Related Transactions* to our condensed consolidated financial statements.

Results of Operations

The following tables present our results of operation for the periods indicated and as a percentage of total revenue. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Three months ended September 30,			
	2014($)	2014(%)[1]	2013($)	2013(%)[1]
Revenue:				
Medical devices	$ 788,299	50%	$ 416,682	50%
Engineering services	799,884	50	417,082	50
Total revenue	1,588,183	100	833,764	100
Cost of revenue:				
Cost of medical devices	578,737	36	245,575	29
Cost of engineering services	529,657	33	287,468	34
Total cost of revenue	1,108,394	70	533,043	64
Gross profit	479,789	30	300,721	36
Operating expenses:				
Sales and marketing	1,641,280	103	767,316	92
Research and development	1,096,380	69	453,168	53
General and administrative	1,473,951	93	752,215	92
Total operating expenses	4,211,611	265	1,972,699	237
Loss from operations	(3,731,822)	(235)	(1,671,978)	(200)
Other income (expense):				
Interest expense	(2,399)		(170,106)	(20)
Gain (loss) on warrant liability	15,773,100	993	(33,063)	(4)
Interest income	1,021	—	1,184	—
Other expense, net	(15,539)	(1)	(19,961)	(2)
Total other income (expense), net	15,756,183	992	(221,946)	(27)
Net income (loss)	$ 12,024,361	757%	$ (1,893,924)	(227)%

(1) Percent of revenue. Amounts may not sum due to rounding.

	Nine months ended September 30,			
	2014($)	2014(%)[1]	2013($)	2013(%)[1]
Revenue:				
Medical devices	$ 2,005,592	52%	$ 1,138,995	45%
Engineering services	1,841,355	48	1,375,010	55
Total revenue	3,846,947	100	2,514,005	100
Cost of revenue:				
Cost of medical devices	1,410,285	37	775,007	31
Cost of engineering services	1,431,802	37	1,018,801	41
Total cost of revenue	2,842,087	74	1,793,808	71
Gross profit	1,004,860	26	720,197	29
Operating expenses:				
Sales and marketing	5,021,668	131	3,238,834	129
Research and development	2,563,806	67	2,164,840	86
General and administrative	5,354,009	139	2,854,332	114
Total operating expenses	12,939,483	336	8,258,006	328
Loss from operations	(11,934,623)	(310)	(7,537,809)	(300)
Other income (expense):				
Interest expense	(432,780)	(11)	(1,482,950)	(59)
Loss on warrant liability	(1,205,900)	(31)	(33,063)	(1)
Interest income	3,897	—	4,003	—
Other expense, net	(44,610)	(1)	(40,815)	(2)
Total other expense, net	(1,679,393)	(44)	(1,552,825)	(62)
Net loss	$ (13,614,016)	(354)%	$ (9,090,634)	(362)%

(1) Percent of revenue. Amounts may not sum due to rounding.

The following tables present our revenue and operating expenses for the periods indicated.

Revenue

Revenue

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	**2013**	**$ Change**	**2014**	**2013**	**$ Change**
Medical devices	$ 788,299	$ 416,682	$ 371,617	$ 2,005,592	$ 1,138,995	$ 866,597
Engineering services	799,884	417,082	382,802	1,841,355	1,375,010	466,345
Total revenue	$ 1,588,183	$ 833,764	$ 754,419	$ 3,846,947	$ 2,514,005	$ 1,332,942

Three month comparison:

Medical device revenue increased $0.4 million, or approximately 89%, primarily due to an increase in recognized revenue as the number of medical device sales being amortized to revenue more than doubled compared to the same period in the prior year. The increase in medical device revenue was further driven by nearly $0.1 million higher software sales compared to the same period in the prior year. Engineering services revenue increased by $0.4 million, or approximately 92%, primarily due to $0.5 million of development services earned in the period compared to the prior year, offset by a $0.1 million decrease in government agency revenue.

Nine month comparison:

Medical device revenue increased $0.9 million, or approximately 76%, due to an increase in recognized revenue as the number of medical device sales being amortized to revenue more than doubled compared to the same period in the prior year. Engineering services revenue increased $0.5 million, or approximately 34%, primarily due to an increase of approximately $1.1 million in revenue primarily related to a federal agency contract, partially offset by $0.6 million in decreased revenue resulting from the completion of projects with other government agencies.

Costs and Expenses

Cost of Revenue

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	**2013**	**$ Change**	**2014**	**2013**	**$ Change**
Medical devices	$ 578,737	$ 245,575	$ 333,162	$ 1,410,285	$ 775,007	$ 635,278
Engineering services	529,657	287,468	242,189	1,431,802	1,018,801	413,001
Total revenue	$ 1,108,394	$ 533,043	$ 575,351	$ 2,842,087	$ 1,793,808	$ 1,048,279

Three month comparison:

Medical device cost of revenue increased $0.3 million, or approximately 137%, due to an increase in recognized cost of revenue related to the increase in medical device costs being amortized to revenue as noted above. Engineering services cost of revenue increased $0.2 million, or approximately 84%, primarily due to higher labor and materials costs related to the current federal agency contract which was substantially completed during the period.

Nine month comparison:

Medical device cost of revenue increased $0.6 million, or approximately 82%, due to an increase in recognized cost of revenue related to the increase in medical device costs being amortized to revenue as noted above. Engineering services cost of revenue increased $0.4 million, or approximately 41%, primarily due to an increase in costs related to the current federal agency contract, partially offset by lower costs related to the completion of projects with other government agencies noted above.

Sales and Marketing

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	$ Change	2014	2013	$ Change
Sales and marketing	$ 1,641,280	$ 767,316	$ 873,964	$ 5,021,668	$ 3,238,834	$ 1,782,834

Three month comparison:

Sales and marketing expenses increased $0.9 million, or approximately 114%, primarily due to higher employee-related costs due to increased headcount and, and to a lesser extent, an increase in travel costs.

Nine month comparison:

Sales and marketing expenses increased $1.8 million, or approximately 55%, primarily due to higher employee-related costs due to higher costs for compensation, travel and recruiting.

Research and Development

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	$ Change	2014	2013	$ Change
Research and development	$ 1,096,380	$ 453,168	$ 643,212	$ 2,563,806	$ 2,164,840	$ 398,966

Three month comparison:

Research and development expenses increased by $0.7 million, or approximately 148%, primarily due to an increase in employee-related costs due to an increase in headcount compared to a year ago.

Nine month comparison:

Research and development expenses increased $0.4 million, or approximately 19%, due primarily to increase in compensation and other costs associated with engineering staffing.

General and Administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	$ Change	2014	2013	$ Change
General and administrative	$ 1,473,951	$ 752,215	$ 721,736	$ 5,354,009	$ 2,854,332	$ 2,499,677

Three month comparison:

General and administrative expenses increased $0.7 million, or approximately 93%, primarily due to an increase of approximately $0.2 million in employee-related expenses driven primarily by temporary salary reductions implemented in 2013 that were not in effect in 2014. General and administrative expenses were also higher in the three months ended September 30, 2014 due to an increase of approximately $0.4 million in professional services fees primarily related to public company requirements and investor relations expenses.

Nine month comparison:

General and administrative expenses increased $2.5 million, or approximately 87%, primarily due to an increase of approximately $0.5 million in employee-related expenses driven primarily by higher compensation costs related to employee bonuses earned in January 2014 following the Merger, $0.4 of non-cash stock compensation charges, and by temporary salary reductions implemented in 2013 that were not in effect in 2014. General and administrative expenses were also higher in the nine months ended September 30, 2014 due to approximately $1.5 million in professional services fees primarily related to the merger, public company requirements and investor relations expenses.

Other Income (Expense)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	**2013**	**$ Change**	**2014**	**2013**	**$ Change**
Interest income	$ 1,021	$ 1,184	$ (163)	$ 3,897	$ 4,003	$ (106)
Interest expense	(2,399)	(170,106)	167,707	(432,780)	(1,482,950)	1,050,170
Gain (loss) on warranty liability	15,773,100	(33,063)	15,806,163	(1,205,900)	(33,063)	(1,172,837)
Other expense, net	(15,539)	(19,961)	4,422	(44,610)	(40,815)	(3,795)
Total other income (expense), net	$ 15,756,183	$ (221,946)	$ 15,978,129	$ (1,679,393)	$ (1,552,825)	$ (126,568)

Three month comparison:

Total other income (expense), net increased by $16.0 million, or approximately 7,199%, primarily due to a $15.8 million non-cash gain related to the change in fair value of the warrant liability related to warrants issued in the private placement financing. The warrant liability recorded at fair value will fluctuate with changes in the price of our common stock resulting in a non-cash gain or loss during each financial reporting period. Additionally, total other income (expense), net increased due to lower interest expense related to the payment of our debt obligations as part of the private placement offering in January 2014.

Nine month comparison:

Total other income (expense), net reflected an increase in expense of $0.1 million, or approximately 8%, primarily due to a $1.2 million non-cash loss related to the change in fair value of the warrant liability related to warrants issued in the private placement financing. The warrant liability recorded at fair value will fluctuate with changes in the price of our common stock resulting in a non-cash gain or loss during each financial reporting period. This increase in total other income (expense), net was partially offset by lower interest expense related to the payment of our debt obligations as part of the private placement offering in January 2014.

Financial Condition, Liquidity and Capital Resources

We have financed our operations primarily through the issuance and sale of equity securities for cash consideration and convertible and promissory notes, as well as from government research grant awards and strategic collaboration payments. As of September 30, 2014, we had discharged all but $0.1 million of our debt obligations.

Cash and Working Capital

Since the Company's inception, we have incurred recurring net losses and negative cash flows from operations. As of September 30, 2014, we had working capital of $5.8 million, an accumulated deficit of $51.6 million and stockholders' deficit of $5.9 million. For the three months ended September 30, 2014, we generated net income of $12.0 million primarily related to a $15.8 million gain on the change in fair value of the warrant liability related to warrants issued in the private placement financing. For the three months ended September 30, 2013, we incurred a net loss of $1.9 million. For the nine months ended September 30, 2014 and 2013, we incurred net losses of $13.6 million and $9.1 million, respectively.

Liquidity and Capital Resources

Since the Company's inception, we have satisfied our operating cash requirements from proceeds associated with non-recurring engineering and development projects and from grants. More recently, beginning in December 2010, we financed our operations primarily through private placements of preferred stock and convertible debt sold principally to outside investors.

We sold approximately $8.0 million of preferred stock to outside investors between December 2010 and September 2011, and approximately $9.0 million of preferred stock to outside investors between December 2011 and March 2012. Between May 2013 and August 2013, we sold approximately $10.8 million of preferred stock with warrants to purchase common stock. In November 2013, we secured $5.0 million through the issuance of convertible bridge notes, which were subsequently converted into common stock and common stock warrants in our January 2014 private placement offering when we raised an additional $25.3 million (excluding the conversion of the November 2013 convertible bridge notes) from January 15 through February 6, 2014 (the "PPO"). We believe that the Merger will provide additional opportunities to issue securities and raise capital in the future.

Immediately after the closing of the Merger and the first closing of the PPO on January 15, 2014, we had approximately $11.0 million in cash, after payment of transaction-related expenses of approximately $2.3 million and the repayment in full of our $2.5 million senior note payable from the proceeds of the offering. We subsequently closed two additional closings of the PPO resulting in gross proceeds of $9.8 million, not including deductions for placement agent fees of approximately $1.0 million.

The Company's cash as of September 30, 2014 was $7.2 million compared to $11.0 million at June 30, 2014. During the three months ended September 30, 2104, the Company used $3.6 million of cash in operations compared to $5.6 million and $3.1 million for the three month periods ended March 31, 2014 and June 30, 2014, respectively. The Company believes its cash resources as of September 30, 2104 are sufficient to fund its current business plan, support operations, fund research and development and meet current obligations into the second quarter of 2015.

On October 23, 2014, the Company commenced an issuer tender offer with respect to certain warrants to purchase common stock of the Company (the "Offer to Amend and Exercise") in order to provide the holders thereof with the opportunity to amend and exercise their warrants upon the terms and subject to the conditions set forth in the Company's tender offer statement on Schedule TO and the related exhibits included therein (the " Offering Materials") filed with the Securities and Exchange Commission (the "SEC") (See *Note 14 - Subsequent Events* to our financial statements).

Cash and Cash Equivalents

The following table summarizes the sources and uses of cash for the periods stated. The Company held no cash equivalents for any of the periods presented.

	Nine Months Ended September 30,	
	2014	**2013**
Cash, beginning of period	$ 805,306	$ 1,738,662
Net cash used in operating activities	(12,295,164)	(6,761,753)
Net cash used in investing activities	(813,702)	(49,627)
Net cash provided by financing activities	19,479,828	5,299,816
Cash, end of period	$ 7,176,268	$ 227,098

Net Cash Used in Operating Activities

For the nine months ended September 30, 2014, net cash used in operating activities was $12.3 million. This consisted primarily of our net loss of $13.6 million and was partially offset by non-cash charges totaling $2.7 million which primarily related to the loss on warrant liability of $1.2 million, $0.8 million in stock-based compensation expense, and $0.5 million of depreciation and amortization expense. Net cash used in operating activities was also negatively impacted by increases of $1.4 million in accounts receivable, and $1.5 million in deferred cost of revenue, along with a positive impact of an increase of $2.3 million in customer advances and deferred revenue related to an increase in medical devices shipped year over year.

For the nine months ended September 30, 2013, net cash used in operating activities was $6.8 million. This consisted primarily of our net loss of $9.1 million offset by non-cash charges totaling $1.7 million, which primarily related to a $0.8 million adjustment to record our convertible note at fair value, $0.3 million in amortization of debt discounts and accrued interest, and $0.3 million of depreciation and amortization expense. Net cash used in operating activities was also negatively impacted by a $0.3 million increase in inventories, $0.4 million in deferred cost of revenue, along with a positive impact of an increase of $1.3 million in customer advances and deferred revenue related to an increase in medical devices shipped year over year.

Net Cash Used in Investing Activities

Net cash used in investing activities was $0.8 million and $0.1 during the nine months ended September 30, 2014 and 2013, respectively. In 2014, net cash used in investing related primarily to $0.9 million of equipment purchases, offset by the proceeds from a note receivable of $0.1 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $19.5 million and $5.3 million for the nine months ended September 30, 2014 and 2013, respectively. The increase in cash for 2014 was primarily due to the proceeds from the issuance of common stock of approximately $22.0 million, partially offset by payments of $2.5 million for notes payable. The increase in cash for 2013 was primarily related to proceeds from the issuance of convertible debt and convertible preferred stock.

Business Trends

Our operating results fluctuate from quarter to quarter as a result of a variety of factors including the amounts and timing of the delivery of our engineering services and the timing of production and delivery of our medical devices and clinical training on those devices. We expect our operating results to continue to fluctuate in future quarters.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As previously reported, as of December 31, 2013, our management at the time concluded that our disclosure controls and procedures were not effective as of such date to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that there were control deficiencies with respect to our financial reporting that constituted a material weakness, which are discussed below. Since the Merger, management has taken a number of steps to put in place disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods prescribed by SEC rules and regulations, and that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. Specifically, during the third quarter of 2014, the Company has continued to implement additional and improved disclosure controls and procedures, including policies and procedures regarding information gathering, the preparation and review of current and periodic reports and periodic review of the Company's disclosure controls and procedures. Although we have made progress remediating the deficiencies in our disclosure controls and procedures, the Company has not finished implementing the disclosure controls and procedures necessary to make our disclosure controls and procedures effective, and consequently, as of September 30, 2014, our management concluded that our disclosure controls and procedures are not yet effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Control over Financial Reporting

During the year ended December 31, 2013, we identified deficiencies in the design and operating effectiveness of controls. In addition, our independent public accountants, in conducting an audit of Ekso Bionics, Inc.'s financial statements as of December 31, 2013, identified several control deficiencies that they believed constituted a material weakness, in the aggregate. These control deficiencies were primarily associated with our lack of an independent audit committee, including a financial expert member, and lack of appropriate cash controls and information technology controls. We concluded that the aggregation of these deficiencies is a material weakness.

We discussed these matters with our independent registered public accounting firm and our Audit Committee, which we established during the Merger. Further, with the oversight of management and our Audit Committee, we have implemented, and are continuing to monitor the effectiveness of, additional controls to address these deficiencies.

During the first quarter of 2014, we began taking numerous steps to remediate the underlying causes of the material weakness, primarily through the development and implementation of formal policies, improved processes and documented procedures, as well as the hiring of additional accounting and finance personnel and establishment of an independent Audit Committee. We continued these efforts in the second and third quarter of 2014 by implementing processes related to cash and spending controls and continuing to improve the documentation of our processes and procedures. Our remediation activities are not complete and we continue to strengthen the operation of our controls, and we may need to effectively implement these controls for one or more quarter before we can conclude that the material weakness has been remediated. Except as described herein, there were no other changes in our internal control over financial reporting during the quarter ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

During the three months ended September 30, 2014 we were not a party to legal proceedings that could have a material affect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

An investment in our securities involves a risk of loss. You should carefully consider the information set forth in this Quarterly Report on Form 10-Q and in the section titled "Risk Factors" included in our Current Report on Form 8-K/A filed with the Securities and Exchange Commission on March 31, 2014. Except as set forth in the *Management's Discussion and Analysis of Financial Condition and Results of Operations – Regulatory Plans* section of this Quarterly Report on Form 10-Q there have been no material changes to the Risk Factors described in our Current Report on Form 8-K/A filed with the SEC on March 31, 2014.

Item 6. Exhibits

Exhibit Number	Description
31.1*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
32.1*	Section 1350 Certification of the Chief Executive Officer
32.2*	Section 1350 Certification of the Chief Financial Officer
101*	The following financial statements from the Ekso Bionics Holdings, Inc. Quarterly Report on Form 10Q for the quarter ended September 30, 2014, formatted in Extensible Business Reporting Language ("XBRL"): • unaudited condensed consolidated balance sheets; • unaudited condensed consolidated statements of operations and comprehensive loss; • unaudited condensed consolidated statements of cash flows; • unaudited condensed consolidated statements of changes in shareholders' equity; and • notes to unaudited condensed consolidated financial statements.

* Filed herewith

SIGNATURES

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

EKSO BIONICS HOLDINGS, INC.

Date: November 12, 2014

By: /s/ Nathan Harding
Nathan Harding
Chief Executive Officer

Date: November 12, 2014

By: /s/ Max Scheder-Bieschin
Max Scheder-Bieschin
Chief Financial Officer

(Duly Authorized Officer and Principal Financial and Accounting Officer)

EXHIBIT 31.1

RULE 13A-14(A)/15D-14(A) CERTIFICATION

I, Nathan Harding, certify that:

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

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

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

4. The registrant'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 registrant and have:

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

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

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

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

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

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

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

Date: November 12, 2014

/s/ Nathan Harding
Nathan Harding
Chief Executive Officer

EXHIBIT 31.2

RULE 13A-14(A)/15D-14(A) CERTIFICATION

I, Max Scheder-Bieschin, certify that:

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

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

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

4. The registrant'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 registrant and have:

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

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

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

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

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

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

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

Date: November 12, 2014

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

EXHIBIT 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc. (the "Company") for the quarterly period ended September 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nathan Harding, Chief Executive Officer, pursuant to 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) 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 and for the periods indicated.

Dated: November 12, 2014

/s/ Nathan Harding
Nathan Harding
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ekso Bionics Holdings, Inc. (the "Company") for the quarterly period ended September 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Max Scheder-Bieschin, Chief Financial Officer, pursuant to 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) 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 and for the periods indicated.

Dated: November 12, 2014

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