

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, 2016

or

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

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

Commission File Number: 001-36612



**ReWalk Robotics Ltd.**

(Exact name of registrant as specified in charter)

Israel

(State or other jurisdiction of incorporation or organization)

Not applicable

(I.R.S. employer identification no.)

3 Hatnufa Street, Floor 6, Yokneam Ilit, Israel

(Address of principal executive offices)

2069203

(Zip Code)

+972.4.959.0123

Registrant's telephone number, including area code

Not Applicable

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

Indicate by a 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 on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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

Smaller reporting company

(Do not check if a 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

As of November 2, 2016 the Registrant had outstanding 16,334,008 ordinary shares, par value NIS 0.01 per share.

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**REWALK ROBOTICS LTD.**  
**FORM 10-Q**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

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## General and Where You Can Find Other Information

As used in this quarterly report on Form 10-Q, the terms “ReWalk,” “we,” “us” and “our” refer to ReWalk Robotics Ltd. and its subsidiaries, unless the context clearly indicates otherwise. Our website is [www.rewalk.com](http://www.rewalk.com). Information contained, or that can be accessed through, our website does not constitute a part of this quarterly report on Form 10-Q and is not incorporated by reference herein. We have included our website address in this quarterly report solely for informational purposes. Information that we furnish to or file with the Securities and Exchange Commission (the “SEC”), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to, or exhibits included in, these reports are available for download, free of charge, on our website as soon as reasonably practicable after such materials are filed with or furnished to the SEC. As we were subject to the information reporting requirements applicable to foreign private issuers prior to January 1, 2016, we filed with the SEC an annual report on Form 20-F for the year ended December 31, 2014 and submitted to the SEC, on Form 6-K, unaudited quarterly financial information during the fiscal year ended December 31, 2015. These reports may also be downloaded free of charge on our website. Our SEC filings, including exhibits filed or furnished therewith, are also available on the SEC’s website at <http://www.sec.gov>. You may obtain and copy any document we file with or furnish to the SEC at the SEC’s public reference room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the SEC’s public reference facilities by calling the SEC at 1-800-SEC-0330. You may request copies of these documents, upon payment of a duplicating fee, by writing to the SEC at its principal office at 100 F Street, NE, Room 1580, Washington, D.C. 20549.

## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

REWALK ROBOTICS LTD. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share and per share data)

	<u>September 30,</u>	<u>December 31,</u>
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 12,399	17,869
Trade receivable, net of allowance for doubtful accounts of \$257 and \$144 as of September 30, 2016 and December 31, 2015, respectively	944	2,146
Prepaid expenses and other current assets	1,604	1,227
Inventory	3,425	2,534
Total current assets	<u>18,372</u>	<u>23,776</u>
<b>LONG-TERM ASSETS</b>		
Other long term assets	1,101	470
Property and equipment, net	1,346	1,328
Total long-term assets	<u>2,447</u>	<u>1,798</u>
Total assets	<u>\$ 20,819</u>	<u>\$ 25,574</u>

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

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**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**  
**(In thousands, except share and per share data)**

	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long term loan	\$ 5,299	\$ —
Trade payables	3,445	2,474
Employees and payroll accruals	936	1,221
Deferred revenues and customers advances	271	199
Other current liabilities	545	449
Total current liabilities	<u>10,496</u>	<u>4,343</u>
<b>LONG-TERM LIABILITIES</b>		
Long term loan, net of current maturities	5,180	—
Deferred revenues	215	171
Other long-term liabilities	226	140
Total long-term liabilities	<u>5,621</u>	<u>311</u>
Total liabilities	<u>16,117</u>	<u>4,654</u>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
Shareholders' equity:		
Share capital		
Ordinary shares, par value NIS 0.01 per share-Authorized: 250,000,000 shares at September 30, 2016 and December 31, 2015; Issued and outstanding: 13,081,402 and 12,222,583 shares at September 30, 2016 and December 31, 2015, respectively	36	33
Additional paid-in capital	102,614	94,876
Accumulated deficit	(97,948)	(73,989)
Total shareholders' equity	<u>4,702</u>	<u>20,920</u>
Total liabilities and shareholders' equity	<u>\$ 20,819</u>	<u>\$ 25,574</u>

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

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues	\$ 1,400	\$ 1,165	\$ 4,278	\$ 2,410
Cost of revenues	1,110	1,078	3,410	2,230
Gross profit	290	87	868	180
Operating expenses:				
Research and development, net	1,968	1,263	6,737	4,250
Sales and marketing	3,774	3,607	10,577	9,121
General and administrative	1,951	1,522	5,960	4,478
Total operating expenses	7,693	6,392	23,274	17,849
Operating loss	(7,403)	(6,305)	(22,406)	(17,669)
Financial expenses, net	(508)	(65)	(1,514)	(184)
Loss before income taxes	(7,911)	(6,370)	(23,920)	(17,853)
Income taxes	9	24	39	55
Net loss	\$ (7,920)	\$ (6,394)	\$ (23,959)	\$ (17,908)
Net loss per ordinary share, basic and diluted	\$ (0.62)	\$ (0.53)	\$ (1.92)	\$ (1.48)
Weighted average number of shares used in computing net loss per ordinary share, basic and diluted	12,759,887	12,148,750	12,495,433	12,094,600

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

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(Unaudited)**

(In thousands, except share data)

	Ordinary Share		Additional paid-in capital	Accumulated deficit	Total shareholders' equity
	Number	Amount			
Balance as of January 1, 2015	11,978,554	\$ 32	\$ 92,395	\$ (48,574)	\$ 43,853
Share-based compensation to employees and non-employees	—	—	2,345	—	2,345
Issuance of ordinary shares upon exercise of options to purchase ordinary shares and RSUs by employees and non employees	194,345	1	136	—	137
Cashless exercise of warrants into ordinary shares	49,684	*)	*)	—	—
Net loss	—	—	—	(25,415)	(25,415)
Balance as of December 31, 2015	12,222,583	33	94,876	(73,989)	20,920
Share-based compensation to employees and non-employees	—	—	2,458	—	2,458
Issuance of ordinary shares in at-the-market offering, net of issuance expenses in the amount of \$468 (1)	692,062	2	4,097	—	4,099
Issuance of ordinary shares upon exercise of options to purchase ordinary shares and RSUs by employees and non-employees	121,641	1	22	—	23
Cashless exercise of warrants into ordinary shares	45,116	*)	*)	—	—
Issuance of warrants to purchase ordinary shares (2)	—	—	1,161	—	1,161
Net loss	—	—	—	(23,959)	(23,959)
Balance as of September 30, 2016	13,081,402	\$ 36	\$ 102,614	\$ (97,948)	\$ 4,702

\*) Represents an amount lower than \$1.

(1) See Note 8e to the condensed consolidated financial statements.

(2) See Note 6 to the condensed consolidated financial statements.

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

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**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(In thousands)**

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (23,959)	\$ (17,908)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	503	248
Share-based compensation to employees and non-employees	2,458	1,684
Deferred taxes	(64)	(46)
Financial expenses related to long term loan	495	—
Changes in assets and liabilities:		
Trade receivables, net	1,202	(78)
Prepaid expenses and other current assets	(804)	(132)
Inventories	(1,004)	(3,224)
Trade payables	960	1,789
Employees and payroll accruals	(285)	264
Deferred revenues and advances from customers	116	108
Other liabilities	182	(743)
Net cash used in operating activities	<u>(20,200)</u>	<u>(18,038)</u>
<b>Cash flows from investing activities:</b>		
Maturities of short-term deposits	—	1,667
Purchase of property and equipment	(408)	(432)
Net cash provided by (used in) investing activities	<u>(408)</u>	<u>1,235</u>
<b>Cash flows from financing activities:</b>		
Issuance of ordinary shares upon exercise of options to purchase ordinary shares by employees and non employees	23	112
Proceeds from long term loan	12,000	—
Debt issuance cost	(441)	—
Repayment of long term loan	(554)	—
Issuance of ordinary shares in at-the-market offering, net of issuance expenses paid in the amount of \$457 (1)	4,110	—
Net cash provided by financing activities	<u>15,138</u>	<u>112</u>
Decrease in cash and cash equivalents	(5,470)	(16,691)
Cash and cash equivalents at beginning of period	17,869	41,829
Cash and cash equivalents at end of period	<u>\$ 12,399</u>	<u>\$ 25,138</u>
<b>Supplemental disclosures of non-cash flow information</b>		
At-the-market offering expenses not yet paid	<u>\$ 11</u>	<u>\$ —</u>
Classification of inventory to property and equipment, net	<u>\$ 113</u>	<u>\$ 360</u>

(1) See Note 8e to the condensed consolidated financial statements.

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

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

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**NOTE 1:- GENERAL**

- a. ReWalk Robotics Ltd. ("RRL", and together with its subsidiaries, the "Company") was incorporated under the laws of the State of Israel on June 20, 2001 and commenced operations on the same date.
- b. RRL has two wholly-owned subsidiaries: (i) ReWalk Robotics Inc., incorporated under the laws of Delaware on February 15, 2012, and (ii) ReWalk Robotics GMBH. (formerly Argo Medical Technologies GmbH), incorporated under the laws of Germany on January 14, 2013.
- c. The Company depends on one contract manufacturer. Reliance on this vendor makes the Company vulnerable to possible capacity constraints and reduced control over component availability, delivery schedules, manufacturing yields and costs. This vendor accounted for 1% and 24% of the Company's total trade payables as of September 30, 2016 and December 31, 2015, respectively.
- d. On May 16, 2016 the Company has entered into a Research Collaboration Agreement and an Exclusive License Agreement with the President and Fellows of Harvard College ("Harvard"). See also Note 7 below for more information about these agreements with Harvard.
- e. During the nine months ended September 30, 2016, the Company issued and sold 692,062 ordinary shares at an average price of \$6.60 per share under its ATM Offering Program. The gross proceeds to the Company were \$4.6 million, and the net aggregate proceeds after deducting commissions, fees and offering expenses in the amount of \$468 thousand were \$4.1 million. The Company could raise up to \$25 million under its ATM Offering Program. See Note 8e below for more information about the Company's ATM Offering Program.
- f. The Company has incurred losses in the amount of \$24.0 million during the nine month period ended September 30, 2016. The Company has an accumulated deficit in the total amount of \$97.9 million as of September 30, 2016 and negative cash flow from operating activities in the amount of \$20.2 million for the nine month period ended September 30, 2016. As of September 30, 2016, the Company had cash and cash equivalents of \$12.4 million. Additionally, on November 1, 2016, the Company raised total gross proceeds of \$12.2 million in a follow-on public offering of ordinary shares and warrants to purchase ordinary shares. These amounts along with the \$8.0 million available under the Kreos credit facility will be adequate to meet anticipated cash requirements for the next 12 months. See Note 11 below for information on the follow-on public offering, and Note 6 below for information about the Company's Loan Agreement with Kreos.

**NOTE 2:- UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and standards of the Public Company Accounting Oversight Board for interim financial information. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States for complete financial statements. In the opinion of management, the accompanying financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's (i) consolidated financial position as of September 30, 2016, (ii) consolidated results of operations for the three and nine months ended September 30, 2016 and (iii) consolidated cash flows for the nine month ended September 30, 2016. The results for the three and nine month periods ended September 30, 2016, as applicable, are not necessarily indicative of the results that may be expected for the year ending December 31, 2016.

**NOTE 3:- SIGNIFICANT ACCOUNTING POLICIES**

- a. The significant accounting policies applied in the audited consolidated financial statements of the Company as disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 29, 2016, as amended on Form 10-K/A filed with the SEC on May 5, 2016 (the "2015 Form 10-K"), are applied consistently in these unaudited interim condensed consolidated financial statements.
- b. New Accounting Pronouncements:
  - i. In March 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-09, *Compensation-Stock Compensation (Topic 718)*. The new guidance simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The standard also requires that shares withheld to satisfy tax withholding obligations associated with the vesting of restricted stock awarded to employees to be presented as a financing activity in the statement of cash flows. The amendments in this standard are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The Company plans to adopt this ASU effective January 1, 2017 and we do not expect the adoption to have a material impact on our financial statements.
  - ii. In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under the new guidance, a lessee will be required to recognize assets and liabilities for all leases with lease terms of more than 12 months. Consistent with current generally accepted accounting principles, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This ASU requires additional disclosures. The standard is effective for annual periods beginning after December 15, 2018 and interim periods within those fiscal years. The ASU requires adoption based upon a modified retrospective transition approach. Early adoption is permitted. The Company has not yet selected a transition method or determined whether it will elect early adoption and is currently evaluating the impact of the pending adoption of this ASU on its condensed consolidated financial statements and related disclosures.
  - iii. In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most current revenue recognition guidance. In 2016, the FASB issued four amendments to ASU 2014-09. The standard is effective for public companies for annual and interim periods beginning after December 15, 2017. Early adoption is permitted as of one year prior to the current effective date. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. The Company has not yet selected an implementation approach or determined whether it will elect early adoption and is currently evaluating the impact of the pending adoption of this ASU on its condensed consolidated financial statements and related disclosures.

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

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iv. *Statement of Cash Flows* - In August 2016, the FASB issued Accounting Standards Update 2016-15, "Classification of Certain Cash Receipts and Cash Payments." The standard addresses several matters of diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows including the presentation of debt extinguishment costs and distributions received from equity method investments. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods and allows for retrospective adoption with early adoption permitted. The Company does not anticipate a material effect on its financial condition, results of operations or cash flows as a result of adopting this standard.

c. Concentrations of Credit Risks:

Concentration of credit risk with respect to trade receivable is primarily limited to a customer to which the Company makes substantial sales. One customer represented 4% and 21% of the Company's trade receivable, net balance as of September 30, 2016 and December 31, 2015, respectively.

**NOTE 4:- INVENTORY**

The components of inventory are as follows (in thousands):

	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Raw materials	\$ 754	\$ 450
Finished products	2,671	2,084
	<u>\$ 3,425</u>	<u>\$ 2,534</u>

**NOTE 5:- COMMITMENTS AND CONTINGENT LIABILITIES**

a. Purchase commitments:

The Company has contractual obligations to purchase goods from its contract manufacturer- Sanmina Corporation, as further discussed in "Part I Item 1. Business" and "Part I, Item 1A. Risk Factors" of the 2015 Form 10-K. Purchase obligations do not include contracts that may be canceled without penalty. As of September 30, 2016, non-cancelable outstanding obligations amounted to approximately \$2.2 million.

b. Liens:

As described in Note 6 below, in connection with the loan agreement, dated as of December 30, 2015, between Kreos Capital V (Expert) Fund Limited (Kreos) and the Company (the Loan Agreement), the Company granted Kreos a first priority security interest over all of its assets, including intellectual property and equity interests in its subsidiaries, subject to certain permitted security interests.

The Company's other long-term assets subject to liens include bank deposits in the amount of \$751 thousand, which were pledged as security in respect of guaranties made in favor of third parties in connection with the Company's operating lease obligations. Such deposits cannot be pledged to others or withdrawn without the consent of such third party.

c. Legal claims:

Occasionally the Company is involved in various claims, lawsuits, regulatory examinations, investigations and other legal matters arising, for the most part, in the ordinary course of business. The outcome of litigation and other legal matters is inherently uncertain. In making a determination regarding accruals, using available information, the Company evaluates the likelihood of an unfavorable outcome in legal or regulatory proceedings to which the Company is a party and records a loss contingency when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated.

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

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Where the Company determines an unfavorable outcome is not probable or reasonably estimable, the Company does not accrue for any potential litigation loss. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of our defenses and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from the Company's current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to the Company's consolidated results of operations, liquidity or financial condition

On September 20, 2016, a putative class action on behalf of alleged shareholders that purchased or acquired the Company's ordinary shares pursuant and/or traceable to the registration statement used in connection with the Company's initial public offering was commenced in the Superior Court of the State of California, County of San Mateo (No. 16 Civ. 01454) against the Company, certain of the Company's current and former directors and officers, and the underwriters of the Company's initial public offering. The complaint asserts claims against all defendants pursuant to Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended, or the Securities Act, and control person claims against current and former directors and officers pursuant to Section 15 of the Securities Act. On or about October 6, 2016, subsequent to the balance sheet date, a substantially similar action alleging claims under Sections 11 and 15 of the Securities Act was filed against the same defendants in the same court by a different plaintiff (No. 16 Civ. 01753). The complaints allege that the Company's registration statement failed to disclose that the Company was unprepared or unable to comply with certain regulatory special controls and to provide the FDA with a post-market surveillance study on the Company's ReWalk Personal device, and that, as a result of such alleged omission, the plaintiffs suffered damages. The Company has not yet responded to the complaints. The Company believes that the allegations made in the complaints are without merit and intends to defend itself vigorously against the complaints.

Based on information currently available, the Company is unable to reasonably estimate a possible loss or range of possible losses, if any, with regard to these lawsuits; therefore, no litigation reserve has been recorded in the Company's consolidated balance sheets as of September 30, 2016.

**NOTE 6:- LOAN AGREEMENT WITH KREOS AND RELATED WARRANT TO PURCHASE ORDINARY SHARES**

On December 30, 2015, the Company entered into the Loan Agreement pursuant to which Kreos extended a line of credit to the Company in the amount of \$20.0 million (the "Loan"). Pursuant to the Loan Agreement, the Company granted Kreos a first priority security interest over all of its assets, including intellectual property and equity interests in its subsidiaries, subject to certain permitted security interests.

The Loan has a maturity of 36 months and bears annual interest of 10.75%, which is to be paid monthly. The principal of the Loan is to be paid in 24 monthly payments, beginning in January 2017, except for the last loan payment, which was paid in advance on the Draw Down Date (as defined below). The repayment period will be extended to 36 months if the Company raises \$20.0 million or more in connection with the issuance of shares of its capital stock (including debt securities convertible into shares of the Company's capital stock) prior to the expiration of the initial 24-month period. As the Company has met the requirements to raise at least \$10.0 million or more in connection with the issuance of shares of the Company's capital stock (including debt securities convertible into shares of the Company's capital stock), the Company will be able to draw down up to an additional \$8.0 million in separate tranches until December 31, 2016, with a minimum required drawdown of \$2.0 million each.

On January 4, 2016 (the "Draw Down Date"), the Company drew down \$12.0 million, net of \$415 thousand in loan transaction fees and \$660 thousand as advance payment. Additional loan transaction fees in the amount of \$26 thousand were paid after the Draw Down Date. Out of the \$441 thousand in total loan transaction fees, \$140 thousand are deferred, and presented within "Other long term assets", as they are allocated to the remaining \$8.0 million available for drawdown by the Company under the Loan Agreement in separate tranches until December 31, 2016, (assuming proceeds of at least \$10.0 million prior to December 31, 2016 in connection with the issuance of shares of the Company's capital stock).

Repayment of the Loan and payment of all other amounts owed to Kreos are to be made in U.S. dollars.

The Company recorded interest expense in the amount of \$1,462 thousand during the nine months ended September 30, 2016.

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

In connection with the Loan Agreement, on December 30, 2015, the Company also granted Kreos a warrant to purchase 119,295 ordinary shares of the Company at an exercise price of \$9.64 per share (the “Kreos Warrant”). The Kreos Warrant is exercisable, in whole or in part, at any time prior to the earliest of (i) December 30, 2025 or (ii) immediately prior to the consummation of a merger, consolidation, or reorganization of the Company with or into, or the sale or license of all or substantially all the assets or shares of the Company to, any other entity or person, other than a wholly-owned subsidiary of the Company, excluding any transaction in which shareholders of the Company prior to the transaction will hold more than 50% of the voting and economic rights of the surviving entity after the transaction.

On December 30, 2015, the Company calculated the value of its freestanding Warrant to purchase its ordinary shares in the amount of \$1 million (net of \$42 thousand issuance expenses), by using the relative fair value method and utilizing an option pricing method. The Company has recorded the value of the Kreos Warrant, together with the Loan's issuance costs, as debt discount which is being accreted as interest expense using the effective-interest method over the remaining term of the Loan.

The following assumptions were used to estimate the value of the Kreos Warrant on December 30, 2015:

	<b>December 30, 2015</b>
Expected volatility	60%
Risk-free rate	2.52%
Dividend yield	—%
Expected term (in years)	10

**NOTE 7:- RESEARCH COLLABORATION AGREEMENT AND LICENSE AGREEMENT**

On May 16, 2016, the Company entered into a Research Collaboration Agreement (“Collaboration Agreement”) and an Exclusive License Agreement (“License Agreement”) with Harvard.

Under the Collaboration Agreement, Harvard and the Company have agreed to collaborate on research regarding the development of lightweight “soft suit” exoskeleton system technologies for lower limb disabilities, which are intended to treat stroke, multiple sclerosis, mobility limitations for the elderly and other medical applications. The Company has committed to pay in quarterly installments for the funding of this research, subject to a minimum funding commitment under applicable circumstances. The Collaboration Agreement will expire on May 16, 2021.

Under the License Agreement, Harvard has granted the Company an exclusive, worldwide royalty-bearing license under certain patents of Harvard relating to lightweight “soft suit” exoskeleton system technologies for lower limb disabilities, a royalty-free license under certain related know-how and the option to obtain a license under certain inventions conceived under the joint research collaboration.

The License Agreement requires the Company to pay Harvard an upfront fee, reimbursements for expenses that Harvard incurred in connection with the licensed patents, royalties on net sales and several milestone payments contingent upon the achievement of certain product development and commercialization milestones. The License Agreement will continue in full force and effect until the expiration of the last-to-expire valid claim of the licensed patents. As of September 30, 2016, the Company did not achieve any of these milestones, and given the early stage of the License Agreement, the Company cannot anticipate the likelihood that the milestones will be achieved. Moreover, since such royalties are dependent on future product sales which are neither determinable nor reasonably estimable, these royalty payments are not recorded on the Company's consolidated condensed balance sheet as of September 30, 2016.

The Company's total payment obligation under the Collaboration Agreement and of the License Agreement is \$6.3 million, some of it is subject to a minimum funding commitment under applicable circumstances as indicated above. See “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Obligations and Commercial Commitments”.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

The Company has recorded expense in the amount of \$267 thousand and \$1.3 million which is part of the total payment obligation indicated above, as research and development expenses related to the License Agreement and to the Collaboration Agreement for the three and nine months period ended September 30, 2016 respectively.

For further discussion of the terms of the Collaboration Agreement and the License Agreement, see “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations-Overview-Collaboration Agreement and License Agreement with Harvard”.

**NOTE 8:- SHAREHOLDERS’ EQUITY**

a. Share option plans:

As of September 30, 2016, and December 31, 2015, the Company had reserved 377,653 and 420,469 ordinary shares, respectively, for issuance to the Company’s and its affiliates’ respective employees, directors, officers and consultants under the Company’s 2014 Incentive Compensation Plan (the “2014 Plan”).

Options to purchase ordinary shares generally vest over four years, with certain options granted to non-employee directors during the nine months ended September 30, 2016, vesting over one year. Any option that is forfeited or canceled before expiration becomes available for future grants under the 2014 Plan.

The fair value for options granted during the nine months ended September 30, 2016 and September 30, 2015 was estimated at the date of the grant using a Black-Scholes-Merton option pricing model with the following assumptions:

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
Expected volatility	53%-60%	60%
Risk-free rate	1.16%-1.60%	1.60%-1.77%
Dividend yield	—%	—%
Expected term (in years)	5.31-6.11	5.73-6.11
Share price	\$6.8 - \$11.88	\$8- \$20.97

The fair value of restricted stock units (RSUs) granted is determined based on the price of the Company’s ordinary shares on the date of grant.

A summary of employee options to purchase ordinary shares and RSUs during the nine months ended September 30, 2016 is as follows:

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine Months Ended September 30, 2016			
	Number	Average exercise price	Average remaining contractual life (in years) (1)	Aggregate intrinsic value (in thousands)
Options and RSUs outstanding at the beginning of the period	1,853,369	\$ 6.12	8.37	\$ 17,048
Options granted	391,285	9.25		
RSUs granted	177,528	—		
Options exercised (2)	(104,555)	1.29		
RSUs vested (2)	(30,253)	—		
RSUs forfeited	(237)	—		
Options forfeited	(25,172)	9.90		
Options and RSUs outstanding at the end of the period	2,261,965	\$ 6.44	8.05	\$ 4,800
Options and RSUs vested and expected to vest	2,215,852	\$ 6.42	8.04	\$ 4,705
Options exercisable at the end of the period	855,201	\$ 4.82	6.89	\$ 2,785

(1) Calculation of weighted average remaining contractual term does not include the RSUs that were granted, which have an indefinite contractual term.

(2) During the nine month period ended September 30, 2016, the aggregate number of ordinary shares that were issued pursuant to RSUs that became vested and options that were exercised on a net basis was 121,641 ordinary shares.

The weighted average grant date fair value of options granted during the nine month periods ended September 30, 2016, and September 30, 2015 was \$4.75, and \$5.78, respectively. The weighted average grant date fair value of RSUs granted during the nine month period ended September 30, 2016 and September 30, 2015 was \$9.28 and \$20.97, respectively.

The aggregate intrinsic value in the table above represents the total intrinsic value that would have been received by the option holders had all option holders that hold options with positive intrinsic value exercised their options on the last date of the exercise period. Total intrinsic value of options exercised for each of the nine month periods ended September 30, 2016 and September 30, 2015 was \$844 thousand and \$1.9 million, respectively. As of September 30, 2016, there were \$8.8 million of total unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the Company's 2012 Equity Incentive Plan and its 2014 Plan. This cost is expected to be recognized over a period of approximately 2.7 years.

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
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The number of options and RSUs outstanding as of September 30, 2016 is set forth below, with options separated by range of exercise price.

<b>Range of exercise price</b>	<b>Options and RSUs outstanding as of September 30, 2016</b>	<b>Weighted average remaining contractual life (years) (1)</b>	<b>Options exercisable as of September 30, 2016</b>	<b>Weighted average remaining contractual life (years) (1)</b>
RSUs only	235,299	—	—	—
\$0.82	34,377	4.29	34,377	4.29
\$1.32	342,390	5.70	334,979	5.67
\$1.48	403,125	7.28	259,199	7.28
\$6.80-\$8.99	763,461	9.18	107,803	9.05
\$9.22-\$10.98	223,056	9.61	3,137	9.52
\$19.62-\$20.97	260,257	8.23	115,706	8.23
	<u>2,261,965</u>	<u>8.05</u>	<u>855,201</u>	<u>6.89</u>

(1) Calculation of weighted average remaining contractual term does not include the RSUs that were granted, which have an indefinite contractual term.

b. Share-based awards to non-employee consultants:

The Company granted options to a non-employee consultant (the "Advisor") on March 12, 2007. As of September 30, 2016, the outstanding options granted to such Advisor were as follows:

<b>Issuance date</b>	<b>Options for shares of ordinary share (number)</b>	<b>Exercise price per share</b>	<b>Options exercisable (number)</b>	<b>Exercisable through</b>
March 12, 2007	3,454	\$—	3,454	March 12, 2017

On May 28, 2016, the Company entered into an agreement (the "Consulting Agreement") with a separate non-employee consultant (the "Consultant"), under which the Consultant agreed to assist the Company in commercially promoting and expanding insurance coverage of the Company's ReWalk devices. Compensation under the Consulting Agreement is due and payable only if the Consultant is successful, and will consist of agreed amounts in cash or ordinary shares and a percentage of certain sales resulting from the Consultant's efforts. Additionally, the Company has agreed to pay the Consultant 10 percent of the increase in the Company's market capitalization following the dates when coverage becomes active under national insurance policies that the Consultant secures for the Company. The increase in the Company's market capitalization will be determined based on the increase between the average closing price over the ten days before disclosure of a relevant coverage decision and the average closing price over the ten days commencing 80 days after such disclosure. These variable payments, which will be made only for the first five national insurance policies the Consultant attains for the Company, (1) may be made in cash or stock at the Company's choice and (2) may not exceed (i) \$ 6 million for the date that the first national coverage policy takes effect, (ii) \$5 million for the date that the second national coverage policy takes effect and (iii) \$2 million for each of the dates that the next three national coverage policies take effect. The Company may need to seek shareholder approval pursuant to the rules of The NASDAQ Stock Market LLC should the Company elect to make such payments in stock. The Consulting Agreement has a term of 12 months, which will extend to 18 months if the Consultant secures a national coverage policy with certain insurers in the first 12 months and to 24 months if the Consultant secures at least two more national coverage policies within the first 18 months. Due to the fact that the compensation under the Consulting Agreement is based on achievement, the Company had not made any cash payments or issued any ordinary shares to the Consultant under the Consulting Agreement as of September 30, 2016.

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

c. Warrants to purchase ordinary shares:

During the nine-months ended September 30, 2016, a total of 138,702 warrants were exercised on a cashless basis into 45,116 ordinary shares.

The following table summarizes information about warrants outstanding and exercisable as of September 30, 2016:

Issuance date	Warrants outstanding (number)	Exercise price per warrant	Warrants exercisable (number)	Contractual term
July 14, 2014	403,804	\$ 10.08	403,804	July 13, 2018
December 30, 2015	119,295	\$ 9.64	119,295	Until the earlier of (i) December 30, 2025 or (ii) a merger, consolidation, or reorganization of the Company.
	523,099		523,099	

The Company also issued warrants to purchase ordinary shares in the Company's follow-on offering completed on November 1, 2016. None of these warrants to purchase ordinary shares have been exercised. For more information on the offering, see Note 11.

d. Share-based compensation expense for employees and non-employees:

The Company recognized non-cash share-based compensation expense for both employees and non-employees in the consolidated statements of operations for the periods shown below as follows (in thousands):

	Nine Months Ended September 30,	
	2016	2015
Cost of revenues	\$ 78	\$ 32
Research and development, net	398	201
Sales and marketing, net	606	265
General and administrative	1,376	673
Total	\$ 2,458	\$ 1,171

e. At-the-market offering program:

On May 10, 2016, the Company entered into an equity distribution agreement (the "Equity Distribution Agreement") with Piper Jaffray, pursuant to which it may offer and sell, from time to time, ordinary shares having an aggregate offering price of up to \$25 million, through Piper Jaffray acting as its agent. Subject to the terms and conditions of the Equity Distribution Agreement, Piper Jaffray will use its commercially reasonable efforts to sell on the Company's behalf all of the ordinary shares requested to be sold by the Company, consistent with its normal trading and sales practices. Piper Jaffray may also act as principal in the sale of ordinary shares under the Equity Distribution Agreement. Sales may be made under the Company's registration statement on Form S-3, which was declared effective on May 9, 2016 (the "Form S-3"), in what may be deemed "at-the-market" equity offerings as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "ATM Offering Program"). Sales may be made directly on or through the NASDAQ Global Market, the existing

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

trading market for the Company's ordinary shares, to or through a market maker other than on an exchange or otherwise, in negotiated transactions at market prices prevailing at the time of sale or at prices related to such prevailing market prices, and/or any other method permitted by law, including in privately negotiated transactions. Piper Jaffray is entitled to compensation at a fixed commission rate of 3.0% of the gross sales price per share sold through it as agent under the Equity Distribution Agreement. Where Piper Jaffray acts as principal in the sale of ordinary shares under the Equity Distribution Agreement, such rate of compensation will not apply, but in no event will the total compensation of Piper Jaffray, when combined with the reimbursement of Piper Jaffray for the out-of-pocket fees and disbursements of its legal counsel, exceed 8.0% of the gross proceeds received from the sale of the ordinary shares. The Company is not required to sell any of its ordinary shares at any time.

As of November 2, 2016, the Company had sold 692,062 ordinary shares under the ATM Offering Program for gross proceeds of \$4.6 million and net proceeds to the Company of \$4.1 million (after commissions, fees and expenses). Additionally, as of that date, the Company had paid Piper Jaffray compensation of \$137 thousand and had incurred total expenses of approximately \$468 thousand in connection with the ATM Offering Program.

**NOTE 9:- FINANCIAL EXPENSES, NET**

The components of financial expenses, net were as follows (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Foreign currency transactions and other	\$ 17	\$ 51	\$ 60	\$ 157
Financial expenses related to loan agreement with Kreos	495	—	1,462	—
Bank commissions	5	7	28	28
Income related to hedging transactions	(9)	7	(36)	(1)
	<u>\$ 508</u>	<u>\$ 65</u>	<u>\$ 1,514</u>	<u>\$ 184</u>

**REWALK ROBOTICS LTD. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**NOTE 10:- GEOGRAPHIC INFORMATION AND MAJOR CUSTOMER AND PRODUCT DATA**

Summary information about geographic areas:

ASC 280, "Segment Reporting" establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the enterprise's performance. The Company manages its business on the basis of one reportable segment, and derives revenues from selling systems and services (see Note 1 above and "Part I, Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" of this quarterly report for a brief description of the Company's business). The following is a summary of revenues within geographic areas (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues based on customer's location :				
Israel	\$ —	\$ —	\$ —	\$ —
United States	710	725	2,976	1,675
Europe	404	140	908	359
Asia-Pacific	286	300	394	376
Total revenues	\$ 1,400	\$ 1,165	\$ 4,278	\$ 2,410

	September 30,	December 31,
	2016	2015
Long-lived assets by geographic region (*):		
Israel	\$ 502	\$ 605
United States	652	483
Germany	192	240
	\$ 1,346	\$ 1,328

(\*) Long-lived assets are comprised of property and equipment, net.

Major customer data as a percentage of total revenues (in thousands):

	September 30,	December 31,
	2016	2015
Customer A	44%	15%

**NOTE 11:- SUBSEQUENT EVENT**

1. On or about October 6, 2016, a putative class action on behalf of alleged shareholders that purchased or acquired the Company's ordinary shares was filed in the Superior Court of the State of California, County of San Mateo. For further details see Note 5c above.

2. On October 27, 2016, the Company has entered into an underwriting agreement (the "Underwriting Agreement") with Oppenheimer & Co. Inc. ("Oppenheimer"), in connection with the Company's follow-on public offering of 3,250,000 units, each consisting of one ordinary share and 0.75 of a warrant to purchase one ordinary share (each, a "Warrant" and collectively, the "Warrants"). Each unit was sold to the public at a price of \$ 3.75 per unit. The units were not issued or certificated, and the ordinary shares and Warrants underlying the units were immediately separable and issued separately. The Warrants are not listed on the NASDAQ Global Market, any other national securities exchange or any other nationally recognized trading system. The ordinary shares and the Warrants underlying the units and the ordinary shares issuable upon exercise of the Warrants are registered under the Securities Act on the Company's Form S-3.

The offering closed on November 1, 2016. The Company's gross proceeds were \$12.2 million. The Company's estimated net aggregate proceeds, after deducting underwriting discounts and commissions and estimated expenses, were \$11.1 million. The Company also granted Oppenheimer an option to purchase up to 487,500 additional units at the public offering price, less the underwriting discount, for 30 days after October 27, 2016. The Company estimates that the net aggregate proceeds, after deducting underwriting discounts and estimated expenses, will be approximately \$12.8 million if Oppenheimer exercises this option in full. All estimates of net aggregate proceeds assume that none of the Warrants issued in the offering will be exercised.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operation should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes included elsewhere in this quarterly report and with our audited consolidated financial statements included in our 2015 Form 10-K as filed with the SEC. In addition to historical condensed financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. For a discussion of factors that could cause or contribute to these differences, see "Special Note Regarding Forward-Looking Statements" below.*

### Special Note Regarding Forward-Looking Statements

In addition to historical information, this quarterly report on Form 10-Q (this "quarterly report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, potential market opportunities and the effects of competition. Forward-looking statements may include projections regarding our future performance and, in some cases, can be identified by words like "anticipate," "assume," "believe," "could," "seek," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "future," "should," "will," "would" or similar expressions that convey uncertainty of future events or outcomes and the negatives of those terms. These statements may be found in this section of this quarterly report titled "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this quarterly report. These statements include, but are not limited to, statements regarding:

- our expectations regarding future growth, including our ability to increase sales in our existing geographic markets and expand to new markets;
- our ability to maintain and grow our reputation and to achieve and maintain the market acceptance of our products;
- our ability to achieve reimbursement from third-party payors for our products;
- our expectations as to our clinical research program and clinical results;
- our expectations as to the results of and the FDA's potential regulatory actions with respect to our mandatory post-market surveillance study;
- the outcome of ongoing shareholder class action litigation relating to our initial public offering;
- our ability to repay our secured indebtedness;
- our ability to improve our products and develop new products;
- our ability to maintain adequate protection of our intellectual property and to avoid violation of the intellectual property rights of others;
- our ability to gain and maintain regulatory approvals;
- our ability to use effectively the proceeds of our follow-on public offering of ordinary shares and warrants;
- our ability to secure capital from our at-the-market equity distribution program based on the price range of our ordinary shares and conditions in the financial markets; and
- our ability to maintain relationships with existing customers and develop relationships with new customers.

The preceding list is not intended to be an exhaustive list of all of our statements. The statements are based on our

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beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks provided under “Part 1, Item 1A. Risk Factors” of our 2015 Form 10-K, and in other reports filed by us with the SEC.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur.

Any forward looking statement in this quarterly report speaks only as of the date hereof. Except as required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future developments or otherwise.

### **Overview**

We are an innovative medical device company that is designing, developing and commercializing exoskeletons that allow wheelchair-bound individuals with mobility impairments or other medical conditions the ability to stand and walk once again. We have developed and are continuing to commercialize ReWalk, an exoskeleton that uses our patented tilt-sensor technology and an on-board computer and motion sensors to drive motorized legs that power movement. Currently, we derive revenue from selling our ReWalk Personal and ReWalk Rehabilitation exoskeleton devices, which allow individuals with paraplegia the ability to stand and walk once again. ReWalk Personal is designed for everyday use by individuals at home and in their communities, and is custom-fitted for each user. ReWalk Rehabilitation is designed for the clinical rehabilitation environment where it provides valuable exercise and therapy. It also enables individuals to evaluate their capacity for using ReWalk Personal in the future. Since our ReWalk Personal device obtained FDA clearance in June 2014, we have continued to increase our focus on selling the device through third-party payors in the United States and Germany and through distributors in other parts of the world.

We expect to generate revenues from a combination of third-party payors, self-payors and institutions. While a broad uniform policy of coverage and reimbursement by third-party payors currently does not exist for electronic exoskeleton technologies such as ReWalk, we are pursuing various paths of reimbursement and support fundraising efforts by institutions and clinics. In December 2015, the Veterans' Administration (the “VA”) issued a national policy for the evaluation, training and procurement of ReWalk Personal exoskeleton systems for all qualifying veterans across the United States. The VA policy, which is exclusive to ReWalk exoskeleton systems, is the first national coverage policy in the United States for qualifying individuals who have suffered spinal cord injuries. As of September 30, 2016, we had placed 11 units as part of this policy. With 24 VA spinal cord injury centers for evaluation and 12 for training, the VA has a large network of spinal cord injury care in the United States. Additionally, to date many private insurers in the United States have provided reimbursement for ReWalk in certain cases.

We have incurred net losses and negative cash flows from operations since inception and anticipate this to continue in the near term as we continue to focus our efforts on expanding reimbursement and developing the next generation of ReWalk devices.

### ***Third Quarter 2016 Business Highlights***

- We placed 23 ReWalk devices during the quarter ended September 30, 2016.
- 20 Individual personal use systems placed during the quarter.
- 13 favorable case by case insurance reimbursement decisions.
- During the quarter ended September 30, 2016, we sold 591,987 shares generating total net proceeds to the Company of \$3.7 million (after commissions, fees and expenses) under our ATM Offering Program. For more information, see Note 8e to our unaudited condensed consolidated financial statements set forth in “Part I, Item 1. Financial Statements” above and “Liquidity and Capital Resources” below.

***Collaboration Agreement and License Agreement with Harvard***

As previously disclosed, on May 16, 2016, we entered into the Collaboration Agreement and the License Agreement with Harvard. Under the Collaboration Agreement, Harvard and we agreed to collaborate on research regarding the development of lightweight soft suit exoskeleton system technologies for lower limb disabilities, which are intended to treat stroke, multiple sclerosis, mobility limitations for the elderly and other medical applications. Under the Collaboration Agreement, we must pay Harvard quarterly installment payments to help fund the research. Subject to the terms of the Collaboration Agreement, Harvard and we are required to report our respective research results and findings to each other on a regular basis. The Collaboration Agreement governs ownership of the research results and inventions generated in performance of the research collaboration, and provides us the option to negotiate with Harvard for a license to certain new inventions of Harvard conceived in performance of the collaboration.

The Collaboration Agreement will expire on May 16, 2021. Subject to payment of a minimum funding commitment under applicable circumstances, we may terminate the agreement if there is a loss of Harvard's principal investigator or if we do not believe that we have or can secure sufficient funding to proceed. The Collaboration Agreement may also be terminated by either Harvard or us due to a material uncured breach by the other party or upon termination of the License Agreement.

Under the License Agreement, we are granted an exclusive, worldwide royalty-bearing license under certain patents of Harvard relating to lightweight "soft suit" exoskeleton system technologies for lower limb disabilities, a royalty-free license under certain related know-how and the option to obtain a license under certain inventions conceived under our joint research collaboration. Harvard retains the right to practice the patents for research, educational and scholarly purposes. We are required to use commercially reasonable efforts to develop products under the license in accordance with an agreed-upon development plan and to introduce and market such products commercially. In addition to an upfront fee and royalties on net sales, we are obligated to pay Harvard certain milestone payments upon the achievement of certain product development and commercialization milestones. We also agreed to reimburse Harvard for expenses incurred in connection with the filing, prosecution and maintenance of the licensed patents.

The License Agreement will continue in full force and effect until the expiration of the last-to-expire valid claim of the licensed patents. We may terminate the Agreement for any reason upon 60 days' prior written notice, while Harvard may terminate the Agreement if we do not obtain requisite insurance, becomes insolvent or fail to meet certain development milestones. The License Agreement may also be terminated by Harvard or us due to the other party's material uncured breach.

The Collaboration Agreement and License Agreement contain, as applicable, customary representations and warranties and customary enforcement, indemnification and insurance provisions. For further discussion of the Collaboration Agreement and License Agreement, see Note 7 to our unaudited condensed consolidated financial statements set forth in "Part I, Item 1. Financial Statements" of this quarterly report.

**Results of Operations for the Three and Nine Months Ended September 30, 2016 and September 30, 2015**

Our operating results for the three and nine months ended September 30, 2016, as compared to the same periods in 2015, are presented below. The results set forth below are not necessarily indicative of the results to be expected in future periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
(in thousands, except per share data)				
<b>Statements of Operations Data:</b>				
Revenues	\$ 1,400	\$ 1,165	\$ 4,278	\$ 2,410
Cost of revenues	1,110	1,078	3,410	2,230
Gross profit	290	87	868	180
Operating expenses:				
Research and development, net	1,968	1,263	6,737	4,250
Sales and marketing	3,774	3,607	10,577	9,121
General and administrative	1,951	1,522	5,960	4,478
Total operating expenses	7,693	6,392	23,274	17,849
Operating loss	(7,403)	(6,305)	(22,406)	(17,669)
Financial expenses, net	(508)	(65)	(1,514)	(184)
Loss before income taxes	(7,911)	(6,370)	(23,920)	(17,853)
Income taxes	9	24	39	55
Net loss	<u>\$ (7,920)</u>	<u>\$ (6,394)</u>	<u>\$ (23,959)</u>	<u>\$ (17,908)</u>
Net loss per ordinary share, basic and diluted	<u>\$ (0.62)</u>	<u>\$ (0.53)</u>	<u>\$ (1.92)</u>	<u>\$ (1.48)</u>
Weighted average number of shares used in computing net loss per ordinary share, basic and diluted	<u>12,759,887</u>	<u>12,148,750</u>	<u>12,495,433</u>	<u>12,094,600</u>

**Three and Nine Months Ended September 30, 2016 Compared to Three and Nine Months Ended September 30, 2015**

*Revenues*

Our revenues for the three and nine months ended September 30, 2016 and 2015 were as follows:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	(in thousands, except unit amounts)		(in thousands, except unit amounts)	
Personal units placed	20	12	75	30
Rehabilitation units placed	3	11	5	18
Total units placed	23	23	80	48
Personal unit revenues	\$1,250	\$555	\$3,929	\$1,570
Rehabilitation unit revenues	\$150	\$610	\$349	\$840
Revenues	\$1,400	\$1,165	\$4,278	\$2,410

Revenues increased \$235 thousand, or 20%, for the three months ended September 30, 2016 compared to the three months ended September 30, 2015. The increase was primarily due to conversions of rental units into purchases, and an increase in revenues from ReWalk Personal rentals. During the three months ended September 30, 2016, we placed 11 rental units compared to 3 rental units during the three months ended September 30, 2015. Additionally, the increase reflects positive reimbursement coverage decisions.

Revenues increased \$1.9 million, or 77%, for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. The increase was primarily a result of an increase in sales with 80 units placed during the nine months ended September 30, 2016, as compared to 48 units placed during the nine months ended September 30, 2015. Sales during the nine months ended September 30, 2016, included 22 ReWalk Personal devices placed with the VA for use in the VA's clinical studies. The increase also reflected positive reimbursement coverage decisions and conversions of rental units into purchases during the nine months ended September 30, 2016. In the future we expect our growth to be driven by sales of our ReWalk Personal device to third-party payors.

*Gross Profit*

Our gross profit for the three and nine months ended September 30, 2016 and 2015 were as follows (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Gross profit	\$ 290	\$ 87	\$ 868	\$ 180

Gross profit was 20% of revenue for the three months ended September 30, 2016, compared to 7% of revenue for the three months ended September 30, 2015. The increase in gross profit during the three months ended September 30, 2016 was primarily driven by the higher number of rental units converted into purchases, as described in "Revenues" above, while gross profit in the three months ended September 30, 2015 was negatively impacted by higher production costs associated with the conversion to the P6.0.

Gross profit was 20% of revenue for the nine months ended September 30, 2016, compared to 7% of revenue for the nine months ended September 30, 2015. The increase in gross profit was primarily driven by the increase in units sales, as described in "Revenues" above.

We expect our gross profit to increase in the future as we attempt to increase revenue and lower our unit manufacturing costs through specific cost-reduction projects and economies of scale.

[Table of Contents](#)*Research and Development Expenses*

Our research and development expenses, net, for the three and nine months ended September 30, 2016 and 2015 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Research and development expenses, net	\$ 1,968	\$ 1,263	\$ 6,737	\$ 4,250

Research and development expenses, net, increased \$0.7 million, or 56%, for the three months ended September 30, 2016 compared to the three months ended September 30, 2015. The increase in expenses was primarily attributable to the Collaboration Agreement and the License Agreement, as well as clinical study expenses and increased personnel and personnel-related expenses related to regulatory, quality and research and development activities for the three months ended September 30, 2016.

Research and development expenses, net increased \$2.5 million, or 59%, for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. The increase in expenses was primarily attributable to the Collaboration Agreement and the License Agreement, as well as clinical study expenses and increased personnel and personnel-related expenses related to regulatory, quality and research and development activities for the nine months ended September 30, 2016.

We expect research and development costs to increase in the near future as we continue to devote resources to developing future generations of our products and increase spending on clinical studies.

*Sales and Marketing Expenses*

Our sales and marketing expenses for the three and nine months ended September 30, 2016 and 2015 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Sales and marketing expenses	\$ 3,774	\$ 3,607	\$ 10,577	\$ 9,121

Sales and marketing expenses increased \$167 thousand, or 4%, for the three months ended September 30, 2016 compared to the three months ended September 30, 2015. Sales and marketing expenses increased \$1.4 million, or 16%, for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. These increases were attributable to an increase in personnel and personnel-related expenses and reimbursement-related costs associated with expanding the commercialization of the ReWalk Personal device.

In the near future, we expect growth in our sales and marketing expense will be driven by our continued investment in our reimbursement efforts, as we continue to pursue insurance claims on a case-by-case basis, manage claims through the review process and external appeals, and invest in efforts to expand coverage.

*General and Administrative Expenses*

Our general and administrative expenses for the three and nine months ended September 30, 2016 and 2015 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
General and administrative	\$ 1,951	\$ 1,522	\$ 5,960	\$ 4,478

General and administrative expenses increased \$429 thousand, or 28%, for the three months ended September 30, 2016 compared to the three months ended September 30, 2015. General and administrative expenses increased \$1.5 million, or 33%, for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. The increase in expenses is primarily attributable to personnel-related expenses, professional services expenses and legal expenses.

[Table of Contents](#)*Financial Expenses, Net*

Our financial expenses, net for the three and nine months ended September 30, 2016 and 2015 were as follows (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Financial expenses, net	(508)	(65)	(1,514)	(184)

Financial expenses, net increased \$443 thousand, or 681% for the three months ended September 30, 2016 compared to the three months ended September 30, 2015. This increase is attributable mainly to interest expense related to the Loan Agreement entered into with Kreos on December 30, 2015, pursuant to which Kreos extended to us a line of credit in the amount of \$20.0 million.

Financial expenses, net, increased \$1.3 million, or 723% for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. This increase is attributable mainly to interest expense related to the Loan Agreement entered into with Kreos on December 30, 2015, pursuant to which Kreos extended to us a line of credit in the amount of \$20 million. On January 4, 2016, we drew down \$12 million under the Loan Agreement.

*Income Tax*

Our income tax for the three and nine months ended September 30, 2016 and 2015 was as follows (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Income tax	\$ 9	\$ 24	\$ 39	\$ 55

Income taxes decreased \$15 thousand for the three months ended September 30, 2016 compared to the three months ended September 30, 2015.

Income taxes decreased \$16 thousand for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

**Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with United States GAAP. The preparation of our financial statements requires us to make estimates, judgments and assumptions that can affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates, judgments and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known. Besides the estimates identified above that are considered critical, we make many other accounting estimates in preparing our financial statements and related disclosures. See Note 2 to our audited consolidated financial statements presented in our 2015 Form 10-K for a description of the significant accounting policies that we used to prepare our consolidated financial statements.

There have been no material changes to our critical accounting policies or our critical judgments from the information provided in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies" of our 2015 Form 10-K.

**New Accounting Pronouncements**

See Note 3b to our unaudited condensed consolidated financial statements set forth in "Part I, Item 1. Financial Statements" of this quarterly report for information regarding new accounting pronouncements.

## Liquidity and Capital Resources

### *Sources of Liquidity and Outlook*

Since inception, we have funded our operations primarily through the sale of certain of our equity securities and convertible notes to investors in private placements, the sale of our ordinary shares in public offerings and the incurrence of bank debt.

As of September 30, 2016, the Company had cash and cash equivalents of \$12.4 million. Additionally, on November 1, 2016, the Company raised total gross proceeds of \$12.2 million in a follow-on public offering of ordinary shares and warrants to purchase ordinary shares. These amounts along with the \$8.0 million available under the Kreos credit facility will be adequate to meet anticipated cash requirements for the next 12 months. Our anticipated primary uses of cash are sales, marketing and reimbursement expenses related to market development activities and broadening third-party payor coverage, and research and development costs for enhancements to our current product and activities related to the development of the next generation of ReWalk systems. Our future cash requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities, the timing and extent of our spending on research and development efforts and international expansion. If our current estimates of revenue, expenses or capital or liquidity requirements change or are inaccurate, we may seek to sell additional equity or debt securities, arrange for additional bank debt financing or refinance our indebtedness.

### *Loan Agreement with Kreos and Related Warrant to Purchase Ordinary Shares*

On December 30, 2015, we entered into the Loan Agreement with Kreos pursuant to which Kreos extended a line of credit to us in the amount of \$20.0 million. On January 4, 2016, we drew down \$12.0 million. In the event that prior to December 31, 2016 we raise \$10.0 million or more in connection with the issuance of shares of our capital stock (including debt convertible into shares of our capital stock), we will be able to draw down up to an additional \$8.0 million in separate tranches until December 31, 2016, with a minimum required drawdown of \$2 million each. Interest is payable monthly in arrears on any amounts drawn down at a rate of 10.75% per year from the applicable drawdown date through the date on which all principal is repaid. Principal is repayable monthly over a period of 24 months commencing 12 months after the applicable drawdown date, which period will be extended to 36 months if we raise \$20.0 million or more in connection with the issuance of shares of our capital stock (including debt convertible into shares of our capital stock) prior to the expiration of the 24-month period. Pursuant to the Loan Agreement, we paid Kreos a transaction fee equal to 1.0% of the total available amount of the line of credit upon the execution of the agreement and we will be required to pay Kreos an end of loan payment equal to 1.0% of the amount of each tranche drawn down upon the expiration of each such tranche. Pursuant to the Loan Agreement, we granted Kreos a first priority security interest over all of our assets, including intellectual property and equity interests in its subsidiaries, subject to certain permitted security interests.

In connection with the Loan Agreement we issued to Kreos Warrant to purchase up to 119,295 of our ordinary shares at an exercise price of \$9.64 per share, which represented the average of the closing prices of our ordinary shares for the 30-day calendar period prior to the date of the issuance of the Kreos Warrant, subject to adjustment as set forth in the Kreos Warrant. In the event we draw-down any additional amounts under the line of credit, the amount of the Kreos Warrant will be increased by 5.75% of any such additional draw down. The Kreos Warrant is exercisable, in whole or in part, at any time prior to the earliest of (i) December 30, 2025 or (ii) immediately prior to the consummation of a merger, consolidation, or reorganization of our Company with or into, or the sale or license of all or substantially all our assets or shares to, any other entity or person, other than a wholly-owned subsidiary of our Company, excluding any transaction in which our shareholders prior to the transaction will hold more than 50% of the voting and economic rights of the surviving entity after the transaction.

### *Equity Raises*

Our initial public offering in September 2014 generated \$36.3 million in net proceeds. Additionally, on May 10, 2016, we entered into our Equity Distribution Agreement with Piper Jaffray, pursuant to which we may offer and sell, from time to time, ordinary shares having an aggregate offering price of up to \$25.0 million through Piper Jaffray acting as our agent. Subject to the terms and conditions of the Equity Distribution Agreement, Piper Jaffray will use its commercially reasonable efforts to sell on our behalf all of the ordinary shares requested to be sold by us, consistent with its normal trading and sales practices. Piper Jaffray may also act as principal in the sale of ordinary shares under the Equity Distribution Agreement. Such sales may be made under our Form S-3 in what may be deemed “at-the-market” equity offerings as defined in Rule 415 promulgated under the Securities Act, directly on or through the NASDAQ Global Market, to or through a market maker other than on an exchange or otherwise, in negotiated transactions at market prices prevailing at the time of sale or at prices related to such prevailing

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market prices, and/or any other method permitted by law, including in privately negotiated transactions. Piper Jaffray is entitled to compensation at a fixed commission rate of 3.0% of the gross sales price per share sold through it as agent under the Equity Distribution Agreement. Where Piper Jaffray acts as principal in the sale of ordinary shares under the Equity Distribution Agreement, such rate of compensation will not apply, but in no event will the total compensation of Piper Jaffray, when combined with the reimbursement of Piper Jaffray for the out-of-pocket fees and disbursements of its legal counsel, exceed 8.0% of the gross proceeds received from the sale of the ordinary shares.

We may instruct Piper Jaffray not to sell ordinary shares if the sales cannot be effected at or above the price designated by us in any instruction. We or Piper Jaffray may suspend an offering of ordinary shares under the ATM Offering Program upon proper notice and subject to other conditions, as further described in the Equity Distribution Agreement. Additionally, the ATM Offering Program will terminate on the earlier of (i) the sale of all ordinary shares subject to the Equity Distribution Agreement or (ii) the termination of the Equity Distribution Agreement. The Equity Distribution Agreement may be terminated by Piper Jaffray or us at any time on the close of business on the date of receipt of written notice, and by Piper Jaffray at any time in certain circumstances, including any suspension or limitation on the trading of our ordinary shares on the NASDAQ Global Market, as further described in the Equity Distribution Agreement. As of October 26, 2016, we had sold 692,062 ordinary shares under the ATM Offering Program for net proceeds to us of \$4.1 million (after commissions, fees and expenses). Additionally, as of that date, we had paid Piper Jaffray compensation of \$137 thousand and had incurred total expenses of approximately \$468 thousand in connection with the ATM Offering Program. The Underwriting Agreement relating to the follow-on offering of ordinary shares and warrants provides for a 90-day lock-up period. We intend to continue using this program opportunistically to raise additional funds.

On November 1, 2016, we closed our follow-on public offering of 3,250,000 units, each consisting of one ordinary share and 0.75 of a Warrant to purchase one ordinary share. The units were not issued or certificated, and the ordinary shares and Warrants underlying the units were immediately separable and issued separately. The Warrants are not listed on the NASDAQ Global Market, any other national securities exchange or any other nationally recognized trading system. The ordinary shares and the Warrants underlying the units and the ordinary shares issuable upon exercise of the Warrants are registered under the Securities Act on our Form S-3. Our estimated net aggregate proceeds, after deducting underwriting discounts and commissions and estimated expenses, were \$11.1 million. We also granted Oppenheimer, as underwriter under the Underwriting Agreement, an option to purchase up to 487,500 additional units at the public offering price, less the underwriting discount, for 30 days after October 27, 2016. We estimate that the net aggregate proceeds to us, after deducting underwriting discounts and estimated expenses, will be approximately \$12.8 million if Oppenheimer exercises this option in full. All estimates of net aggregate proceeds assume that none of the Warrants issued in the offering will be exercised.

The Warrants will be exercisable during the period commencing from the date of original issuance and ending on November 1, 2021, the expiration date of the Warrants, at an initial exercise price of \$4.75 per ordinary share. The exercise price and the number of ordinary shares into which the Warrants may be exercised are subject to adjustment upon certain corporate events, including stock splits, reverse stock splits, combinations, stock dividends, recapitalizations, reorganizations and certain other events. Our board of directors may also determine to make such adjustments to the exercise price and number of ordinary shares to be issued upon exercise based on similar events, including the granting of stock appreciation rights, phantom stock rights or other rights with equity features. At any time, the board of directors may reduce the exercise price of the Warrants to any amount and for any period of time it deems appropriate.

*Cash Flows for the Nine Months Ended September 30, 2016 and September 30, 2015*

	Nine Months Ended September 30,	
	2016	2015
Net cash used in operating activities	\$ (20,200)	\$ (18,038)
Net cash provided by (used in) investing activities	(408)	1,235
Net cash provided by financing activities	15,138	112
Net cash flow	\$ (5,470)	\$ (16,691)

*Net Cash Used in Operating Activities*

Net cash used in operating activities increased to \$20.2 million for the nine months ended September 30, 2016 compared to \$18.0 million for the nine months ended September 30, 2015 primarily as a result of higher operating expenses mainly due to the research and development expenses related to the Collaboration Agreement and to the License Agreement and increased reimbursement costs, as discussed above, which are offset by favorable working capital changes.

[Table of Contents](#)*Net Cash Provided by (Used in) Investing Activities*

Net cash provided by (used in) investing activities decreased to \$(408) thousand for the nine months ended September 30, 2016 compared to \$1.2 million for the nine months ended September 30, 2015 primarily as a result of cash used for the purchase of property and equipment. Investing activities in these periods consisted of purchases of property and equipment and disposing of a net investment in short-term deposits.

*Net Cash Provided by Financing Activities*

Net cash provided by financing activities increased to \$15.1 million for the nine months ended September 30, 2016 compared to \$112 thousand for the nine months ended September 30, 2015. We generated \$12.0 million from the Loan Agreement entered into with Kreos and \$4.1 million from the issuance of ordinary shares in the ATM, which was offset by \$1.0 million in interest payments and debt issuance costs related to the financing activity.

**Obligations and Commercial Commitments**

Set forth below is a summary of our contractual obligations as of September 30, 2016.

Contractual obligations	Payments due by period (in dollars, in thousands)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase obligations (1)	\$ 2,199	\$ 2,199	\$ —	\$ —	\$ —
Collaboration Agreement and License Agreement obligations (2)	6,282	2,269	2,250	1,763	—
Operating lease obligations (3)	4,526	496	1,113	1,144	1,773
Long-term debt obligations (4)	13,160	5,299	7,861	—	—
<b>Total</b>	<b>\$ 26,167</b>	<b>\$ 10,263</b>	<b>\$ 11,224</b>	<b>\$ 2,907</b>	<b>\$ 1,773</b>

(1) Our purchase obligations consist of purchase commitments to our manufacturer.

(2) Our Research Collaboration Agreement is for a period of five years and requires us to pay in quarterly installments for the funding of our joint research collaboration with Harvard, subject to a minimum funding commitment under applicable circumstances. Our License Agreement consists of patent reimbursement expenses payments and of license upfront fee payment. There are also several milestone payments contingent upon the achievement of certain product development and commercialization milestones and royalty payments on net sales from certain patents licensed to Harvard. These product development and commercialization milestones depend on favorable clinical developments, sales and regulatory actions, some or all of which may not occur. Since the achievement and timing of these milestones is neither determinable nor reasonably estimable, these milestone payments are not included in this “Contractual Obligations” table or recorded on our consolidated condensed balance sheet as of September 30, 2016. Moreover, since such royalties are dependent on future product sales which are neither determinable nor reasonably estimable, these royalty payments are not included in this “Contractual Obligations” table or recorded on our consolidated condensed balance sheet as of September 30, 2016.

(3) Our operating leases consist of leases for our facilities and motor vehicles.

(4) Our long-term debt obligations consist of payments of principal and interest under our Loan Agreement with Kreos.

We calculated the payments due under our operating lease obligation for our Israeli office that are to be paid in NIS at a rate of exchange of NIS 3.758:\$1.00, and the payments due under our operating lease obligation for our German subsidiary that are to be paid in euros at a rate of exchange of 1.118 Euro:\$1.00, both of which were the applicable exchange rates as of September 30, 2016. We calculated the payments due under our Loan Agreement with Kreos according to the current schedule of repayment of principal and interest.

**Off-Balance Sheet Arrangements**

We had no off-balance sheet arrangements or guarantees of third-party obligations as of September 30, 2016.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to our market risk during the third quarter of 2016. For a discussion of our exposure to market risk, please see Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” of our 2015 Form 10-K.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon, and as of the date of, this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective such that the information required to be disclosed by us in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

### **Changes in Internal Control over Financial Reporting**

During the third quarter of 2016 there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

There have been no material changes to our legal proceedings as described in “Part I, Item 3. Legal Proceedings” of our 2015 Form 10-K except as described in Note 5 in our unaudited condensed consolidated financial statements included in Part I, Item 1 of this quarterly report.

### ITEM 1A. RISK FACTORS

*Our business faces significant risks. You should carefully consider all of the information set forth in this quarterly report and in our other filings with the United States Securities and Exchange Commission, or the SEC, including the following risk factors which we face and which are faced by our industry. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. In that event, the trading price of our ordinary shares would likely decline and you might lose all or part of your investment. See also “Special Note Regarding Forward-Looking Statements” on page 19.*

#### Risks Related to Our Business and Our Industry

***We rely on sales of our ReWalk systems and related service contracts and extended warranties for our revenue, and we may not be able to achieve or maintain market acceptance or to generate sufficient revenues from such contracts.***

We currently rely, and in the future will rely, on sales of our ReWalk systems and related service contracts and extended warranties for our revenue. We have sold only a limited number of ReWalk systems, and market acceptance and adoption depend on educating people with limited upright mobility and health care providers as to the distinct features, ease-of-use, positive lifestyle impact and other benefits of ReWalk compared to alternative technologies and treatments. ReWalk may not be perceived to have sufficient potential benefits compared with these alternatives. Users may also choose other therapies due to disadvantages of ReWalk, including the time it takes for a user to put on ReWalk, the slower pace of ReWalk compared to a wheelchair, the weight of ReWalk when carried, which makes it more burdensome for a companion to transport than a wheelchair, and the requirement that users be accompanied by a trained companion. Also, we believe that healthcare providers tend to be slow to change their medical treatment practices because of perceived liability risks arising from the use of new products and the uncertainty of third-party reimbursement. Accordingly, healthcare providers may not recommend ReWalk until there is sufficient evidence to convince them to alter the treatment methods they typically recommend, such as prominent healthcare providers or other key opinion leaders in the spinal cord injury community recommending ReWalk as effective in providing identifiable immediate and long-term health benefits.

In addition, while several private insurers in the United States have provided reimbursement for ReWalk in certain cases to date, health insurance companies and other third-party payors in the future may not deliver adequate coverage or reimbursement for our products. The VA may also cancel or materially curtail its current policy of providing coverage in the United States for qualifying individuals who have suffered spinal cord injury, or we may not place enough units through the VA to make our sales profitable under the VA policy. We may be unable to sell ReWalk systems on a profitable basis if third-party payors deny coverage, limit reimbursement or reduce their levels of payment, or if our costs of production increase faster than increases in reimbursement levels. In addition, we may not obtain coverage and reimbursement approvals in a timely manner. Our failure to receive such approvals would negatively impact market acceptance of ReWalk.

Achieving and maintaining market acceptance of ReWalk could be negatively impacted by many other factors, including, but not limited to:

- lack of sufficient evidence supporting the benefits of ReWalk over competitive products or other available treatment, or lifestyle management, methodologies;
- results of clinical studies relating to ReWalk or similar products;
- claims that ReWalk, or any component thereof, infringes on patent or other intellectual property rights of third-parties;
- perceived risks associated with the use of ReWalk or similar products or technologies;
- the introduction of new competitive products or greater acceptance of competitive products;

- adverse regulatory or legal actions relating to ReWalk or similar products or technologies; and
- problems arising from the outsourcing of our manufacturing capabilities, or our existing manufacturing and supply relationships.

Any factors that negatively impact sales of ReWalk would adversely affect our business, financial condition and operating results.

***The market for medical exoskeletons is new and unproven, and important assumptions about the potential market for our products may be inaccurate.***

The market for medical exoskeletons is new and unproven. Accordingly, it is difficult to predict the future size and rate of growth of the market. We cannot be certain whether the market will continue to develop or if medical exoskeletons will achieve and sustain a level of market acceptance and demand sufficient for us to continue to generate revenue and achieve profitability.

We obtained FDA clearance for our ReWalk Personal device in June 2014. This clearance permits us to market the device for use by individuals with spinal cord injury at levels T7 to L5 and for use by individuals in rehabilitation institutions with spinal cord injury at levels T4 to L5. The FDA's clearance requires users of the device to meet the following criteria: healthy hands and shoulders that can support crutches, healthy bone density, no skeletal fractures, in good general health, ability to stand with a stander device, weight of less than 220 pounds/100 kilograms and height between 5 feet 3 inches and 6 feet 2 inches/1.60 meters and 1.88 meters. Additionally, the FDA clearance contraindicates psychiatric or cognitive conditions that could interfere with a user's proper operation of the device and various other clinical conditions, including pregnancy, severe concurrent medical diseases, a history of severe neurological injuries other than spinal cord injury, impaired joint mobility, unhealed limbs or pelvic fractures or unstable spine, severe spasticity and significant and chronic loss of joint mobility due to structural changes in non-bony tissue. Future products for those with paraplegia, quadriplegia or other mobility impairments or spinal cord injuries may have the same or other restrictions.

Our business strategy is based, in part, on our estimates of the number of mobility impaired individuals and the incurrence of spinal cord injuries in our target markets and the percentage of those groups that would be able to use our current and future products. Limited sources exist to obtain reliable market data with respect to the number of mobility-impaired individuals and the incurrence of spinal cord injuries in our target markets. In addition, there are no third-party reports or studies regarding what percentage of those with limited mobility or spinal cord injuries would be able to use exoskeletons, in general, or our current or planned future products, in particular. Our assumptions may be inaccurate and may change.

The National Spinal Cord Injury Statistical Center estimates as of 2016 that there were 282,000 people in the United States living with spinal cord injury, or SCI, and that the annual incidence of SCI cases is approximately 17,000 new cases per year. Based on information from a 2013 report by the National Spinal Cord Injury Statistical Center, 41.1% of the total U.S. population of SCI patients suffered injuries between levels T4 and L5. Three published ReWalk trials with respect to such eligible SCI patients had an aggregate screening acceptance rate of 79% considering all current FDA limitations, resulting in an estimated 33% of the total population of SCI patients being candidates for current ReWalk products. For more information on our expectations regarding adapting ReWalk to address the mobility needs of patients with mobility impairments other than paraplegia, see "Our future growth and operating results will depend on our ability to develop and commercialize new products and penetrate new markets" below.

We cannot assure you that our estimate regarding our current products is accurate or that our estimate regarding future products will remain the same. FDA clearance for such products, if received at all, may contain different limitations from the ones the FDA has placed on the devices we currently market for paraplegia patients. If our estimates of our current or future addressable market are incorrect, our business may not develop as we expect and the price of our securities may suffer.

***We may fail to secure or maintain adequate insurance coverage or reimbursement for ReWalk by third-party payors, including the Veterans' Administration, which risk may be heightened if insurers find ReWalk to be investigational or experimental. Additionally, such coverage or reimbursement, even if maintained, may not produce revenues that are high enough to allow us to sell our products profitably.***

We expect that in the future a significant source of payment for ReWalk systems will be private insurance plans and managed care programs, government programs such as the VA, Medicare and Medicaid, worker's compensation and other third-party payors. In December 2015, the VA issued a national reimbursement policy for the ReWalk system, which entails the evaluation, training and procurement of ReWalk Personal exoskeleton systems for all qualifying veterans across the United States. However, no broad uniform policy of coverage and reimbursement for electronic exoskeleton medical technology exists among third-party payors in the United States or elsewhere, although reimbursement may be achieved on a case-by-case basis. To date, payments for our

products have been made primarily through case-by-case determinations by third-party payors (including several private insurers in the United States), by self-payors and, to a lesser extent, through the use of funds from insurance and/or accident settlements.

Generally, private insurance companies do not cover or provide reimbursement for any medical exoskeleton products for personal use, including ReWalk, and may ultimately provide no coverage at all. There is limited clinical data related to ReWalk, and third-party payors may consider use of ReWalk to be experimental and therefore refuse to cover it. For example, Aetna has determined that certain lower-limb prostheses, including ReWalk, are experimental and investigational because there is inadequate evidence of their effectiveness. Additionally, the majority of independent medical review decisions made following the denial of ReWalk coverage have determined that ReWalk is experimental and/or investigational, citing a lack of clinical data.

Many private third-party payors use coverage decisions and payment amounts determined by the Center for Medicare and Medicaid Services, or the CMS, which administers the Medicare program, as guidelines in setting their coverage and reimbursement policies. In the future, we will pursue economic benefit clinical studies for CMS, which we expect to demonstrate the secondary medical benefits and long-term cost savings potential of ReWalk. While we believe that a positive response from CMS in respect of such studies will broaden coverage by private insurers, we expect that it could take three to five years to receive a decision from CMS. Even with a positive decision from CMS regarding ReWalk Personal, future action by CMS or other government agencies may diminish possible payments to physicians, outpatient centers and/or hospitals that purchase ReWalk Rehabilitation, and possible payments to individuals who purchase ReWalk Personal. Additionally, a decision by CMS to provide reimbursement could influence other payors, including private insurers. If CMS declines to provide for reimbursements of ReWalk or if its reimbursement price is lower than that of other payors, ReWalk may not be reimbursed at a cost-effective level or at all. Those private third-party payors that do not follow the Medicare guidelines may adopt different coverage and reimbursement policies for purchase of ReWalk, or use of ReWalk Rehabilitation at a hospital or rehabilitation center. In addition, we expect that the purchase of ReWalk Rehabilitation systems will require the approval of senior management at hospitals or rehabilitation facilities, inclusion in the hospitals' or rehabilitation facilities' budget process for capital expenditures, and in the case of ReWalk Personal, fundraising and financial planning or assistance.

Third-party payors are developing increasingly sophisticated methods of controlling healthcare costs. These cost control methods include prospective payment systems, capitated rates, benefit redesigns and an exploration of other cost-effective methods of delivering healthcare. These cost control methods potentially limit the amount that healthcare providers may be willing to pay for electronic exoskeleton medical technology, if they provide coverage at all. We may be unable to sell ReWalk systems on a profitable basis if third-party payors deny coverage or provide insufficient levels of reimbursement.

***We have a limited operating history upon which you can evaluate our business plan and prospects.***

Although we were incorporated in 2001, we did not begin selling ReWalk Rehabilitation until 2011, and we did not begin selling ReWalk Personal in Europe until 2012. We began selling ReWalk Personal in the United States in the third quarter of 2014, as we received FDA clearance to do so in June 2014. Therefore, we have limited operating history upon which you can evaluate our business plan and prospects. Our business plan and prospects must be considered in the light of the potential problems, delays, uncertainties and complications encountered in connection with a newly established business. The risks include, but are not limited to, that:

- a market will not develop for our products;
- we will not be able to develop scalable products and services, or that, although scalable, our products and services will not be economical to market;
- we will not be able to establish brand recognition and competitive advantages for our products;
- we will not receive necessary regulatory clearances or approvals for our products; and
- our competitors market an equivalent or superior product or hold proprietary rights that preclude us from marketing our products.

There are no assurances that we can successfully address these challenges. If we are unsuccessful, our business, financial condition and operating results could be materially and adversely affected.

***If we are unable to leverage and expand our sales, marketing and training infrastructure, we may fail to increase our sales.***

A key element of our long-term business strategy is the continued expansion of our sales and marketing infrastructure, through the hiring, training, retaining and motivating of skilled sales and marketing representatives with industry experience and knowledge. In order to continue growing our business efficiently, we must coordinate the expansion of this infrastructure with the timing of regulatory approvals, decisions regarding reimbursements, and other factors in various geographies. Managing and maintaining our sales and marketing infrastructure is expensive and time consuming, and an inability to leverage such an organization effectively, or in coordination with regulatory or other developments, could inhibit potential sales and the penetration and adoption of ReWalk into both existing and new markets.

We expect to face significant challenges as we manage and continue to grow our sales and marketing infrastructure and work to retain the individuals who make up those networks. Recently hired sales representatives require training and take time to achieve full productivity. If we fail to train recent hires adequately, or if we experience high turnover in our sales force in the future, we cannot be certain that new hires will become as productive as may be necessary to maintain or increase our sales. In addition, if we are not able to retain and continue to recruit our network of internal trainers, we may not be able to successfully train customers on the use of ReWalk, which could inhibit new sales and harm our reputation. If we are unable to expand our sales, marketing and training capabilities, we may not be able to effectively commercialize ReWalk, or enhance the strength of our brand, which could have a material adverse effect on our operating results.

***The health benefits of ReWalk have not been substantiated by long-term clinical data, which could limit sales.***

Although our interim analysis of an ongoing study demonstrates improvements in secondary physical conditions such as a reduction in pain and spasticity, improved bowel and urinary tract functions and emotional and psychosocial benefits, among others, the health benefits of our current ReWalk products have not been substantiated by long-term clinical data. As a result, potential customers and healthcare providers may be slower to adopt or recommend ReWalk and third-party payors may not be willing to provide coverage or reimbursement for our products. In addition, future studies or clinical experience may indicate that treatment with our current or future ReWalk products is not superior to treatment with alternative products or therapies. Such results could slow the adoption of our products and significantly reduce our sales.

***We depend on a single third party to manufacture ReWalk and a limited number of third-party suppliers for certain components of ReWalk.***

We have contracted with Sanmina Corporation, a well-established contract manufacturer with expertise in the medical device industry, for the manufacture of all of our products and the sourcing of all of our components and raw materials. Pursuant to this contract, Sanmina manufactures ReWalk, pursuant to our specifications, at its facility in Ma'alot, Israel. We may terminate our relationship with Sanmina at any time upon written notice. In addition, either we or Sanmina may terminate the relationship in the event of a material breach, subject to a 30-day cure period. For our business strategy to be successful, Sanmina must be able to manufacture our products in sufficient quantities, in compliance with regulatory requirements and quality control standards, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. Increases in our product sales, whether forecasted or unanticipated, could strain the ability of Sanmina to manufacture an increasingly large supply of our current or future products in a manner that meets these various requirements. In addition, although we are not restricted from engaging an alternative manufacturer, and have the capabilities to manufacture ReWalk in-house, the process of moving our manufacturing activities would be time consuming and costly, and may limit our ability to meet our sales commitments, which could harm our reputation and could have a material adverse effect on our business.

We also rely on third-party suppliers, which contract directly with Sanmina, to supply certain components of ReWalk. Sanmina does not have long-term supply agreements with most of its suppliers and, in many cases, makes purchases on a purchase order basis. Sanmina's ability to secure adequate quantities of such products may be limited. Suppliers may encounter problems that limit their ability to manufacture components for our products, including financial difficulties or damage to their manufacturing equipment or facilities. If Sanmina fails to obtain sufficient quantities of high quality components to meet demand on a timely basis, we could lose customer orders, our reputation may be harmed and our business could suffer.

Sanmina generally uses a small number of suppliers for ReWalk. Depending on a limited number of suppliers exposes us to risks, including limited control over pricing, availability, quality and delivery schedules. If any one or more of our suppliers ceases to provide sufficient quantities of components in a timely manner or on acceptable terms, Sanmina would have to seek alternative sources of supply. It may be difficult to engage additional or replacement suppliers in a timely manner. Failure of these suppliers to deliver products at the level our business requires would limit our ability to meet our sales commitments, which could harm our reputation and could have a material adverse effect on our business. Sanmina also may have difficulty obtaining similar components from other suppliers that are acceptable to the FDA or other regulatory agencies, and the failure of Sanmina's suppliers

to comply with strictly enforced regulatory requirements could expose us to regulatory action including warning letters, product recalls, termination of distribution, product seizures or civil penalties. It could also require Sanmina to cease using the components, seek alternative components or technologies and we could be forced to modify our products to incorporate alternative components or technologies, which could result in a requirement to seek additional regulatory approvals. Any disruption of this nature or increased expenses could harm our commercialization efforts and adversely affect our operating results.

We also rely on a limited number of suppliers for the batteries used by ReWalk and do not maintain any long-term supply agreement with respect to batteries. If we or our third-party distributors fail to obtain sufficient quantities of batteries in a timely manner, our reputation may be harmed and our business could suffer.

***We may not have sufficient funds to meet our future capital requirements, which could impair our efforts to develop and commercialize existing and new products. Future equity financings or borrowings intended to raise sufficient funds may also lead to dilution to our shareholders or place us under restrictive covenants limiting our ability to operate.***

We believe that we have sufficient cash resources to meet our anticipated cash requirements for the next 12 months. We expect to fund future capital requirements from our existing cash and cash flow generated from operations, borrowings under our loan agreement with Kreos Capital V (Expert) Fund Limited, or the Loan Agreement, the proceeds from the issuance and sale of our ordinary shares under our ongoing “at-the-market” offering program, and the proceeds from our follow-on public offering of ordinary shares and Warrants completed on November 1, 2016 and from the issuance of ordinary shares upon cash exercise of these Warrants, and other future issuances of equity or debt securities, such as in public offerings or private placements.

We are party to the Loan Agreement with Kreos providing us a line of credit in the amount of \$20.0 million. As of September 30, 2016, we had drawn down \$12.0 million under the Loan Agreement, and we may draw down an additional \$8.0 million in separate tranches until December 31, 2016 if, before that date, we raise \$10.0 million or more in connection with the issuance of shares of our capital stock (including debt convertible into shares of our capital stock). Additionally, pursuant to our ongoing “at-the-market” offering program, we may offer and sell from time to time ordinary shares with an aggregate offering price of up to \$25 million pursuant to an equity distribution agreement with Piper Jaffray & Co. dated May 10, 2016. As of November 2, 2016, we had sold 692,062 ordinary shares under this program for net proceeds of \$4.1 million, after deducting commissions, fees and expenses. On November 1, 2016, we closed our follow-on public offering of 3,250,000 units, each consisting of one ordinary share and 0.75 of a Warrant to purchase one ordinary share, and granted Oppenheimer, as underwriter, an option to purchase 487,500 additional units until 30 days after October 27, 2016. Pursuant to our Underwriting Agreement with Oppenheimer in connection with this offering, we may not issue or sell ordinary shares under the ATM Offering Program during a lock-up period ending 90 days after October 27, 2016. We intend to continue using this program opportunistically to raise additional funds upon expiration of this 90-day period.

We may need to seek additional sources of financing if we require more funds than anticipated during the next 12 months or in later periods, or if we cannot raise sufficient funds from equity issuances, under the Loan Agreement or from our follow-on public offering of ordinary shares and Warrants. Depending on the circumstances, this could potentially require us to borrow additional funds, sell or license our assets or sell additional equity securities in private placements or public offerings to pursue strategic transactions, such as the sale of our business or all or substantially all of our assets. Moreover, even if we believe we have sufficient funds for our current or future operating plans, we may choose to raise additional capital due to market conditions or strategic considerations. Any sale of additional equity may result in dilution to our shareholders and agreements governing any borrowing arrangement may also contain covenants that could restrict our operations.

If we are unable to obtain additional funds on reasonable terms, or at all, we may be required to reduce the scope of, or delay or eliminate, some or all of our current and planned commercialization, research and development activities, sales and training infrastructure or staff. We also may have to reduce marketing, customer service or other resources devoted to our business. Any of these actions could materially harm our business and results of operations.

***Our future growth and operating results will depend on our ability to develop and commercialize new products and penetrate new markets.***

We are currently engaged in research and development efforts to address the needs of patients with mobility impairments besides paraplegia, such as stroke and multiple sclerosis, and, in the future, we plan to address these needs in elderly assistance, cerebral palsy and quadriplegia patients. In addition to other research and development projects, we collaborate with Harvard University’s Wyss Institute for Biologically Inspired Engineering to design, research and develop lightweight exoskeleton system technologies for lower limb disabilities intended to treat stroke, multiple sclerosis, mobility limitations for the elderly and other medical applications. As part of the collaboration, Harvard has also licensed to us certain of its intellectual property relating to lightweight exoskeleton system technologies for lower limb disabilities. We are obligated to use commercially reasonable efforts to develop

products under the license in accordance with an agreed-upon development plan and to introduce and market such products commercially.

We expect that a portion of our revenues will be derived, in the next few years, from new products we create for use by individuals suffering from a stroke or multiple sclerosis, and, in later years, from other new products of ours aimed at addressing other medical indications which affect the ability to walk, including elderly assistance, cerebral palsy and quadriplegia. As such, our future results will depend on our ability to successfully develop and commercialize such new products. We cannot ensure you that we will be able to introduce new products, products currently under development and products contemplated for future development for additional indications in a timely manner, or at all. Harvard may also terminate its license agreement with us if we fail to obtain the requisite insurance, become insolvent or do not meet certain developmental milestones with respect to the products we develop using the patents licensed to us. Any such termination of this aspect of the collaboration with Harvard could impair our research and development efforts into lightweight exoskeleton system technologies for lower limb disabilities. In addition, we may not be able to clinically demonstrate the medical benefits of our products for new indications, and we do not yet have any clinical data demonstrating the benefits of our products for indications other than paraplegia. We may also be unable to gain necessary regulatory approvals to enable us to market new products for additional indications or the regulatory process may be more costly and time consuming than expected.

Even if we are successful in the design and development of new products, our growth and results of operations will depend on our ability to penetrate new markets and gain acceptance by non-spinal cord injury markets such as the stroke and multiple sclerosis communities, and, in the longer term, elderly assist and cerebral palsy patients or individuals with quadriplegia. We may not be able to gain such market acceptance in these communities in a timely manner, or at all.

While our new products currently under development will share some aspects of the core technology platform in our current products, their design features and components may differ from our current products. Accordingly, these products will also be subject to the risks described above under “-We currently rely, and in the future will rely, on sales of our ReWalk systems and related service contracts and extended warranties for our revenue, and we may not be able to achieve or maintain market acceptance.” To the extent we are unable to successfully develop and commercialize products to address indications other than paraplegia, we will not meet our projected results of operations and future growth.

***We operate in a competitive industry that is subject to rapid technological change, and we expect competition to increase.***

There are several other companies developing technology and devices that compete with ReWalk. Our principal competitors in the medical exoskeleton market consist of Ekso Bionics, Parker Hannifin, Rex Bionics, Cyberdyne, and others. These companies have products currently available for institutional use and in some cases personal use. We expect some of such products to become available for personal use in the next few years. In addition, we compete with alternative devices and alternative therapies, including treadmill-based gait therapies, such as those offered by Hocoma, AlterG, Aretech and Reha Technology. These or other medical device or robotics companies, academic and research institutions, or others, may develop new technologies or therapies that provide a superior walking experience, are more effective in treating the secondary medical conditions that we target or are less expensive than ReWalk or future products. Our technologies and products could be rendered obsolete by such developments. We may also compete with other treatments and technologies that address the secondary medical conditions that ReWalk seeks to mitigate.

Our competitors may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing and other resources than we do or may be more successful in attracting potential customers, employees and strategic partners. In addition, potential customers, such as hospitals and rehabilitation centers, could have long-standing or contractual relationships with competitors or other medical device companies. Potential customers may be reluctant to adopt ReWalk, particularly if it competes with or has the potential to compete with or diminish the need/utilization of products or treatments supported through these existing relationships. If we are not able to compete effectively, our business and results of operations will be negatively impacted.

In addition, because we operate in a new market, the actions of our competitors could adversely affect our business. Adverse events such as product defects or legal claims with respect to competing or similar products could cause reputational harm to the exoskeleton market on the whole. Further, adverse regulatory findings or reimbursement-related decisions with respect to other exoskeleton products could negatively impact the entire market and, accordingly, our business.

***We have incurred net losses since our inception.***

We have experienced operating losses since our inception in 2001. We expect that we will continue to incur losses for at least the next two years as we continue to commercialize our ReWalk systems, expand our sales and marketing capabilities, continue our ongoing research and development and continue to develop the corporate infrastructure necessary to market and sell our products.

Additionally, as we became subject to the Exchange Act's domestic reporting regime following the loss of our foreign private issuer status as of January 1, 2016, we may face significantly higher regulatory, compliance and financial costs than those we incurred as a foreign private issuer due to the increased reporting requirements applicable to domestic issuers, and our general and administrative expenses could increase. Our ability to achieve profitability and positive cash flow is subject to the risks described in this section. If we are unable to become profitable with positive cash flow, the value of your investment may be adversely affected.

***In the event that we default under the Loan Agreement with Kreos, Kreos could foreclose on its lien and take possession over all of our assets.***

On December 30, 2015, we entered into the Loan Agreement with Kreos Capital V (Expert Fund) Limited, pursuant to which Kreos extended a line of credit to us in the amount of \$20.0 million. On January 4, 2016, we drew down \$12.0 million and, in the event that prior to December 31, 2016 we raise \$10.0 million or more in connection with the issuance of shares of our capital stock (including debt convertible into shares of our capital stock), we will be able to draw down up to an additional \$8.0 million in separate tranches until December 31, 2016, with a minimum required drawdown of \$2.0 million each. Pursuant to the Loan Agreement, we granted Kreos a first priority security interest over all of our assets, including intellectual property and equity interests in our subsidiaries, subject to certain permitted security interests. For more information, see Item, Part I. Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources" and Part I. Item 1. "Financial Information-Financial Statements (unaudited)-Notes to Condensed Consolidated Financial Statements."

In the event that we are unable to make the interest payments when due under the Loan Agreement or to pay the outstanding principal amount following the termination of the Loan Agreement, Kreos could take actions under the Loan Agreement and seek to take possession of or sell our assets to satisfy our obligations thereunder. Any of these actions would have an immediate material adverse effect on our business, operating results and financial condition.

***We utilize independent distributors who are free to market products that compete with ReWalk.***

While we expect that the percentage of our sales generated from independent distributors will decrease over time as we continue to increase our direct sales efforts in the United States in response to the receipt of FDA clearance for ReWalk Personal, we believe that a meaningful percentage of our sales will continue to be generated by independent distributors in the future. None of our independent distributors has been required to sell our products exclusively. Our distributor agreements generally have one year initial terms and automatic renewals for an additional year. If any of our key independent distributors were to cease to distribute our products, our sales could be adversely affected. In such a situation, we may need to seek alternative independent distributors or increase our reliance on our other independent distributors or our direct sales representatives, which may not prevent our sales from being adversely affected. Additionally, to the extent that we enter into additional arrangements with independent distributors to perform sales, marketing, or distribution services, the terms of the arrangements could cause our product margins to be lower than if we directly marketed and sold our products.

***We are dependent on a single facility for the manufacturing and assembly of our products.***

All manufacturing and assembly of our products is conducted at a single facility of our contract manufacturer, Sanmina, located in Ma'alot, Israel. Accordingly, we are highly dependent on the uninterrupted and efficient operation of this facility. If operations at this facility were to be disrupted as a result of equipment failures, earthquakes and other natural disasters, fires, accidents, work stoppages, power outages, acts of war or terrorism or other reasons, our business, financial condition and results of operations could be materially adversely affected. In particular, this facility is located in the north of Israel within range of rockets that have from time to time been fired into the country during armed conflicts with Hezbollah in Lebanon. Although our manufacturing and assembly operations could be transferred elsewhere, either in-house or to an alternative Sanmina facility, the process of relocating these operations would cause delays in production. Lost sales or increased costs that we may experience during the disruption, or a forced relocation, of operations may not be recoverable under our insurance policies, and longer-term business disruptions could result in a loss of customers. If this were to occur, our business, financial condition and operations could be materially negatively impacted.

***We may receive a significant number of warranty claims or our ReWalk system may require significant amounts of service after sale.***

Sales of ReWalk generally include a two-year warranty for parts and services, other than for normal wear and tear. We also provide customers with the option to purchase an extended warranty for up to an additional three years. If product returns or warranty claims are significant or exceed our expectations, we could incur unanticipated expenditures for parts and services, which could have a material adverse effect on our operating results.

***Defects in our products or the software that drives them could adversely affect the results of our operations.***

The design, manufacture and marketing of ReWalk involve certain inherent risks. Manufacturing or design defects, unanticipated use of ReWalk, or inadequate disclosure of risks relating to the use of ReWalk can lead to injury or other adverse events. In addition, because the manufacturing of our products is outsourced to Sanmina, our original equipment manufacturer, we may not be aware of manufacturing defects that could occur. Such adverse events could lead to recalls or safety alerts relating to ReWalk (either voluntary or required by the FDA or similar governmental authorities in other countries), and could result, in certain cases, in the removal of ReWalk from the market. A recall could result in significant costs. To the extent any manufacturing defect occurs, our agreement with Sanmina contains a limitation on Sanmina's liability, and therefore we could be required to incur the majority of related costs. Product defects or recalls could also result in negative publicity, damage to our reputation or, in some circumstances, delays in new product approvals.

When a human exoskeleton is used by a paralyzed individual to walk, the individual relies completely on the exoskeleton to hold him or her upright. In addition, ReWalk incorporates sophisticated computer software. Complex software frequently contains errors, especially when first introduced. Our software may experience errors or performance problems in the future. If any part of ReWalk's hardware or software were to fail, the user could experience death or serious injury. Additionally, users may not use ReWalk in accordance with safety protocols and training, which could enhance the risk of death or injury. Any such occurrence could cause delay in market acceptance of ReWalk, damage to our reputation, additional regulatory filings, product recalls, increased service and warranty costs, product liability claims and loss of revenue relating to such hardware or software defects.

The medical device industry has historically been subject to extensive litigation over product liability claims. We have been, and anticipate that as part of our ordinary course of business we may be, subject to product liability claims alleging defects in the design, manufacture or labeling of our products. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs and high punitive damage payments. Although we maintain product liability insurance, the coverage is subject to deductibles and limitations, and may not be adequate to cover future claims. Additionally, we may be unable to maintain our existing product liability insurance in the future at satisfactory rates or adequate amounts.

***We may not be able to enhance our product offerings through our research and development efforts.***

In order to increase our sales and our market share in the exoskeleton market, we must enhance and broaden our research and development efforts and product offerings in response to the evolving demands of people with paraplegia or paralysis and healthcare providers, as well as competitive technologies. We are also currently involved in research and development efforts directed to the needs of patients with other mobility impairments, such as stroke and multiple sclerosis. In the future, we plan to address these needs in elderly assistance, cerebral palsy and quadriplegia patients. We may not be successful in developing, obtaining regulatory approval for, or marketing our currently proposed products and products proposed to be created in the future. In addition, notwithstanding our market research efforts, our future products may not be accepted by consumers, their caregivers, healthcare providers or third-party payors who reimburse consumers for our products. The success of any proposed product offerings will depend on numerous factors, including our ability to:

- identify the product features that people with paraplegia or paralysis, their caregivers and healthcare providers are seeking in a medical device that restores upright mobility and successfully incorporate those features into our products;
- develop and introduce proposed products in sufficient quantities and in a timely manner;
- adequately protect our intellectual property and avoid infringing upon the intellectual property rights of third-parties;
- demonstrate the safety, efficacy and health benefits of proposed products; and
- obtain the necessary regulatory approvals for proposed products.

If we fail to generate demand by developing products that incorporate features desired by consumers, their caregivers or healthcare providers, or if we do not obtain regulatory clearance or approval for proposed products in time to meet market demand, we may fail to generate sales sufficient to achieve or maintain profitability. We have in the past experienced, and we may in the future experience, delays in various phases of product development, including during research and development, manufacturing, limited release testing, marketing and customer education efforts. Such delays could cause customers to delay or forgo purchases of our products, or to purchase our competitors' products. Even if we are able to successfully develop proposed products when anticipated, these products may not produce sales in excess of the costs of development, and they may be quickly rendered obsolete by changing consumer preferences or the introduction by our competitors of products embodying new technologies or features.

***There is no long-term clinical data with respect to the effects of ReWalk, and our products could cause unforeseen negative effects.***

While short-term clinical studies have established the safety of ReWalk, there is no long-term clinical data with respect to the safety or physical effects of ReWalk. Future results and experience could indicate that our products are not safe for long-term use or cause unexpected complications or other unforeseen negative effects. Because ReWalk users generally do not have feeling in their lower body, users may not immediately notice damaging effects, which could exacerbate their impact. If in the future ReWalk is shown to be unsafe or cause such unforeseen effects, we could be subject to mandatory product recalls, suspension or withdrawal of FDA or other regulatory clearance or approval, significant legal liability or harm to our business reputation.

***We may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships with third-parties that may not result in the development of commercially viable products or the generation of significant future revenues.***

In the ordinary course of our business, in the future we may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships to develop ReWalk and to pursue new markets. Proposing, negotiating and implementing collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships may be a lengthy and complex process. We may not identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost-effective basis, on acceptable terms or at all. We have limited institutional knowledge and experience with respect to these business development activities, and we may also not realize the anticipated benefits of any such transaction or arrangement. In particular, these collaborations may not result in the development of products that achieve commercial success or result in significant revenues and could be terminated prior to developing any products. For example, we have entered into arrangements with Yaskawa for the distribution of our products in certain Asian markets. In May 2016, we announced our collaboration with Harvard University's Wyss Institute for Biologically Inspired Engineering for the research, design, development and commercialization of lightweight exoskeleton system technologies for lower limb disabilities, aimed to treat stroke, multiple sclerosis, mobility limitations for the elderly and other medical applications. Our arrangements with Yaskawa and Harvard may not be as productive or successful as we hope.

If we pursue collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships, we may not be in a position to exercise sole decision making authority regarding the transaction or arrangement, which could create the potential risk of creating impasses on decisions, and our collaborators may have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals. It is possible that conflicts may arise with our collaborators. Our collaborators may act in their self-interest, which may be adverse to our best interest, and they may breach their obligations to us. Any such disputes could result in litigation or arbitration which would increase our expenses and divert the attention of our management. Further, these transactions and arrangements are contractual in nature and may be terminated or dissolved under the terms of the applicable agreements.

***Exchange rate fluctuations between the U.S. dollar, the Euro and the NIS may negatively affect our earnings.***

The U.S. dollar is our functional and reporting currency. In 2015 and during the first three quarters of 2016, most of our revenues were denominated in U.S. dollars and the remainder of our revenues was denominated in euros, and most of our expenses were denominated in U.S. dollars and the remainder of our expenses were denominated in NIS and euros. In the fourth quarter of 2016 and throughout 2017, we expect that the denominations of our revenues and expenses will be consistent with what we experienced in 2015. Accordingly, any appreciation of the NIS or Euro relative to the U.S. dollar would adversely impact our net loss or net income, if any. For example, we are exposed to the risks that the shekel may appreciate relative to the dollar, or, if the shekel instead devalues relative to the dollar, that the inflation rate in Israel may exceed such rate of devaluation of the shekel, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the dollar cost of our operations in Israel would increase and our dollar-denominated results of operations would be adversely affected.

We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the shekel against the dollar. For example, while the shekel appreciated against the dollar at a rate of approximately 3.7% during the first three quarters of 2016, the rate of devaluation of the shekel against the dollar was approximately 0.3% and 12.0% in 2015 and 2014, respectively. In 2015 and 2014, this had the effect of increasing the dollar cost of our operations in Israel. If the dollar cost of our operations in Israel increases once again, our dollar-measured results of operations will be adversely affected. Our operations also could be adversely affected if we are unable to effectively hedge against currency fluctuations in the future.

We have in the past engaged in limited hedging activities, and we may enter into other hedging arrangements with financial institutions from time to time. Any hedging strategies that we may implement in the future to mitigate currency risks, such as

forward contracts, options and foreign exchange swaps related to transaction exposures may not eliminate our exposure to foreign exchange fluctuations. For further information, see Part I, Item 3 “Quantitative and Qualitative Disclosures About Market Risk.”

***We may seek to grow our business through acquisitions of complementary products or technologies, and the failure to manage acquisitions, or the failure to integrate them with our existing business, could have a material adverse effect on our business, financial condition and operating results.***

From time to time, we may consider opportunities to acquire other products or technologies that may enhance our product platform or technology, expand the breadth of our markets or customer base, or advance our business strategies. Potential acquisitions involve numerous risks, including:

- problems assimilating the acquired products or technologies;
- issues maintaining uniform standards, procedures, controls and policies;
- unanticipated costs associated with acquisitions;
- diversion of management’s attention from our existing business;
- risks associated with entering new markets in which we have limited or no experience; and
- increased legal and accounting costs relating to the acquisitions or compliance with regulatory matters.

We have no current commitments with respect to any acquisition. We do not know if we will be able to identify acquisitions we deem suitable, whether we will be able to successfully complete any such acquisitions on favorable terms or at all, or whether we will be able to successfully integrate any acquired products or technologies. Our potential inability to integrate any acquired products or technologies effectively may adversely affect our business, operating results and financial condition.

***If there are significant disruptions in our information technology systems, our business, financial condition and operating results could be adversely affected.***

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage sales and marketing data, accounting and financial functions, inventory management, product development tasks, research and development data, customer service and technical support functions. Our information technology systems are vulnerable to damage or interruption from earthquakes, fires, floods and other natural disasters, terrorist attacks, attacks by computer viruses or hackers, power losses, and computer system or data network failures. In addition, our data management application is hosted by a third-party service provider whose security and information technology systems are subject to similar risks, and ReWalk systems contain software which could be subject to computer virus or hacker attacks or other failures.

The failure of our or our service providers’ information technology systems or ReWalk’s software to perform as we anticipate or our failure to effectively implement new information technology systems could disrupt our entire operation or adversely affect our software products and could result in decreased sales, increased overhead costs, and product shortages, all of which could have a material adverse effect on our reputation, business, financial condition and operating results.

***If we fail to properly manage our anticipated growth, our business could suffer.***

Our growth has placed, and we expect that it will continue to place, a significant strain on our management team and on our financial resources. Failure to manage our growth effectively could cause us to misallocate management or financial resources, and result in losses or weaknesses in our infrastructure, which could materially adversely affect our business. Additionally, our anticipated growth will increase the demands placed on our suppliers, resulting in an increased need for us to manage our suppliers and monitor for quality assurance. Any failure by us to manage our growth effectively could have an adverse effect on our ability to achieve our business objectives.

***We depend on the knowledge and skills of our senior management.***

We have benefited substantially from the leadership and performance of our senior management. For example, we depend on our Chief Executive Officer’s experience successfully scaling an early stage medical device company, as well as the experience of other members of management. Our success will depend on our ability to retain our current management. Competition for senior management in our industry is intense and we cannot guarantee that we will be able to retain our personnel. Additionally, we do

not carry key man insurance on any of our current executive officers. The loss of the services of certain members of our senior management could prevent or delay the implementation and completion of our strategic objectives, or divert management's attention to seeking qualified replacements.

***We are subject to a securities class action lawsuit against us that may result in an adverse outcome.***

In September and October 2016, putative class actions on behalf of alleged shareholders that purchased or acquired our ordinary shares pursuant and/or traceable to our registration statement on Form F-1 (File No. 333-197344) used in connection with our initial public offering were commenced in the Superior Court of the State of California, County of San Mateo against us, certain of our current and former directors and officers, and the underwriters of our initial public offering. We are generally obliged, to the extent permitted by Israeli law, to indemnify our current and former directors and officers who are named as defendants in these types of lawsuits. We also have certain contractual indemnification obligations to the underwriters regarding the securities class action lawsuits. While a certain amount of insurance coverage is available for expenses or losses associated with these lawsuits, this coverage may not be sufficient. Based on information currently available, we are unable to reasonably estimate a possible loss or range of possible losses, if any, with regard to these lawsuits; therefore, no litigation reserve has been recorded in our consolidated balance sheets. Although we plan to defend against these lawsuits vigorously, there can be no assurances that a favorable final outcome will be obtained. These lawsuits or future litigation may require significant attention from management and could result in significant legal expenses, settlement costs or damage awards that could have a materially adverse impact on our financial position, results of operations and cash flows.

**Risks Related to Government Regulation**

***The FDA previously sent us letters regarding potential regulatory action for deficiencies in our mandatory post-market surveillance study on our ReWalk Personal 6.0. While we have since initiated this post-market surveillance study with a revised FDA-approved protocol and have addressed the violations cited by the FDA, if we cannot satisfy future FDA requests promptly or if our study produces unfavorable results, we could receive additional FDA warning letters, and our labeling or marketing efforts could be materially adversely affected.***

On September 30, 2015, we received a warning letter, or the September 2015 Letter, from the FDA citing deficiencies in our protocol for a post-market surveillance study of our ReWalk Personal and our failure to initiate a post-market study by the September 28, 2015 deadline. Between June 2014 and our receipt of the September 2015 Letter, we submitted our post-market study protocol to the FDA, amended the protocol in response to the FDA's subsequent request and proposed additional amendments to enhance the protocol after the FDA notified us that our subsequently-amended protocol was still deficient. While we responded to the FDA's requests throughout this period, we did not submit all of our responses on a timely basis. The September 2015 Letter warned that the FDA could take regulatory action against us for violations of Section 522 of the Federal Food, Drug and Cosmetic Act, or the FDCA, based on the late post-market study and allegedly deficient protocol for that study. In February 2016, the FDA sent us an additional information request, or the February 2016 Letter, requesting additional changes to our post-market surveillance study protocol and asking that we comply within 30 days. This letter also discussed the FDA's request, as modified in our later discussions with the FDA, for a new pre-market notification for our ReWalk device linked to what the FDA viewed as changes to a computer included with the device, or the special 510(k).

In late March 2016, following our multiple discussions with the FDA, including an in-person meeting, the FDA confirmed that the agency would apply enforcement discretion to continued marketing of the ReWalk device conditioned upon our submitting a special 510(k) by April 8, 2016 and initiating our post-market surveillance study by June 1, 2016. The special 510(k) was submitted on April 8, 2016 and the FDA's substantial equivalence determination was received by us on July 22, 2016 granting us permission to continue marketing the ReWalk device. Additionally, we submitted a protocol to the FDA for the post-market surveillance study that was approved by the agency on May 5, 2016. We began the study on June 13, 2016, with Stanford University as the lead investigational site. On August 18, 2016, the FDA sent us a letter stating that, based on its evaluation of our corrective and preventive actions in response to the September 2015 Letter, we had adequately addressed the violations cited in the September 2015 Letter. Our post-market surveillance study is currently ongoing, and we have provided the FDA with the required periodic reports on the study's progress, in a few cases with delay. We intend to continue providing the FDA with such reports on a timely basis going forward.

We expect we will be able to respond promptly to the FDA's further requests related to the post-market surveillance study based on significant additions in staffing aimed at addressing a need for greater internal clinical and regulatory resources. However, if we are unable to satisfy this timing or if the results of our post-market surveillance study are not as favorable as we expect, the FDA may issue additional warning letters to us, may impose limitations on the labelling of our device or may limit us to marketing a previous version of the ReWalk device in the United States. We derived 65% of our revenues in 2015 from sales of the ReWalk device in the United States and, if we are required to market a previous version of the ReWalk device in the United States, we

expect that these sales would be adversely impacted, which could materially adversely affect our business and overall results of operations.

***We are subject to extensive governmental regulations relating to the manufacturing, labeling and marketing of our products, and a failure to comply with such regulations could lead to withdrawal or recall of our products from the market.***

Our medical products and manufacturing operations are subject to regulation by the FDA, the European Union, the Ministry of Health in Israel, the TGA in Australia, and other governmental authorities both inside and outside of the United States. These agencies enforce laws and regulations that govern the development, testing, manufacturing, labeling, storage, installation, servicing, advertising, promoting, marketing, distribution, import, export and market surveillance of ReWalk.

Our products are regulated as medical devices in the United States under the FFDCAs as implemented and enforced by the FDA. Under the FFDCAs, medical devices are classified into one of three classes (Class I, Class II or Class III) depending on the degree of risk associated with the medical device, what is known about the type of device, and the extent of control needed to provide reasonable assurance of safety and effectiveness. Classification of a device is important because the class to which a device is assigned determines, among other things, the necessity and type of FDA review required prior to marketing the device. For more information, see Item 1. “Business-Government Regulation” of our Annual Report on Form 10-K for the year ended December 31, 2015, as amended.

In June 2014, the FDA granted our petition for “de novo” classification, which provides a route to market for medical devices that are low to moderate risk, but are not substantially equivalent to a predicate device, and classified ReWalk as Class II subject to certain special controls. The ReWalk is intended to enable individuals with spinal cord injuries to perform ambulatory functions under supervision of a specially trained companion, and inside rehabilitation institutions. The special controls established in the de novo order include compliance with medical device consensus standards; clinical study demonstrating testing to safe and effective use considering the level of supervision necessary and the use environment; non-clinical performance testing of the system’s function and durability; performance to demonstrate that the device performs as intended under anticipated conditions of use; a training program; and labeling related to device use and user training. In order for us to market ReWalk, we must comply with both general controls, including controls related to quality, facility registration, reporting of adverse events and labeling, and the special controls established for the device. Failure to comply with the general and special controls could lead to removal of ReWalk from the market, which would have a material adverse effect on our business.

Following the introduction of a product, the governmental agencies will periodically review our manufacturing processes and product performance, and we are under a continuing obligation to ensure that all applicable regulatory requirements continue to be met. The process of complying with the applicable good manufacturing practices, adverse event reporting and other requirements can be costly and time consuming, and could delay or prevent the production, manufacturing or sale of the ReWalk. In addition, if we fail to comply with applicable regulatory requirements, it could result in fines or delays of regulatory clearances, closure of manufacturing sites, seizures or recalls of products and damage to our reputation. Recent changes in enforcement practice by the FDA, European Union and other agencies have resulted in increased enforcement activity, which increases the compliance risk that we and other companies in our industry are facing.

In addition, governmental agencies may impose new requirements regarding registration, labeling or prohibited materials that may require us to modify or re-register ReWalk once it is already on the market or otherwise impact our ability to market ReWalk in those countries. The process of complying with these governmental regulations can be costly and time consuming, and could delay or prevent the production, manufacturing or sale of ReWalk. For instance, the FDA may issue mandates, known as 522 orders, requiring us to conduct post-market studies of products for which the FDA has already granted us pre-market clearance. Failure to comply could result in enforcement of the FFDCAs against us or our products. Additionally, the agency could request that we recall our ReWalk Personal 6.0 device. For more information on certain deficiencies previously identified by the FDA in our mandatory post-market surveillance study on our ReWalk Personal 6.0, see “-The FDA previously sent us letters regarding potential regulatory action for deficiencies in our mandatory post-market surveillance study on our ReWalk Personal 6.0...” above.

***If we or our third-party manufacturers or suppliers fail to comply with the FDA’s Quality System Regulation, or QSR, our manufacturing operations could be interrupted.***

We, Sanmina and some of our suppliers are required to comply with the FDA’s QSR which covers the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging, sterilization, storage and shipping of our products. We and Sanmina and our suppliers are also subject to the regulations of foreign jurisdictions regarding the manufacturing process if we or our distributors market our products abroad. We continue to monitor our quality management in order to improve our overall level of compliance. Our facilities are subject to periodic and unannounced inspection by U.S. and foreign regulatory agencies to audit compliance with the QSR and comparable foreign regulations. If our facilities or those of Sanmina or our suppliers

are found to be in violation of applicable laws and regulations, or if we or Sanmina or our suppliers fail to take satisfactory corrective action in response to an adverse inspection, the regulatory authority could take enforcement action, including any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notifications or repair, replacement or refunds;
- detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or approval of pre-market approval applications relating to new products or modified products;
- reclassifying a 510(k) cleared device or withdrawing a PMA approval;
- refusing to provide Certificates for Foreign Government;
- refusing to grant export approval for our products; or
- pursuing criminal prosecution.

Any of these sanctions could impair our ability to produce ReWalk in a cost-effective and timely manner in order to meet our customers' demands, and could have a material adverse effect on our reputation, business, results of operations and financial condition. We may also be required to bear other costs or take other actions that may have a negative impact on our future sales and our ability to generate profits.

***We are subject to various laws and regulations, including "fraud and abuse" laws and anti-bribery laws, which, if violated, could subject us to substantial penalties.***

Medical device companies such as ours have faced lawsuits and investigations pertaining to alleged violations of numerous statutes and regulations, including anti-corruption laws and health care "fraud and abuse" laws, such as the federal False Claims Act, the federal Anti-Kickback Statute and the U.S. Foreign Corrupt Practices Act, or the FCPA. See Item 1. "Business-Government Regulation" in our Annual Report on Form 10-K for the year ended December 31, 2015, as amended. U.S. federal and state laws, including the federal Physician Payments Sunshine Act, or the Sunshine Act, and the implementation of Open Payments regulations under the Sunshine Act, require medical device companies to disclose certain payments or other transfers of value made to healthcare providers and teaching hospitals or funds spent on marketing and promotion of medical device products. It is widely believed that public reporting under the Sunshine Act and implementing Open Payments regulations results in increased scrutiny of the financial relationships between industry, physicians and teaching hospitals. These anti-kickback, anti-bribery, public reporting and aggregate spending laws affect our sales, marketing and other promotional activities by limiting the kinds of financial arrangements, including sales programs, we may have with hospitals, rehabilitation centers, physicians or other potential purchasers or users of ReWalk. They also impose additional administrative and compliance burdens on us. In particular, these laws influence, among other things, how we structure our sales offerings, including discount practices, customer support, education and training programs and physician consulting and other service arrangements. If we are in violation of any of these requirements or any actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant criminal and civil fines and penalties, exclusion from federal healthcare programs or other sanctions.

The FCPA applies to companies, including ours, with a class of securities registered under the Exchange Act. The FCPA and other anti-bribery laws to which various aspects of our operations may be subject generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. In various jurisdictions, our operations require that we and third parties acting on our behalf routinely interact with government officials, including medical personnel who may be considered government officials for purposes of these laws because they are employees of state-owned or controlled facilities. Other anti-bribery laws to which various aspects of our operations may be subject, including the United Kingdom Bribery Act, also prohibit improper payments to private parties and prohibit receipt of improper payments. Our policies prohibit our employees from making or receiving corrupt payments, including, among other things, to require compliance by third parties engaged to act on our behalf. Our policies mandate compliance with these anti-bribery laws; however, we operate in many parts of the world that have experienced governmental and/or private corruption to some degree. As a result, the existence

and implementation of a robust anti-corruption program cannot eliminate all risk that unauthorized reckless or criminal acts have been or will be committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and harm our financial condition, results of operations, cash flows and reputation.

***If we are found to have violated laws protecting the confidentiality of patient health information, we could be subject to civil or criminal penalties, which could increase our liabilities and harm our reputation or our business.***

There are a number of federal, state and foreign laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the U.S. Department of Health and Human Services, or HHS, promulgated patient privacy rules under the Health Insurance Portability and Accountability Act of 1996, or HIPAA. These privacy rules protect medical records and other personal health information by limiting their use and disclosure, giving individuals the right to access, amend and seek accounting of their own health information and limiting most use and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purpose. If we or any of our service providers are found to be in violation of the promulgated patient privacy rules under HIPAA, we could be subject to civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, financial condition and operating results.

***Compliance with various regulations, including those related to our status as a U.S. public company and the manufacturing, labeling and marketing of our products, may result in heightened general and administrative expenses and costs, divert management's attention from revenue-generating activities and pose challenges for our management team, which has limited time, personnel and finances to devote to regulatory compliance.***

As a U.S. public company, we are subject to various regulatory and reporting requirements, including those imposed by the SEC, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, the listing requirements of the NASDAQ Global Market and other applicable securities rules and regulations. Additionally, our medical products and manufacturing operations are regulated by the FDA, the European Union, the Ministry of Health in Israel, the TGA in Australia and other governmental authorities both inside and outside of the United States. Compliance with the rules and regulations applicable to us as a publicly traded company in the United States and medical device manufacturer has greatly increased, and may continue to increase, our legal, general and administrative and financial compliance costs and has made, and may continue to make, some activities more difficult, time-consuming or costly. Additionally, these regulatory requirements have diverted, and may continue to divert, management's attention from revenue-generating activities and may increase demands on management's already-limited resources.

Our management team consists of few employees, as the majority of our employees are engaged in sales and marketing and research and development activities. Additionally, while we have recently made significant additions in staffing aimed at addressing a need for greater internal regulatory resources, we do not employ in-house counsel. In light of such constraints on its time, personnel and finances, our management may not be able to implement programs and policies in an effective and timely manner to respond adequately to the heightened legal, regulatory and reporting requirements applicable to us. In the past, for example, we have not always been able to respond on a timely basis to requests from regulators, although we have not to date experienced any long-term material adverse consequences as a result. For more information, see “-The FDA previously sent us letters regarding potential regulatory action for deficiencies in our mandatory post-market surveillance study on our ReWalk Personal 6.0...” above. Similar deficiencies, weaknesses or lack of compliance with public company, medical device and other regulations could harm our reputation in the capital markets or for quality and safety, negatively affect our ability to maintain our public company status and to develop, commercialize or continue selling our products on a timely and effective basis, and cause us to incur sanctions, including fines, injunctions and penalties.

In addition, complying with public disclosure rules makes our business more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results.

***Compliance with new regulations regarding the use of conflict minerals may be time-consuming and costly and could adversely affect our reputation.***

In August 2012, under the Dodd-Frank Act, the SEC adopted new requirements for companies that use certain minerals and derivative metals, namely, tantalum, tin, gold and tungsten (referred to as “conflict minerals” regardless of their actual country of origin) in their products. These rules require us to investigate whether our products contain such “conflict minerals” and, for the year ending December 31, 2016, beginning in 2017, to include on a Form SD filed with the SEC appropriate disclosures regarding

our use of such minerals during the previous calendar year. There will be costs associated with these investigation and disclosure requirements. In addition, depending upon our findings, or our inability to make reliable findings, about the source of any possible conflict minerals that may be used in any products manufactured for us by third parties, our reputation could be harmed, which could cause us to lose those customers who require that all of the components of our products be certified as conflict-free. If we are not able to meet customer requirements, customer demand for our products may decline, and we may have to write off inventory in the event that it cannot be sold.

### **Risks Related to Our Intellectual Property**

#### ***Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to or incorporated into our products.***

Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to or incorporated into our products. We seek to protect our intellectual property through a combination of patents, trademarks, confidentiality and assignment agreements with our employees and certain of our contractors and confidentiality agreements with certain of our consultants, scientific advisors and other vendors and contractors. In addition, we rely on trade secrets law to protect our proprietary software and product candidates/products in development.

The patent position of robotic and exoskeleton inventions can be highly uncertain and involves many new and evolving complex legal, factual and technical issues. Patent laws and interpretations of those laws are subject to change and any such changes may diminish the value of our patents or narrow the scope of protection. In addition, we may fail to apply for or be unable to obtain patents necessary to protect our technology or products or enforce our patents due to lack of information about the exact use of technology or processes by third parties. Also, we cannot be sure that any patents will be granted in a timely manner or at all with respect to any of our patent pending applications or that any patents that are granted will be adequate to protect our intellectual property for any significant period of time or at all.

Litigation to establish or challenge the validity of patents, or to defend against or assert against others infringement, unauthorized use, enforceability or invalidity claims, can be lengthy and expensive and may result in our patents being invalidated or interpreted narrowly and our not being granted new patents related to our pending patent applications. Even if we prevail, litigation may be time consuming and force us to incur significant costs, and any damages or other remedies awarded to us may not be valuable and management's attention could be diverted from managing our business. In addition, U.S. patents and patent applications may be subject to interference proceedings, and U.S. patents may be subject to re-examination and review proceedings in the U.S. Patent and Trademark Office. Foreign patents may also be subject to opposition or comparable proceedings in the corresponding foreign patent offices. Any of these proceedings may be expensive and could result in the loss of a patent or denial of a patent application, or the loss or reduction in the scope of one or more of the claims of a patent or patent application.

In addition, we seek to protect our trade secrets, know-how and confidential information that is not patentable by entering into confidentiality and assignment agreements with our employees and certain of our contractors and confidentiality agreements with certain of our consultants, scientific advisors and other vendors and contractors. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. Enforcing a claim that a third party illegally obtained and is using our trade secrets is expensive and time consuming, and the outcome is unpredictable.

We also have taken precautions to initiate reasonable safeguards to protect our information technology systems. However, these measures may not be adequate to safeguard our proprietary information, which could lead to the loss or impairment thereof or to expensive litigation to defend our rights against competitors who may be better funded and have superior resources. In addition, unauthorized parties may attempt to copy or reverse engineer certain aspects of our products that we consider proprietary or our proprietary information may otherwise become known or may be independently developed by our competitors or other third parties. If other parties are able to use our proprietary technology or information, our ability to compete in the market could be harmed. Further, unauthorized use of our intellectual property may have occurred, or may occur in the future, without our knowledge.

If we are unable to obtain or maintain adequate protection for intellectual property, or if any protection is reduced or eliminated, competitors may be able to use our technologies, resulting in harm to our competitive position.

#### ***Our patents and proprietary technology and processes may not provide us with a competitive advantage.***

Robotics and exoskeleton technologies have been developing rapidly in recent years. We are aware of several other companies developing competing exoskeleton devices for individuals with limited mobility and we expect the level of competition and the

pace of development in our industry to increase. For more information, see Item 1. “Business-Competition” of our Annual Report on Form 10-K for the year ended December 31, 2015, as amended. While we believe our tilt-sensor technology provides a more natural and superior method of exoskeleton activation, which creates a better user experience, a variety of other activation and control methods exist for exoskeletons, several of which are being developed by our competitors, or may be developed in the future. As a result, our patent portfolio and proprietary technology and processes may not provide us with a significant advantage over our competitors, and competitors may be able to design and sell alternative products that are equal to or superior to our products without infringing on our patents. In addition, upon the expiration of our current patents, we may be unable to adequately develop new technologies and obtain future patent protection to preserve our competitive advantage. If we are unable to maintain a competitive advantage, our business and results of operations may be materially adversely affected.

Even in instances where others are found to infringe on our patents, many countries have laws under which a patent owner may be compelled to grant licenses for the use of the patented technology to other parties. In addition, many countries limit the enforceability of patents against other parties, including government agencies or government contractors. In these countries, a patent owner may have limited remedies, which could diminish the value of a patent in those countries. Further, the laws of some countries do not protect intellectual property rights to the same extent as the laws of the United States, particularly in the field of medical products, and effective enforcement in those countries may not be available. The ability of others to market comparable products could adversely affect our business.

***We are not able to protect our intellectual property rights in all countries.***

Filing, prosecuting, maintaining and defending patents on each of our products in all countries throughout the world would be prohibitively expensive, and thus our intellectual property rights outside the United States are limited. In addition, the laws of some foreign countries, especially developing countries, do not protect intellectual property rights to the same extent as federal and state laws in the United States. Also, it may not be possible to effectively enforce intellectual property rights in some countries at all or to the same extent as in the United States and other countries. Consequently, we are unable to prevent third parties from using our inventions in all countries, or from selling or importing products made using our inventions in the jurisdictions in which we do not have (or are unable to effectively enforce) patent protection. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop, market or otherwise commercialize their own products, and we may be unable to prevent those competitors from importing those infringing products into territories where we have patent protection, but enforcement is not as strong as in the United States. These products may compete with our products and our patents and other intellectual property rights may not be effective or sufficient to prevent them from competing in those jurisdictions. Moreover, competitors or others in the chain of commerce may raise legal challenges against our intellectual property rights or may infringe upon our intellectual property rights, including through means that may be difficult to prevent or detect.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. Proceedings to enforce our patent rights in the United States or foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert patent infringement or other claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights in the United States and around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license from third parties.

***We may be subject to patent infringement claims, which could result in substantial costs and liability and prevent us from commercializing our current and future products.***

The medical device industry is characterized by competing intellectual property and a substantial amount of litigation over patent rights. In particular, our competitors in both the United States and abroad, many of which have substantially greater resources and have made substantial investments in competing technologies, have been issued patents and filed patent applications with respect to their products and processes and may apply for other patents in the future. The large number of patents, the rapid rate of new patent issuances and the complexities of the technology involved increase the risk of patent litigation.

Determining whether a product infringes a patent involves complex legal and factual issues and the outcome of patent litigation is often uncertain. Even though we have conducted research of issued patents, no assurance can be given that patents containing claims covering our products, technology or methods do not exist, have not been filed or could not be filed or issued. In addition, because patent applications can take years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware and may result in issued patents which our current or future products infringe. Also, because the claims of published patent applications can change between publication and parent grant, published applications may issue with claims that potentially cover our products, technology or methods.

Infringement actions and other intellectual property claims brought against us, with or without merit, may cause us to incur substantial costs and could place a significant strain on our financial resources, divert the attention of management and harm our reputation. We cannot be certain that we will successfully defend against any allegations of infringement. If we are found to infringe another party's patents, we could be required to pay damages. We could also be prevented from selling our products that infringe, unless we could obtain a license to use the technology covered by such patents or could redesign our products so that they do not infringe. A license may be available on commercially reasonable terms or none at all, and we may not be able to redesign our products to avoid infringement. Further, any modification to our products could require us to conduct clinical trials and revise our filings with the FDA and other regulatory bodies, which would be time consuming and expensive. In these circumstances, we may not be able to sell our products at competitive prices or at all, and our business and operating results could be harmed.

***We rely on trademark protection to distinguish our products from the products of our competitors.***

We rely on trademark protection to distinguish our products from the products of our competitors. We have registered the trademark "ReWalk" in Israel and are in the process of registering our trademark in the United States. In jurisdictions where we have not registered our trademark and are using it, and as permitted by applicable local law, we rely on common law trademark protection. Third parties may oppose our trademark applications, or otherwise challenge our use of the trademarks, and may be able to use our trademarks in jurisdictions where they are not registered or otherwise protected by law. If our trademarks are successfully challenged or if a third party is using confusingly similar or identical trademarks in particular jurisdictions before we do, we could be forced to rebrand our products, which could result in loss of brand recognition, and could require us to devote additional resources to marketing new brands. If others are able to use our trademarks, our ability to distinguish our products may be impaired, which could adversely affect our business. Further, we cannot assure you that competitors will not infringe upon our trademarks, or that we will have adequate resources to enforce our trademarks.

***We may be subject to damages resulting from claims that our employees or we have wrongfully used or disclosed alleged trade secrets of their former employers.***

Many of our employees were previously employed at other medical device companies, including our competitors or potential competitors, and we may hire employees in the future that are so employed. We could in the future be subject to claims that these employees, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. If we fail in defending against such claims, a court could order us to pay substantial damages and prohibit us from using technologies or features that are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. If any of these technologies or features that are important to our products, this could prevent us from selling those products and could have a material adverse effect on our business. Even if we are successful in defending against these claims, such litigation could result in substantial costs and divert the attention of management.

**Risks Related to an Investment in Our Securities**

***Sales of a substantial number of ordinary shares or volatility or a reduction in the market price of our ordinary shares could have an adverse effect on our ordinary shares and on the value of the warrants offered in our follow-on offering completed in November 2016.***

On November 1, 2016, we closed our follow-on public offering of 3,250,000 units, each consisting of one ordinary share and 0.75 of a Warrant to purchase one ordinary share. As a result, we issued 3,250,000 ordinary shares and Warrants to purchase up to 2,437,500 ordinary shares. We also granted Oppenheimer as underwriter the option to purchase 487,500 additional units for up to 30 days after October 27, 2016, which, if exercised, could result in an issuance of 487,500 additional ordinary shares and Warrants to purchase 365,625 additional ordinary shares. The ordinary shares included in the units and/or the ordinary shares issuable upon exercise of the warrants included in the units will, once issued, be freely tradable without restriction or further registration under the Securities Act, subject to limitations on resales by our affiliates under Rule 144 under the Securities Act. Additionally, the Warrants are immediately exercisable. Sales by us or our shareholders of a substantial number of ordinary shares in the public market, or the perception that these sales might occur, could cause the value of our securities to decline or could impair our ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities. Additionally, while there is no established public trading market for the warrants and we do not expect one to develop, any volatility or reduction in the market price of our ordinary shares could have an adverse effect on the trading price of the warrants given that they are exercisable into ordinary shares.

Additionally, as of September 30, 2016, before we issued the Warrants in our follow-on offering, 523,099 ordinary shares were issuable pursuant to the exercise of outstanding warrants. These represented grants made as part of our series E investment round in July 2014 and to Kreos in connection with our loan agreement with Kreos in December 2015, and 2,639,618 shares remained

available for issuance to our and our affiliates' respective employees, non-employee directors and consultants under our equity incentive plans, including 2,261,965 ordinary shares subject to outstanding awards. Pursuant to our Amended and Restated Shareholders' Rights Agreement, dated July 14, 2014, with certain of our shareholders, as of September 30, 2016, the beneficial owners of approximately 4,203,143 of our ordinary shares were also entitled to require that we register their shares under the Securities Act for resale into the public markets. With respect to the outstanding warrants, there may be certain restrictions on the holders to sell the ordinary shares issuable thereunder to the extent they are restricted securities and/or are held by affiliates. Shares issued pursuant to our equity incentive plans may be freely sold in the public market upon issuance, subject to vesting provisions, except for shares held by affiliates who have certain restrictions on their ability to sell. All shares sold pursuant to an offering covered by such registration statement would be freely transferable. Our largest shareholders, Yaskawa Electric Corporation and certain entities, individuals affiliated with SCP Vitalife Partners and Israel Healthcare Venture Partners 2 LP Incorporated, may also have limitations under Rule 144 under the Securities Act on the resale of certain ordinary shares they hold. Despite these limitations, if we, our existing shareholders, particularly our largest shareholders, our directors, their affiliates or our executive officers, sell a substantial number of the above-mentioned ordinary shares in the public market, the market price of our ordinary shares could decrease significantly.

***The exercise price and the number of ordinary shares issuable upon exercise of the Warrants offered in our follow-on public offering of units, as completed in November 2016, can fluctuate under certain circumstances. If triggered, these adjustments could result in potentially material dilution to holders of our ordinary shares.***

Under the terms of the Warrants offered in our follow-on offering completed in November 2016, the exercise price and the number of ordinary shares for which the Warrants are exercisable will be adjusted upon certain corporate events, including stock splits, reverse stock splits, combinations, stock dividends, recapitalizations and reorganizations and certain other events. Our board of directors also has discretion, pursuant to the Warrants, to determine whether to make such adjustments to the exercise price and number of ordinary shares to be issued upon exercise of the Warrants based on similar events, such as the granting of stock appreciation rights, phantom stock rights or other rights with equity features. Lastly, at any time, the board of directors may reduce the exercise price of the Warrants to any amount and for any period of time it deems appropriate. These provisions could result in substantial dilution to holders of our ordinary shares, which may make it difficult for us to raise additional capital at prevailing market terms in the future.

***We may not have the ability to repurchase the Warrants offered in our follow-on public offering of units.***

Under certain circumstances, if a change of control (as defined in the Warrants) occurs, holders of the Warrants offered in our follow-on offering may require us or any successor to us to repurchase the remaining unexercised portion of such warrants for an amount of cash equal to the value of the Warrant as determined in accordance with the Black-Scholes option pricing model and the terms of the Warrants. Our ability to repurchase the Warrants depends on our ability to generate cash flow in the future. To some extent, this is subject to general economic, financial, competitive, legislative and regulatory factors and other factors that are beyond our control. We cannot provide any assurances to the holders of such Warrants that we will maintain sufficient cash reserves or that our business will generate cash flow from operations at levels sufficient to permit us to repurchase the Warrants.

***The price of our ordinary shares may be volatile, and you may lose all or part of your investment.***

Our ordinary shares were first publicly offered in our initial public offering in September 2014, at a price of \$12.00 per share, and our ordinary shares have subsequently traded as high as \$43.71 per share and as low as \$5.05 per share through October 25, 2016. The market price of our ordinary shares could be highly volatile and may fluctuate substantially as a result of many factors. Moreover, while there is no established public trading market for the Warrants offered in our follow-on public offering completed in November 2016, and we do not expect one to develop, our ordinary shares will be issuable pursuant to exercise of these Warrants. Because the Warrants are exercisable into our ordinary shares, volatility or a reduction in the market price of our ordinary shares could have an adverse effect on the trading price of the Warrants. Factors which may cause fluctuations in the price of our ordinary shares include, but are not limited to:

- actual or anticipated fluctuations in our growth rate or results of operations or those of our competitors;
- customer acceptance of our products;
- announcements by us or our competitors of new products or services, commercial relationships, acquisitions or expansion plans;
- announcements by us or our competitors of other material developments;

- our involvement in litigation;
- changes in government regulation applicable to us and our products;
- sales, or the anticipation of sales, of our ordinary shares, warrants and debt securities by us, or sales of our ordinary shares by our insiders or other shareholders, including upon expiration of contractual lock-up agreements;
- developments with respect to intellectual property rights;
- competition from existing or new technologies and products;
- changes in key personnel;
- the trading volume of our ordinary shares;
- changes in the estimation of the future size and growth rate of our markets;
- changes in our quarterly or annual forecasts with respect to operating results and financial conditions; and
- general economic and market conditions.

In addition, the stock markets have experienced extreme price and volume fluctuations. Broad market and industry factors may materially harm the market price of our ordinary shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs and our management's attention and resources could be diverted.

***If we do not meet the expectations of equity research analysts, if they do not continue to publish research or reports about our business or if they issue unfavorable commentary or downgrade our ordinary shares, the price of our ordinary shares could decline.***

The trading market for our ordinary shares relies in part on the research and reports that equity research analysts publish about us and our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If our results of operations are below the estimates or expectations of public market analysts and investors, our share price could decline. Moreover, the price of our ordinary shares could decline if one or more securities analysts downgrade our ordinary shares or if those analysts issue other unfavorable commentary or do not publish research or reports about us or our business.

***A small number of our shareholders have a significant influence over matters requiring shareholder approval, which could delay or prevent a change of control.***

The largest beneficial owners of our shares, Yaskawa Electric Corporation and certain entities and individuals affiliated with SCP Vitalife Partners, beneficially own in the aggregate 24.2% of our ordinary shares as of September 30, 2016. As a result, these shareholders, should they choose to act together or and even if they act individually, will exert significant influence over our operations and business strategy and would together have sufficient voting power to influence significantly the outcome of matters requiring shareholder approval. These matters may include:

- the composition of our board of directors, which has the authority to direct our business and to appoint and remove our officers;
- approving or rejecting a merger, consolidation or other business combination;
- raising future capital; and
- amending our Second Amended and Restated Articles of Association, as amended by the First Amendment thereto, or our Articles of Association, which govern the rights attached to our ordinary shares.

This concentration of ownership of our ordinary shares could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of our ordinary shares that might otherwise give you the opportunity to realize a premium

over the then-prevailing market price of our ordinary shares. This concentration of ownership may also adversely affect our share price.

***We are an “emerging growth company” and we cannot be certain whether the reduced requirements applicable to emerging growth companies will make our ordinary shares less attractive to investors.***

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As a result, we may take advantage of certain exemptions from various requirements that are applicable to other public companies that are not “emerging growth companies.” For instance, we are subject to reduced compensation disclosure obligations under the JOBS Act, and we are not required to conduct votes seeking shareholder approval on an advisory basis of (i) the compensation of our named executive officers or the frequency with which such votes must be conducted or (ii) compensation arrangements and understandings in connection with merger transactions, known as “golden parachute” arrangements. Additionally, we are not required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act for up to five fiscal years after the date of our initial public offering.

We will remain an emerging growth company until the earliest of: (a) the last day of our fiscal year during which we have total annual gross revenues of at least \$1.0 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of our initial public offering; (c) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Exchange Act. When we are no longer deemed to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above. We cannot predict if investors will find our securities less attractive as a result of our reliance on exemptions under the JOBS Act. If some investors find our securities less attractive as a result, there may be a less active trading market for our ordinary shares and the price of our ordinary shares may be more volatile.

***U.S. investors may suffer adverse tax consequences if we are characterized as a passive foreign investment company.***

Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of the average quarterly value of our assets (which may be determined in part by the market value of our ordinary shares, which is subject to change) are held for the production of, or produce, passive income, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. Based on our gross income and assets, the market price of our ordinary shares, the estimated proceeds from our follow-on offering completed in November 2016 and the nature of our business, we do not believe that we were a PFIC for the taxable year ended December 31, 2015 or that we will be considered a PFIC for the taxable year ending December 31, 2016. However, there can be no assurance that we will not be considered a PFIC for 2016 or any taxable year. PFIC status is determined as of the end of the taxable year and depends on a number of factors, including the value of a corporation’s assets and the amount and type of its gross income. Further, because the value of our gross assets is likely to be determined in large part by reference to our market capitalization, a decline in the value of our ordinary shares may result in our becoming a PFIC.

If we are characterized as a PFIC, U.S. Holders (as defined below) may suffer adverse tax consequences, including, (i) having gains realized on the sale of our securities treated as ordinary income, rather than as capital gains, (ii) the loss of the preferential rate applicable to dividends received on our ordinary shares or shares issuable on exercise of the Warrants, as the case may be, by individuals who are U.S. Holders, and (iii) having additional taxes equal to the interest charges generally applicable to underpayments of tax apply to distributions by us and the proceeds of sales of Securities. A U.S. Holder is defined as: a citizen or resident of the United States; a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia; an estate the income of which is subject to U.S. federal income taxation regardless of its source; or a trust if such trust has validly elected to be treated as a United States person for U.S. federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more United States persons have the authority to control all of the substantial decisions of such trust. Certain elections exist that may alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment (such as mark-to-market treatment); however, we do not intend to provide the information necessary for U.S. Holders to make qualified electing fund elections if we are classified as a PFIC.

***We are subject to ongoing costs and risks associated with determining whether our existing internal controls over financial reporting systems are compliant with Section 404 of the Sarbanes-Oxley Act, and if we fail to achieve and maintain adequate internal controls it could have a material adverse effect on our stated results of operations and harm our reputation.***

We are required to comply with the internal control, evaluation, and certification requirements of Section 404 of the Sarbanes-Oxley Act and the Public Company Accounting Oversight Board. Unless we lose our status as an emerging growth company under the JOBS Act prior to the end of the fiscal year in which the fifth anniversary of our initial public offering occurred, we will not be required to obtain an auditor attestation under Section 404 of the Sarbanes-Oxley Act until the year ended December 31, 2019. However once we no longer qualify as an emerging growth company under the JOBS Act our independent registered public accounting firm will need to attest to the effectiveness of our internal control over financial reporting under Section 404.

The process of determining whether our existing internal controls over financial reporting systems are compliant with Section 404 and whether there are any material weaknesses or significant deficiencies in our existing internal controls requires the investment of substantial time and resources, including by our Chief Financial Officer and other members of our senior management. This determination and any remedial actions required could divert internal resources and take a significant amount of time and effort to complete and could result in us incurring additional costs that we did not anticipate, including the hiring of outside consultants. We could experience higher than anticipated operating expenses and higher independent auditor fees during and after the implementation of these changes.

Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting and/or results of operations and could result in an adverse opinion on internal controls from our management and, once we lose our emerging growth company status, our independent auditors. Further, if our internal control over financial reporting is not effective, the reliability of our financial statements may be questioned and our share price may suffer.

#### **Risks Relating to Our Incorporation and Location in Israel**

***Our technology development and quality headquarters and the manufacturing facility for our products are located in Israel and, therefore, our results may be adversely affected by economic restrictions imposed on, and political and military instability in, Israel.***

Our technology development and quality headquarters, which houses substantially all of our research and development and our core research and development team, including engineers, machinists, researchers, and clinical and regulatory personnel, as well as the facility of our contract manufacturer, Sanmina, are located in Israel. Many of our employees, directors and officers are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors, Hamas (an Islamist militia and political group in the Gaza Strip) and Hezbollah (an Islamist militia and political group in Lebanon). Any hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could materially and adversely affect our business, financial condition and results of operations and could make it more difficult for us to raise capital. In particular, an interruption of operations at the Tel Aviv airport related to the conflict in the Gaza Strip or otherwise could prevent or delay shipments of our components or products. Although we maintain inventory in the United States and Germany, an extended interruption could materially and adversely affect our business, financial condition and results of operations.

Recent political uprisings, social unrest and violence in various countries in the Middle East and North Africa, including Israel's neighbors Egypt and Syria, are affecting the political stability of those countries. This instability may lead to deterioration of the political relationships that exist between Israel and these countries and has raised concerns regarding security in the region and the potential for armed conflict. Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. Any losses or damages incurred by us could have a material adverse effect on our business. In addition, Iran has threatened to attack Israel and is widely believed to be developing nuclear weapons. Iran is also believed to have a strong influence among parties hostile to Israel in areas that neighbor Israel, such as the Syrian government, Hamas in Gaza and Hezbollah in Lebanon. Any armed conflicts, terrorist activities or political instability in the region could materially and adversely affect our business, financial condition and results of operations.

***Our operations and the operations of our contract manufacturer, Sanmina, may be disrupted as a result of the obligation of Israeli citizens to perform military service.***

Many Israeli citizens are obligated to perform one month, and in some cases more, of annual military reserve duty until they reach the age of 45 (or older, for reservists with certain occupations) and, in the event of a military conflict, may be called to active duty. In response to terrorist activity, there have been periods of significant call-ups of military reservists. For example, the Israeli armed forces called up a significant number of reservists to active duty in connection with the recent conflict in the Gaza Strip. It is possible that there will be additional military reserve duty call-ups in the future in connection with this conflict or otherwise. Some of our executive officers and employees, as well as those of Sanmina, the manufacturer of all of our products, are required to perform annual military reserve duty in Israel and may be called to active duty at any time under emergency circumstances. Although these call-ups have not had a material impact on our operations or on Sanmina's ability to manufacture our products, our operations and the operations of Sanmina could be disrupted by such call-ups.

***Our sales may be adversely affected by boycotts of Israel.***

Several countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities in the region or otherwise. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Such actions, particularly if they become more widespread, may adversely impact our ability to sell our products.

***The tax benefits that are available to us require us to continue to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.***

Some of our operations in Israel, referred to as "Beneficiary Enterprises," carry certain tax benefits under the Israeli Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law. Substantially all of our future income before taxes can be attributed to these programs. If we do not meet the requirements for maintaining these benefits or if our assumptions regarding the key elements affecting our tax rates are rejected by the tax authorities, they may be reduced or cancelled and the relevant operations would be subject to Israeli corporate tax at the standard rate, which is currently set at 25.0% for 2016 and thereafter. In addition to being subject to the standard corporate tax rate, we could be required to refund any tax benefits that we may receive in the future, plus interest and penalties thereon. Even if we continue to meet the relevant requirements, the tax benefits that our current "Beneficiary Enterprises" receive may not be continued in the future at their current levels or at all. If these tax benefits were reduced or eliminated, the amount of taxes that we pay would likely increase, as all of our Israeli operations would consequently be subject to corporate tax at the standard rate, which could adversely affect our results of operations. Additionally, if we increase our activities outside of Israel, for example, by way of acquisitions, our increased activities may not be eligible for inclusion in Israeli tax benefit programs. For a discussion of our current tax obligations, see Part I. Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

***We have received Israeli government grants for certain of our research and development activities and we may receive additional grants in the future. The terms of those grants restrict our ability to manufacture products or transfer technologies outside of Israel, and we may be required to pay penalties in such cases or upon the sale of our company.***

From our inception through September 30, 2016, we received a total of \$740,000 from the OCS. We may in the future apply to receive additional grants from the OCS to support our research and development activities. With respect to such grants we are committed to pay royalties at a rate of 3% to 3.5% on sales proceeds up to the total amount of grants received, linked to the dollar and bearing interest at an annual rate of LIBOR applicable to dollar deposits. Even after payment in full of these amounts, we will still be required to comply with the requirements of the Israeli Encouragement of Industrial Research and Development Law, 1984, or the R&D Law, and related regulations, with respect to those past grants. When a company develops know-how, technology or products using OCS grants, the terms of these grants and the R&D Law restrict the transfer outside of Israel of such know-how, and the manufacturing or manufacturing rights of such products, technologies or know-how, without the prior approval of the OCS. Therefore, if aspects of our technologies are deemed to have been developed with OCS funding, the discretionary approval of an OCS committee would be required for any transfer to third parties outside of Israel of know-how or manufacturing or manufacturing rights related to those aspects of such technologies. Furthermore, the OCS may impose certain conditions on any arrangement under which it permits us to transfer technology or development out of Israel or may not grant such approvals at all.

The transfer of OCS-supported technology or know-how outside of Israel may involve the payment of significant amounts to the OCS, depending upon the value of the transferred technology or know-how, the amount of OCS support, the time of completion of the OCS-supported research project and other factors. These restrictions and requirements for payment may impair our ability to sell our technology assets outside of Israel or to outsource or transfer development or manufacturing activities with respect to any product or technology outside of Israel. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of technology or know-how developed with OCS funding (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the OCS.

In addition to the above, any non-Israeli citizen, resident or entity that, among other things, (i) becomes a holder of 5% or more of our share capital or voting rights, (ii) is entitled to appoint one or more of our directors or our chief executive officer or (iii) serves as one of our directors or as our chief executive officer (including holders of 25% or more of the voting power, equity or the right to nominate directors in such direct holder, if applicable) is required to notify the OCS and undertake to comply with the rules and regulations applicable to the grant programs of the OCS, including the restrictions on transfer described above.

***We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.***

A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Under the Israeli Patent Law, 5727-1967, or the Patent Law, and recent decisions by the Israeli Supreme Court and the Israeli Compensation and Royalties Committee, a body constituted under the Patent Law, employees may be entitled to remuneration for intellectual property that they develop for us unless they explicitly waive any such rights, although the validity of any such waivers remains open to judicial review. Although we enter into agreements with our employees pursuant to which they agree that any inventions created in the scope of their employment or engagement are owned exclusively by us, we may face claims demanding remuneration. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and former employees, or be forced to litigate such claims, which could negatively affect our business.

***Provisions of Israeli law and our Articles of Association may delay, prevent or otherwise impede a merger with, or an acquisition of, us, even when the terms of such a transaction are favorable to us and our shareholders.***

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer, unless at least 98% of the company's outstanding shares are tendered. Furthermore, the shareholders, including those who indicated their acceptance of the tender offer (unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek appraisal rights), may, at any time within six months following the completion of the tender offer, petition an Israeli court to alter the consideration for the acquisition.

Our Articles of Association provide that our directors (other than external directors) are elected on a staggered basis, such that a potential acquirer cannot readily replace our entire board of directors at a single annual general shareholder meeting. This could prevent a potential acquirer from receiving board approval for an acquisition proposal that our board of directors opposes.

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers involving an exchange of shares, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are subject to certain restrictions. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred. These and other similar provisions could delay, prevent or impede an acquisition of us or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders.

***It may be difficult to enforce a judgment of a U.S. court against us, our officers and directors, to assert U.S. securities laws claims in Israel or to serve process on our officers and directors.***

We are incorporated in Israel. Although the majority of our directors and executive officers reside within the United States and most of the assets of these persons are also likely located within the United States, some of our directors and executive officers reside and may have the majority of their assets outside the United States. Additionally, most of our assets are located outside of the United States. Therefore, a judgment obtained against us, or those of our directors and executive officers residing outside of the United States, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not be enforced by an Israeli court. It also may be difficult for you to effect service of process in the United States on those directors and executive officers residing outside of the United States or to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to

be applicable, the content of applicable U.S. law must be proven as a fact by expert witnesses, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may be able to collect only limited, or may be unable to collect any, damages awarded by either a U.S. or foreign court.

***Your rights and responsibilities as a shareholder will be governed by Israeli law which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.***

The rights and responsibilities of the holders of our ordinary shares are governed by our Articles of Association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in U.S.-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders, and to refrain from abusing its power in the company, including, among other things, in voting at a general meeting of shareholders on matters such as amendments to a company's articles of association, increases in a company's authorized share capital, mergers and acquisitions and related party transactions requiring shareholder approval. In addition, a shareholder who is aware that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. There is limited case law available to assist us in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on holders of our ordinary shares that are not typically imposed on shareholders of U.S. corporations.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

## **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

## **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

## **ITEM 5. OTHER INFORMATION**

Not applicable.

**ITEM 6. EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act 2002.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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\* Furnished herewith.

**SIGNATURES**

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

**ReWalk Robotics Ltd.**

Date: November 3, 2016

By: /s/ Larry Jasinski  
Larry Jasinski  
Chief Executive Officer

Date: November 3, 2016

By: /s/ Kevin Hershberger  
Kevin Hershberger  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Larry Jasinski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ReWalk Robotics Ltd.;
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the 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(s) 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.

/s/ Larry Jasinski

Larry Jasinski  
Chief Executive Officer  
(Principal Executive Officer)  
ReWalk Robotics Ltd.

Date: November 3, 2016

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Hershberger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ReWalk Robotics Ltd.;
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the 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(s) 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.

/s/ Kevin Hershberger

Kevin Hershberger  
Chief Financial Officer  
(Principal Financial Officer)  
ReWalk Robotics Ltd.

Date: November 3, 2016

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

In connection with the Quarterly Report of ReWalk Robotics Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Larry Jasinski, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Larry Jasinski

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Larry Jasinski  
Chief Executive Officer  
(Principal Executive Officer)  
ReWalk Robotics Ltd.

Date: November 3, 2016

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ReWalk Robotics Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Hershberger, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kevin Hershberger

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Kevin Hershberger  
Chief Financial Officer  
(Principal Financial Officer)  
ReWalk Robotics Ltd.

Date: November 3, 2016

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

