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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

☐ **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: 000-19871

MICROBOT MEDICAL INC.

(Name of Registrant in Its Charter)

Delaware	**94-3078125**
State or Other Jurisdiction of Incorporation or Organization)	***(I.R.S. Employer Identification No.)***

288 Grove Street, Suite 388
Braintree, MA 02184
(Address of principal executive offices)

(781) 875-3605
(Registrant's Telephone Number, Including Area Code)

25 Recreation Park Drive, Unit 108
Hingham, MA 02043
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of exchange on which registered
Common Stock	MBOT	NASDAQ Capital Market

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 11,707,317 shares of Common Stock, $0.01 par value at August 10, 2023.

MICROBOT MEDICAL INC. AND SUBSIDIARY

Index

MICROBOT MEDICAL INC.
Interim Consolidated Balance Sheets
U.S. dollars in thousands

(Except share and per share data)

	Notes	As of June 30, 2023 Unaudited	As of December 31, 2022 Audited
ASSETS			
Current assets:			
Cash and cash equivalents		$ 5,721	$ 2,442
Marketable securities	2	4,199	5,760
Short-term deposit		-	3
Restricted cash		48	77
Prepaid expenses and other current assets		371	532
Total current assets		10,339	8,814
Property and equipment, net		180	221
Operating right-of-use assets	3	365	502
Total assets		$ 10,884	$ 9,537
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		$ 240	$ 116
Lease liabilities	3	225	283
Accrued liabilities		859	1,670
Total current liabilities		1,324	2,069
Non-current liabilities:			
Long-term lease liabilities	3	92	179
Total liabilities		1,416	2,248
Stockholders' equity:			
Common stock; $0.01 par value; 60,000,000 shares authorized as of June 30, 2023 and December 31, 2022; 11,707,317 and 7,890,628 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively.		118	80
Additional paid-in capital		83,251	75,970
Accumulated deficit		(73,901)	(68,761)
Total stockholders' equity		9,468	7,289
Total liabilities and stockholders' equity		$ 10,884	$ 9,537

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

MICROBOT MEDICAL INC.
Interim Consolidated Statements of Comprehensive Loss
U.S. dollars in thousands

(Except share and per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
	Unaudited		Unaudited	
Research and development	$ (1,365)	$ (2,193)	$ (2,982)	$ (3,899)
General and administrative	(959)	(1,370)	(2,261)	(2,840)
Operating loss	(2,324)	(3,563)	(5,243)	(6,379)
Financing income, net	37	50	103	37
Net loss	$ (2,287)	$ (3,513)	$ (5,140)	$ (6,702)
Basic and diluted net loss per share	$ (0.25)	$ (0.49)	$ (0.60)	$ (0.94)
Basic and diluted weighted average common shares outstanding	9,198,806	7,108,133	8,609,325	7,108,133

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

MICROBOT MEDICAL INC.
Interim Consolidated Statements of Shareholders' Equity
U.S. dollars in thousands

(Except share and per share data)

	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balances, December 31, 2021 (Audited)	7,108,133	$ 72	$ 69,902	$ (55,593)	$ 14,381
Share-based compensation	-	-	429	-	429
Net loss	-	-	-	(3,189)	(3,189)
Balances, March 31, 2022 (Unaudited)	7,108,133	$ 72	$ 70,331	$ (58,782)	$ 11,621
Share-based compensation	-	-	432	-	432
Net loss	-	-	-	(3,513)	(3,513)
Balances, June 30, 2022 (Unaudited)	7,108,133	$ 72	$ 70,763	$ (62,295)	$ 8,540

	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balances, December 31, 2022 (Audited)	7,890,628	$ 80	$ 75,970	$ (68,761)	$ 7,289
Share-based compensation	-	-	412	-	412
Issuance of common stock upon exercise of warrants	240,000	3	(3)	-	-
Net loss	-	-	-	(2,853)	(2,853)
Balances, March 31, 2023 (Unaudited)	8,130,628	$ 83	$ 76,379	$ (71,614)	$ 4,848
Share-based compensation	-	-	349	-	349
Issuance of common stock and warrants net of issuance costs (*)	3,576,689	35	6,523	-	6,558
Net loss	-	-	-	(2,287)	(2,287)
Balances, June 30, 2023 (Unaudited)	11,707,317	$ 118	$ 83,251	$ (73,901)	$ 9,468

(*)Net of issuance costs in the amount of $1,075, of which $160 had not been paid as of June 30, 2023. See also Note 5.

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

MICROBOT MEDICAL INC.
Interim Consolidated Statements of Cash Flows

U.S. dollars in thousands

	For the Six Months Ended June 30,	
	2023	**2022**
	Unaudited	Unaudited
Operating activities:		
Net loss	$ (5,140)	$ (6,702)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	51	44
Non-cash and accrued interest	-	1
Interest income and unrealized gains from marketable securities	(35)	-
Share-based compensation expense	761	861
Changes in assets and liabilities:		
Prepaid expenses and other assets	318	49
Other payables and accrued liabilities	(1,012)	(384)
Net cash flows used in operating activities	(5,057)	(6,131)
Investing activities:		
Purchases of property and equipment	(10)	(78)
Purchases of marketable securities	(3,194)	-
Proceeds from sale of a marketable security	1,000	-
Proceeds from maturities of marketable securities	3,789	-
Short term deposit	3	-
Net cash flows provided by (used in) investing activities	1,588	(78)
Financing activities:		
Issuance of common stock and warrants, net of issuance costs	6,719	-
Net cash flows provided by financing activities	6,719	-
Increase (decrease) in cash, cash equivalents and restricted cash	3,250	(6,209)
Cash, cash equivalents and restricted cash at beginning of period	2,519	13,580
Cash, cash equivalents and restricted cash at end of period	$ 5,769	$ 7,371
Supplemental disclosure of cash flow information:		
Cash received from interest	$ 75	$ -
Right-of-use asset and lease liability	$ 20	$ 121
Issuance expenses	$ 160	$ -

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

NOTE 1 - GENERAL

A. Description of business

Microbot Medical Inc. (the "Company") is a pre-clinical medical device company specializing in the research, design and development of next generation robotic endoluminal surgery devices targeting the minimally invasive surgery space. The Company is primarily focused on leveraging its robotic technologies with the goal of redefining surgical robotics while improving surgical outcomes for patients.

The Company incorporated on August 2, 1988 in the State of Delaware under the name Cellular Transplants, Inc. The original Certificate of Incorporation was restated on February 14, 1992 to change the name of the Company to Cyto Therapeutics, Inc. On May 24, 2000, the Certificate of Incorporation as restated was further amended to change the name of the Company to StemCells, Inc.

On November 28, 2016, the Company consummated a transaction pursuant to an Agreement and Plan of Merger, dated August 15, 2016, with Microbot Medical Ltd., a private medical device company organized under the laws of the State of Israel ("Microbot Israel"). On the same day and in connection with the Merger, the Company changed its name from StemCells, Inc. to Microbot Medical Inc. On November 29, 2016, the Company's common stock, par value $0.01 per share (the "Common Stock") began trading on the Nasdaq Capital Market under the symbol "MBOT".

The Company and Microbot Israel, its sole subsidiary, are sometimes collectively referred to as the "Company" as the context may require.

B. Risk Factors

To date, the Company has not generated revenues from its operations. As of June 30, 2023, the Company had cash equivalents and marketable securities balance of approximately $9,920, excluding encumbered cash, which management believes is sufficient to fund its operations for eight months from the filing date of this Quarterly Report on Form 10-Q. Accordingly, as of such filing date, there is a substantial doubt as to the Company's ability to continue as a going concern.

Due to continuing research and development activities, the Company expects to continue to incur additional losses for the foreseeable future. While management of the Company believes that it has sufficient funds until approximately April 2024, partially as a result of the Company's cost reduction program implemented in May 2023 and capital raises in May and June 2023, the Company will seek to raise additional funds through future issuances of either debt and/or equity securities and possibly additional grants from the Israeli Innovation Authority and other government institutions. The Company's ability to raise additional capital in the equity and debt markets is dependent on a number of factors, including, but not limited to, the market demand for the Company's stock, which itself is subject to a number of development and business risks and uncertainties, as well as the uncertainty that the Company would be able to raise such additional capital at a price or on terms that are favorable to the Company.

C. Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions pertaining to transactions and matters whose ultimate effect on the financial statements cannot precisely be determined at the time of financial statements preparation. Although these estimates are based on management's best judgment, actual results may differ from these estimates.

D. Unaudited Interim Financial Statements

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of U.S. Securities and Exchange Commission ("SEC") regulations. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included (consisting only of normal recurring adjustments except as otherwise discussed).

Operating results for the six and three-month periods ended June 30, 2023, are not necessarily indicative of the results that may be expected for the year ended December 31, 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these unaudited interim consolidated financial statements are identical to those applied in the preparation of the latest annual audited financial statements.

Fair value of financial instruments

The carrying values of cash and cash equivalents, other receivables and other accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of these instruments.

A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables summarizes the Company's financial assets subject to fair value measurement and the level of inputs used in such measurements as of June 30, 2023 and December 31, 2022:

	As of June 30, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash equivalents:				
U.S. treasury securities	$ 1,596	$ 1,596	$ -	$ -
Marketable securities:				
U.S. treasury securities	$ 2,562	$ 2,562	$ -	$ -
Money market mutual funds	1,637	1,637	-	-
	$ 4,199	$ 4,199	$ -	$ -

	As of December 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash equivalents:				
U.S. treasury securities	$ 1,247	$ 1,247	$ -	$ -
Marketable securities:				
U.S. treasury securities	$ 3,761	$ 3,761	$ -	$ -
Money market mutual funds	1,999	1,999	-	-
	$ 5,760	$ 5,760	$ -	$ -

The Company's financial assets are measured at fair value on a recurring basis by level within the fair value hierarchy. The Company's securities and money market funds are classified as Level 1. Other than that, the Company doesn't have any other financial assets or financial liabilities marked to market at fair value as of June 30, 2023 and December 31, 2022.

Contingencies

Management records and discloses legal contingencies in accordance with ASC Topic 450, Contingencies. Accordingly, management of the Company will recognize a liability for a legal contingency when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company monitors the stage of progress of its litigation matters in each reporting period in order to determine if any adjustments are required.

Recently issued accounting pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective will not have a material impact on the Company's financial position or results of operations upon adoption.

NOTE 3 - LEASES

The Company has lease agreements with lease and non-lease components, which it accounts for as a single lease component. The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a term of 12 months or less. The effect of short-term leases on the Company's ROU assets and lease liabilities was not material for the periods presented. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. In addition, the Company does not have any related party leases and its sublease transactions are de minimis.

Supplemental cash flow information related to operating leases was as follows:

	For the Six Months Ended June 30,	
	2023	**2022**
Cash payments and expenses	$ 151	$ 172

Undiscounted maturities of operating lease payments as of June 30, 2023 are summarized as follows:

2023 (Remainder of the year)	$ 132
2024	188
2025	16
Total future lease payments	336
Less imputed interest	(19)
Total lease liability balance	$ 317

	June 30, 2023	**December 31, 2022**
Operating leases weighted average remaining lease term (in years)	1-2	2
Operating leases weighted average discount rate	9%	9%

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Government Grants

Microbot Israel has received grants from the Israeli Innovation Authority ("IIA") for participation in research and development since 2013 through June 30, 2023 totaling approximately $1,500.

In addition, as a result of the agreement with CardioSert Ltd. ("CardioSert") on January 4, 2018, Microbot Israel took over the liability to repay CardioSert's IIA grants in the aggregate amount of approximately $530.

As a result of the agreement with Nitiloop Ltd., an Israeli limited liability company ("Nitiloop"), on October 6, 2022, Microbot Israel took over the liability to repay Nitiloop's IIA grants in the aggregate amount of approximately $925.

In relation to the IIA grants described above, the Company is obligated to pay royalties amounting to 3%-5% of its future sales of the products relating to such grants.

The grants are linked to the exchange rate of the dollar to the New Israeli Shekel and bears interest of Libor per annum.

The repayment of the grants is contingent upon the successful completion of the Company's research and development programs and generating sales. The Company has no obligation to repay these grants, if the project fails, is unsuccessful or aborted or if no sales are generated. The financial risk is assumed completely by the Government of Israel. The grants are received from the Government on a project-by-project basis.

Approval for Grant from The Israel Innovation Authority

On June 2, 2023, the Company announced that it received approval for a grant from the IIA in the amount of approximately NIS 1.62 million, which based on an exchange rate on such date of NIS 1.00 = $0.26675, would be approximately $433, to further finance the development of the Company's manufacturing process of the LIBERTY robotic surgical system.

In relation to the IIA grant, the Company is obligated to pay royalties amounting to between 3%-5% of future sales of the LIBERTY product up to the grant amount plus interest. The grant is linked to the U.S. dollar and bears interest at Libor per annum. The grant funds will be paid over time based on the terms of the grant, and the U.S. dollar amount actually received will be based on the exchange rate of the U.S. dollar to the New Israeli Shekel at the time of payment. See "NOTE 6 - SUBSEQUENT EVENTS" below for further information regarding such grant approval.

TRDF Agreement

Microbot Israel signed an agreement with the Technion Research and Development Foundation ("TRDF") in June 2012 by which TRDF transferred to Microbot Israel a global, exclusive, royalty-bearing license (as amended, the License Agreement"). As partial consideration for the license, Microbot Israel shall pay TRDF royalties on net sales (between 1.5%-3.0%) and on sublicense income as detailed in the agreement.

Pursuant to the License Agreement, both parties agreed to extend the next development milestone for the Company's Self-Cleaning Shunt (SCS) project, which includes the First In Human milestone, until December 2024, and to continue to maintain the TipCat assets, which are still in a discovery phase, until December 2023. The Company in October 2022 suspended the SCS project while it evaluated alternatives for the SCS assets (mainly related patents), including seeking buyers for the assets, joint ventures or licensing arrangements, spinning off the assets into a new operating company or discontinuing the project altogether. The Company has certain obligations to seek to develop and commercialize the SCS and the TipCat assets under the License Agreement. The Company has been in discussions with TRDF with respect to the suspension of the SCS project and the status of the TipCat assets, and as a result of the Company's May 2023 implementation of its core-business focus program and cost reduction plan, the Company returned the licensed intellectual property for the Tipcat back to TRDF in June 2023, and returned the licensed intellectual property for the SCS (ViRob) back to TRDF in July 2023, as the Company has not been successful in any such other opportunities.

Agreement with CardioSert Ltd.

On January 4, 2018, Microbot Israel entered into an agreement with CardioSert to acquire certain of its patent-protected technology (the "Technology"). Pursuant to the Agreement, Microbot Israel made aggregate payments of $300 in cash and 6,738 shares of Common Stock estimated at $74 to complete the acquisition.

The agreement may be terminated by Microbot Israel at any time for convenience upon 90-days' notice. The agreement may be terminated by CardioSert in case the first commercial sale does not occur by the third anniversary of the date of signing of the agreement except if Microbot Israel has invested more than $2,000 in certain development stages, or the first commercial sale does not occur within 50 months. As of June 30, 2023, the 50 months period has expired and CardioSert can buy-back the Technology at any time.

In each of the above termination events, or in case of breach by Microbot Israel, CardioSert shall have the right to buy back the Technology from Microbot Israel for $1.00, upon 60 days prior written notice, but only 1 year after such termination events. Additionally, the agreement may be terminated by either party upon breach of the other (subject to cure). Until May 2023, Microbot Israel paid CardioSert a monthly consultation fee of NIS40,000 (or approximately US$11, based on an exchange rate of NIS 3.7 to the dollar) covering up to 60 consulting hours per month, relating to the development of the Technology. As a result of its recently enacted core-business focus program and its cost reduction plan, the Company has terminated its agreement with CardioSert effective as of August 17, 2023 and ceased its research and development and commercialization efforts for the Technology, which could result in the Technology being reacquired by CardioSert for nominal consideration.

As of the filing date of this Quarterly Report on Form 10-Q, CardioSert has not purchased back the Technology; however, the Company is in discussions with CardioSert with respect to post-termination matters.

ATM Agreement

On June 10, 2021, the Company entered into an At-the-Market Offering Agreement (the "ATM Agreement") with H.C. Wainwright & Co. LLC ("Wainwright"), as sales agent, in connection with an "at the market offering" under which the Company may offer and sell, from time to time in its sole discretion, shares of its Common Stock having an aggregate offering price of up to $10,000 at market prices or as otherwise agreed with Wainwright. Any shares sold under the ATM Agreement from time to time will be offered and sold pursuant to the Company's Registration Statement on Form S-3, which was initially filed on November 25, 2020 and which was declared effective by the SEC on December 4, 2020, and the related prospectus as supplemented by a prospectus supplement that the Company filed on June 10, 2021 (the "June 2021 Prospectus"). To date, the Company has not sold any shares of Common Stock pursuant to the ATM Agreement, and as of October 13, 2022, the Company suspended the ATM Agreement, which otherwise remains in full force and effect, and terminated the June 2021 Prospectus.

Engagement Letter with H.C. Wainwright

On May 16, 2023 and in connection with the registered direct and private placement offerings referred to in Note 5 below, the Company entered into an engagement letter (the "Engagement Letter") with Wainwright, pursuant to which Wainwright agreed to serve as the exclusive placement agent for the issuance and sale of securities of the Company. As compensation for such placement agent services, the Company has agreed to pay Wainwright an aggregate cash fee equal to 7.0% of the gross proceeds received by the Company from offerings contemplated by the Engagement Letter, plus a management fee equal to 1.0% of the gross proceeds received by the Company from such offerings, as well as other reimbursable expenses. The Company has also agreed to issue to Wainwright or its designees preferred investment options upon the closing of such offerings.

Acquisition of Nitiloop's Assets

On October 6, 2022, Microbot Israel purchased substantially all of the assets, including intellectual property, devices, components and product related materials (the "Assets"), of Nitiloop Ltd., an Israeli limited liability company ("Nitiloop"). The Assets include intellectual property and technology in the field of intraluminal revascularization devices with anchoring mechanism and integrated microcatheter (the "Technology") and the products or potential products incorporating the Technology owned by Nitiloop and designated by Nitiloop as "NovaCross", "NovaCross Xtreme" and "NovaCross BTK" and any enhancements, modifications and improvements thereof ("Devices"). Microbot Israel did not assume any material liabilities of Nitiloop other than obligations Nitiloop has to the IIA and relating to certain renewal/maintenance fees for a European patent application.

In consideration for the acquisition of the Assets, Microbot Israel shall pay royalties to Nitiloop, which shall not, in the aggregate, exceed $8,000, as follows:

- Royalties at a rate of 3% of net revenue generated as a result of sales, license or other exploitation of the Devices; and
- Royalties at a rate of 1.5% of net revenue generated from the sale, license or other exploitation of commercialization of the technology as part of an integrated product.

Litigation

Litigation Resulting from the 2017 Financing

The Company was named as the defendant in a lawsuit captioned Empery Asset Master Ltd., Empery Tax Efficient, LP, Empery Tax Efficient II, LP, Hudson Bay Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (Index No. 651182/2020). The complaint alleges, among other things, that the Company breached multiple representations and warranties contained in the Securities Purchase Agreement (the "SPA") related to the Company's June 8, 2017 equity financing (the "2017 Financing"), of which the Plaintiffs participated, and fraudulently induced Plaintiffs into signing the SPA. The complaint seeks rescission of the SPA and return of the Plaintiffs' $6,750 purchase price with respect to the 2017 Financing. The lawsuit is currently in the discovery phase, and a court-ordered mediation is being scheduled. Management is unable to assess the likelihood that the Company will succeed at trial, having previously lost another lawsuit with respect to the 2017 Financing.

Mona Litigation

On April 28, 2019, the Company brought an action against Alliance Investment Management, Ltd. ("Alliance"), later amended to include Joseph Mona ("Mona") as a defendant, in the Southern District of New York under Section 16(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), to compel Alliance and Mona to disgorge short swing profits realized from purchases and sales of the Company's securities within a period of less than six months. The case is Microbot Medical Inc. v. Alliance Investment Management, Ltd., No. 19-cv-3782-GBD (SDNY). The amount of profits was estimated in the complaint to be approximately $468.

On October 28, 2019, Alliance filed a motion for summary judgment requesting that the Court dismiss the claims against Alliance, which was subsequently granted by the Court. On February 4, 2020, Mona answered the 16(b) claim and filed a counterclaim against the Company under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, claiming a net loss on trading the Company's stock of approximately $151.

On March 31, 2021, the Clerk entered a judgment against Mona and in favor of the Company in the amount of approximately $485. On April 27, 2021, Mona filed an appeal of the Court's judgment, which is pending before the U.S. Court of Appeals for the Second Circuit.

In June 2021, the Magistrate issued an order permitting Mona to file an Amended Counterclaim Complaint, and rejected the Company's request to execute on the judgment. The Company filed a response to Mona's amended counterclaim in July 2021, and in February 2023 filed a motion for summary judgment on Mona's fraud claim. On August 4, 2023, the Magistrate issued a Report & Recommendation, which recommends that the District Court dismiss Mona's Section 10(b) counterclaim in the entirety, with prejudice. Objections to the Report & Recommendation are due to be filed on August 18, 2023.

On April 12, 2023, Mona filed a motion to dismiss the Company's 16(b) claim. That decision is currently on appeal, and the Company believes Mona's motion is meritless. The Company has opposed the motion to dismiss, which was fully briefed and submitted on May 24, 2023 and is pending before the Court.

NOTE 5 - SHARE CAPITAL

Share Capital Developments

As of December 31, 2022 and June 30, 2023, the Company had, respectively, 7,890,628 and 11,707,317 shares of Common Stock issued and outstanding.

On February 13, 2023, 240,000 of the Company's outstanding pre-funded warrants were exercised into an equivalent number of shares of Common Stock, at an exercise price of $0.0001 per share.

Employee Stock Option Grants

During the six months ended June 30, 2023, the Company granted stock option awards to certain directors and an employee to purchase an aggregate of 85,000 shares of the Common Stock, at a weighted average exercise price per share of $3.07 and with a vesting period of three years.

Registered Direct and Private Placement Offerings

On May 22, 2023, the Company entered into a securities purchase agreement with an institutional investor, pursuant to which it agreed to issue and sell in a registered direct offering an aggregate of 655,569 shares of Common Stock, at an offering price of $2.20 per share, for aggregate gross proceeds of $1,442 before deducting the placement agent fee and related offering expenses of approximately $222 (the "First May Offering"). The Company also issued to Wainwright or its designees preferred investment options to purchase 32,778 shares of Common Stock. The First May Offering was consummated on May 23, 2023.

On May 23, 2023, the Company entered into a securities purchase agreement with an institutional investor, pursuant to which it agreed to issue and sell in a registered direct offering (i) an aggregate of 975,000 shares of Common Stock, at an offering price of $2.20 per share and (ii) pre-funded warrants exercisable for up to 234,500 shares of the Common Stock, at an offering price of $2.1999 per pre-funded warrant, for aggregate gross proceeds of $2,661 before deducting the placement agent fee and related offering expenses of approximately $345 (the "Second May Offering"). The Company also issued to Wainwright or its designees preferred investment options to purchase 60,476 shares of Common Stock. The Second May Offering was consummated on May 24, 2023. All of such pre-funded warrants were subsequently exercised in accordance with their terms into an equivalent number of shares of Common Stock.

On June 2, 2023, the Company entered into a securities purchase agreement with institutional investors, pursuant to which it agreed to issue and sell in a registered direct offering an aggregate of 701,756 shares of Common Stock, at an offering price of $2.1375 per share, for aggregate gross proceeds, with the concurrent private placement described below, of $1,500 before deducting the placement agent fee and related offering expenses of approximately $227 (the "First June Offering"). The Company also issued to Wainwright or its designees preferred investment options to purchase 35,088 shares of its Common Stock. The registered direct offering was consummated on June 6, 2023. In a concurrent private placement, the Company also issued to the purchasers of shares of Common Stock in the First June Offering, series C preferred investment options to purchase up to 350,878 shares of Common Stock. Each series C preferred investment option is exercisable for one share of Common Stock at an exercise price of $2.075 commencing on the date of issuance and expiring five and one-half years from the issuance date.

On June 26, 2023, the Company entered into a securities purchase agreement with institutional investors, pursuant to which it agreed to issue and sell in a registered direct offering an aggregate of 624,618 shares of its Common Stock, at an offering price of $3.25 per share, for aggregate gross proceeds, with the concurrent private placement described below, of $2,030 before deducting the placement agent fee and related offering expenses of approximately $281 (the "Second June Offering"). The Company also issued to Wainwright or its designees preferred investment options to purchase 31,231 shares of its Common Stock. The registered direct offering was consummated on June 28, 2023. In a concurrent private placement, the Company also issued to the purchasers of shares of Common Stock in the Second June Offering, series D preferred investment options to purchase up to 312,309 shares of the Company's Common Stock. Each series D preferred investment option is exercisable for one share of Common Stock at an exercise price of $3.19 commencing on the date of issuance and expiring five and one-half years from the issuance date.

Preferred Investment Options Amendment

In connection with the Second May Offering, the Company amended the terms of (i) the Series A preferred investment options to purchase 1,022,495 shares of its Common Stock for an exercise price of $4.64 per share which are scheduled to expire on October 25, 2027 and (ii) the Series B preferred investment options to purchase 1,022,495 shares of its Common Stock for an exercise price of $4.64 per share which were initially scheduled to expire on October 25, 2024 (the "Series B Preferred Investment Options"), in each case previously issued to the investor in October 2022 under the securities purchase agreement dated October 21, 2022 (collectively, the "Existing Preferred Investment Options"), which investor also participated in the Second May Offering, such that effective upon the closing of the Second May Offering, the Existing Preferred Investment Options have a reduced exercise price of $2.20 per share and the Series B Preferred Investment Options expire on October 25, 2027. These modifications represent issuance costs relating to the Existing Preferred Investment Options. The amount of the effect of the modifications is approximately $1,230. On June 16, 2023, the holder of the Series B Preferred Investment Options exercised all of such Series B Preferred Investment Options pursuant to its cashless exercise provision into 385,246 shares of Common Stock.

NOTE 6 - SUBSEQUENT EVENTS

On July 18, 2023, the Company received NIS 567,000 (US$156) from the IIA, relating to its June 2023 grant approval. See "NOTE 4 - COMMITMENTS AND CONTINGENCIES - Approval for Grant from The Israel Innovation Authority" above.

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

Forward Looking Statements

The following discussion should be read in conjunction with our unaudited financial statements and related notes included in Item 1, "Financial Statements," of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Certain information contained in this MD&A includes "forward-looking statements." Statements which are not historical reflect our current expectations and projections about our future results, performance, liquidity, financial condition and results of operations, prospects and opportunities and are based upon information currently available to us and our management and their interpretation of what is believed to be significant factors affecting our existing and proposed business, including many assumptions regarding future events. Actual results, performance, liquidity, financial condition and results of operations, prospects and opportunities could differ materially and perhaps substantially from those expressed in, or implied by, these forward-looking statements as a result of various risks, uncertainties and other factors, including those risks described in detail in the section entitled "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 and in Item 1A. Risk Factors, of this Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023.

Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "should," "would," "will," "could," "scheduled," "expect," "anticipate," "estimate," "believe," "intend," "seek," or "project" or the negative of these words or other variations on these words or comparable terminology.

In light of these risks and uncertainties, and especially given the nature of our existing and proposed business, there can be no assurance that the forward-looking statements contained in this section and elsewhere in this Quarterly Report on Form 10-Q will in fact occur. Potential investors should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Overview

Microbot is a pre-clinical medical device company specializing in the research, design and development of next generation robotic endoluminal surgery devices targeting the minimally invasive surgery space. Microbot is primarily focused on leveraging its robotic technologies with the goal of redefining surgical robotics while improving surgical outcomes for patients.

Core-Business Focus Program

On May 15, 2023, the Board of Directors of the Company authorized, and the Company commenced, a core-business focus program while the Company seeks to raise additional capital to continue development of the LIBERTY robotic system. This core-business focus program includes the cessation of research and development activities not related to LIBERTY, including terminating the Company's agreement with CardioSert for that technology, and returning intellectual property relating to the SCS (ViRob) and TipCat to Technion Research and Development Foundation.

Cost Reduction Plan

In addition to the core-business focus program described above, the Board of Directors of the Company authorized, and the Company commenced, a cost reduction plan while the Company seeks to raise additional capital to continue development of the LIBERTY robotic system. This cost reduction plan includes:

- Limiting the Company's research & development and regulatory efforts to complete the LIBERTY's verification and validation process ("V&V"), complete robotics build-up and execute first in human cases outside the USA.
- Postponing a Good Laboratory Practice study for LIBERTY until the completion of the V&V, which was subsequently rescheduled for August 2023 after additional capital has been raised.
- Harel Gadot, Chairman, President and CEO of the Company, has agreed to a reduction of 50% of his base salary, with terms and conditions with respect to the reduction period to be determined.
- All other executive officers have agreed to a reduction of 30-40% of base salary as follows:
    - Rachel Vaknin, CFO. Pursuant to an Addendum to Employment Agreement, Ms. Vaknin's gross monthly salary was decreased to a gross amount of NIS 35,000.
    - Simon Sharon, CTO and General Manager. Pursuant to an Addendum to Employment Agreement, Mr. Sharon's gross monthly salary was decreased to a gross amount of NIS 44,496.
    - Eyal Morag, CMO. Pursuant to an Addendum to Employment Agreement, Dr. Morag's gross monthly salary was decreased to a gross amount of NIS 49,440.
- The independent members of the Board of Directors have agreed to a suspension of their quarterly director fees, with reinstatement of such fees to be determined.
- Freeze on new hires.
- Reduce employee headcount in both the US and Israel offices which are not directly involved in the research & development and/or regulatory process of LIBERTY, while retaining research & development and clinical-related employees to support the completion of the V&V and production of LIBERTY systems.
- Professor Moshe Shoham, a co-founder of the Company and currently a member of its Scientific Advisory Board, will waive his SAB fees, with fees payable to the remaining SAB members to be restructured.
- Postpone CE activities for the LIBERTY device.

In May and June 2023, we raised sufficient capital that, together with the ongoing savings from the cost reduction plan described above, has enabled us to continue our operations through approximately April of 2024, including completion of the V&V study, commencing first-in-human cases planned in Brazil or elsewhere, perform the GLP study and submit the IDE to the US Food & Drug Administration. We continue to seek new sources of capital to stabilize our finances and provide operating runway subsequent to April of 2024. In the event the Company is not successful in raising additional capital by April of 2024, or if the results of the V&V study and first-in-human trials are not promising, the Company may be forced to take more drastic actions to conserve capital or shut down operations entirely.

Completion of Pre-Clinical Study

On June 29, 2023, we announced the successful completion of a two-day pre-clinical study held by leading key opinion leaders at a New York-based research lab, where they performed dozens of catheterizations, including the utilization of the LIBERTY® Robotic Surgical System's remote operation capabilities, to pre-determined vascular targets, with a 100% success rate of reaching the intended target with no observable on-site complications.

First-In-Human Clinical Cases

We recently announced that we have initiated preparations for potential First-In-Human cases in Brazil, by engaging with interventional radiologist Prof. Francisco Cesar Carnevale. The engagement with Prof. Carnevale, from University of Sao Paulo Medical School Hospital, is expected to support our intention to conduct a first-in-human clinical trial in Brazil as part of our ongoing clinical and regulatory efforts. The potential clinical cases are expected to commence upon completion of the V&V process of our LIBERTY Robotic system, as well as obtaining the necessary regulatory approvals to perform those cases.

We are also exploring options to conduct First-In-Human trials or cases in other places where the regulatory laws allow.

Catheterization Milestone

On May 3, 2023, we announced that the LIBERTY Robotic system has surpassed its 100th catheterization during multiple pre-clinical studies, with a 95% success rate of reaching pre-determined vascular targets, such as distal branches of hepatic, gastric, splenic, mesenteric, renal and hypogastric arteries. Moreover, all of the procedures were completed without notable signs of intraoperative injury.

Technological Platforms

LIBERTY®

On January 13, 2020, Microbot unveiled what it believes is the world's first fully disposable robotic system for use in endovascular interventional procedures, such as cardiovascular, peripheral and neurovascular. The LIBERTY robotic system features a unique compact design with the capability to be operated remotely, reduce radiation exposure and physical strain to the physician, reduce the risk of cross contamination, as well as the potential to eliminate the use of multiple consumables when used with its NovaCross platform or possibly other guidewire/microcatheter technologies.

LIBERTY is designed to maneuver guidewires and over-the-wire devices (such as microcatheters) within the body's vasculature. It eliminates the need for extensive capital equipment requiring dedicated Cath-lab rooms as well as dedicated staff.

We believe LIBERTY's addressable markets are the Interventional Cardiology, Interventional Radiology and Interventional Neuroradiology markets.

The unique characteristics of LIBERTY – compact, mobile, disposable and remotely controlled - open the opportunity of expanding telerobotic interventions to patients with limited access to life-saving procedures, such as mechanical thrombectomy in ischemic stroke.

LIBERTY is being designed to have the following attributes:

- Compact size - Eliminates the need for large capital equipment in dedicated cath-lab rooms with dedicated staff.
- Fully disposable - To our knowledge, the first and only fully disposable, robotic system for endovascular procedures.

- One & Done^{TM} – Can be made compatible with Microbot's NitiLoop's NovaCross products or possibly other guidewire/microcatheter technologies, that combines guidewire and microcatheter into a single device.
- State of the art maneuverability - Provides linear, rotational and tip control of its guidewire, as well as linear motion for an additional "over the wire" device.
- Compatibility with a wide range of commercially-available guidewires, microcatheters and guide-catheters.
- Enhanced operator safety and comfort – Aims to reduce exposure to ionizing radiation and the need for heavy lead vests otherwise to be worn during procedures, as well as reducing the exposure to Hospital Acquired Infections (HAI).
- Ease of use - LIBERTY's intuitive remote controls aims to simplify advanced procedures while shortening the physician's learning curve.
- Telemedicine compatible - Capable of supporting tele-catheterization, carried out remotely by highly trained specialists.

On August 17, 2020, Microbot announced the successful conclusion of its feasibility animal study using the LIBERTY robotic system. The study met all of its end points with no intraoperative adverse events, which supports Microbot's objectives to allow physicians to conduct a catheter-based procedure from outside the catheterization laboratory (cath-lab), avoiding radiation exposure, physical strain and the risk of cross contamination. The study was performed by two leading physicians in the neuro vascular and peripheral vascular intervention spaces, and the results demonstrated robust navigation capabilities, intuitive usability and accurate deployment of embolic agents, most of which was conducted remotely from the cath-lab's control room.

On December 22, 2021, we entered into a strategic collaboration agreement for technology co-development with Stryker Corporation, acting through its Neurovascular Division. Pursuant to the agreement, the collaborative development program between Stryker and us aims to integrate certain of Stryker's instruments with our LIBERTY Robotic System to address certain neurovascular procedures. The activities contemplated by the Agreement shall be specified in one or more development plans derived from the terms and conditions set forth in the Agreement. We are still determining scheduling to move the collaboration forward.

In December 2021, we achieved design freeze of the LIBERTY device.

In the first quarter of 2022, we filed our pre-submission package for the LIBERTY Robotic System with the FDA, addressing the regulatory pathway for the LIBERTY® Robotic System. On July 22, 2022, the Company completed a pre-submission process with the FDA regarding the LIBERTY device. Formal feedback from the FDA included a recommendation to perform a clinical study and a human factors validation study, to support clearance through the 510(k) notification process.

In September and October 2022, the Company conducted an animal study at an FDA accredited European-based MedTech research laboratory, which was performed by a team of seasoned Key Opinion Leaders (KOLs) in the endovascular space, using porcine model.

During the animal study, the physicians conducted 63 navigations to the targeted sites using the investigational LIBERTY Robotic System and performed an equal number of procedures manually. The LIBERTY Robotic System received positive feedback from participating physicians, and there were no observable immediate intraoperative adverse events, or harm, to the test subjects.

The report from the animal study, which included histopathology data (the microscopic examination of tissue to study the manifestations of disease), exhibited equivocal results which were identified as related to unusual physiological animal responses in both manual and robotic test groups.

The Company believes the results of the study allow it to move forward and focus on the next phases to ultimately include a U.S.-based pivotal pre-clinical study.

The Company, together with its regulatory experts and consultants, believe a larger sample size and robust data generated by this study will advance the company's efforts towards the submission of Investigational Device Exemption (IDE) with the U.S. Food and Drug Administration (FDA).

Technology from CardioSert

On April 8, 2018, we acquired a patent-protected technology from CardioSert Ltd., a privately-held medical device company based in Israel that was part of a technological incubator supported by the Israel Innovation Authorities. The CardioSert technology contemplates a combination of a guidewire and microcatheter, technologies that are broadly used for surgery within a tubular organ or structure such as a blood vessel or duct. The CardioSert technology features a unique guidewire delivery system with steering and stiffness control capabilities which when developed is expected to give the physician the ability to control the tip curvature, to adjust tip load to varying degrees of stiffness in a gradually continuous manner. The technology was originally developed to support interventional cardiologists in crossing chronic total occlusions (CTO) during percutaneous coronary intervention (PCI) procedures and has the potential to be used in other spaces and applications, such as peripheral intervention, and neurosurgery. This acquired technology from CardioSert was rebranded by us and trademarked as "One & Done*TM*".

Microbot had been exploring the integration of the One & Done™ technology into the LIBERTY endovascular robotic system for a range of potential applications in the cardiovascular, peripheral vascular and neurovascular spaces. However, as a result of its recently enacted core-business focus program and its cost reduction plan , the Company has terminated its existing agreement with CardioSert Ltd. as of August 17, 2023 and ceased its research and development of an commercialization efforts for the technology, which could result in the technology being re-acquired by CardioSert Ltd. for nominal consideration. The Company is in discussions with CardioSert with respect to post-termination matters.

NovaCross™

On October 6, 2022, we purchased substantially all of the assets, including intellectual property, devices, components and product related materials of Nitiloop Ltd., an Israeli limited liability company. The assets include intellectual property and technology in the field of intraluminal revascularization devices with anchoring mechanism and integrated microcatheter, and the products or potential products incorporating the technology owned by Nitiloop and designated by Nitiloop as "NovaCross", "NovaCross Xtreme" and "NovaCross BTK" and any enhancements, modifications and improvements. This technology is also expected to be incorporated in our One & Done*TM platform.*

ViRob

The ViRob is an autonomous crawling micro-robot which can be controlled remotely or within the body. Its miniature dimensions are expected to allow it to navigate and crawl in different natural spaces within the human body, including blood vessels, the digestive tract and the respiratory system as well as artificial spaces such as shunts, catheters, ports, etc. Its unique structure is expected to give it the ability to move in tight spaces and curved passages as well as the ability to remain within the human body for prolonged time. The SCS product was developed using the ViRob technology.

On October 11, 2022, we announced that we are planning to focus our strategic efforts on the growing endovascular space and advancing the LIBERTY Robotic System to achieve its regulatory and commercial milestones, as well as expanding the LIBERTY ecosystem, and made a strategic decision to suspend the continued research and development of the SCS project, effective at that date. The SCS generally performed as expected during testing, both internally and externally, and we believe it continues to have potential clinical value as evidenced by the pre-clinical data submitted to the FDA, which allowed us to successfully apply for the Early Feasibility Study program administered by the FDA. However, the conflicting commercialization pathways between LIBERTY and the SCS due to different hospital call points, and the anticipated lengthier regulatory process of the SCS, led us to believe that focusing our strategic efforts on the LIBERTY Robotic System will provide us with a greater opportunity for success and future growth. We had been exploring opportunities with the SCS assets with the focus on maximizing shareholders value, including seeking buyers for the assets, entering into joint ventures, licensing arrangements, spinning-off the assets into a new operating company or discontinue the project altogether. However, as a result of our recently enacted core-business focus program and our cost reduction plan , we have been in contact with TRDF, the licensor of the technology, and returned the licensed intellectual property for the SCS (ViRob) back to TRDF in accordance with the terms of its license agreement, as we have not been successful in any such possible other opportunities.

TipCAT

The TipCAT is a disposable self-propelled locomotive device that is specially designed to advance in tubular anatomies. The TipCAT is a mechanism comprising a series of interconnected balloons at the device's tip that provides the TipCAT with its forward locomotion capability. The device can self-propel within natural tubular lumens such as the blood vessels, respiratory and the urinary and GI tracts. A single channel of air/fluid supply sequentially inflates and deflates a series of balloons creating an inchworm like forward motion. The TipCAT maintains a standard working channel for treatments. Unlike standard access devices such as guidewires, catheters for vascular access and endoscopes, the TipCAT does not need to be pushed into the patient's lumen using external pressure; rather, it will gently advance itself through the organ's anatomy. As a result, the TipCAT is designed to be able to reach every part of the lumen under examination regardless of the topography, be less operator dependent, and greatly reduce the likelihood of damage to lumen structure. The TipCAT thus offers functionality features equivalent to modern tubular access devices, along with advantages associated with its physiologically adapted self-propelling mechanism, flexibility, and design.

We have been exploring the use of the TipCAT for minimally invasive neurosurgical and endovascular applications to complement our other technologies. However, as a result of our recently enacted core-business focus program and our cost reduction plan , we returned the licensed intellectual property for the TipCAT back to TRDF in June 2023, as we do not have the funds to continue to develop this technology.

Financial Operations Overview

Research and Development Expenses

Research and development expenses consist primarily of salaries and related expenses and overhead for Microbot's research, development and engineering personnel, prototype materials and research studies, obtaining and maintaining Microbot's patent portfolio. Microbot expenses its research and development costs as incurred.

General and Administrative Expenses

General and administrative expenses consist primarily of the costs associated with management salaries and benefits, professional fees for accounting, auditing, consulting and legal services, and allocated overhead expenses.

Microbot has cut its general and administrative expenses in May 2023 as a result of its core-business focus program and cost reduction program; however, Microbot expects that its general and administrative expenses may increase in the future as it incurs expenses relating to its operating activities, maintains and expands its patent portfolio and maintain compliance with exchange listing and public company requirements. Microbot expects these potential increases will likely include management costs, legal fees, accounting fees, directors' and officers' liability insurance premiums and expenses associated with investor relations.

Income Taxes

Microbot has incurred net losses and has not recorded any income tax benefits for the losses. It is still in its development stage and has not yet generated revenues, therefore, it is more likely than not that sufficient taxable income will not be available for the tax losses to be fully utilized in the future.

Critical Accounting Policies and Significant Judgments and Estimates

Management's discussion and analysis of Microbot's financial condition and results of operations are based on its consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these consolidated financial statements requires Microbot to make estimates and judgments that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Microbot bases its estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

While Microbot's significant accounting policies are described in more detail in the notes to its consolidated financial statements, Microbot believes the following accounting policies are the most critical for fully understanding and evaluating its consolidated financial condition and results of operations.

Contingencies

Management records and discloses legal contingencies in accordance with ASC Topic 450 *Contingencies*. Accordingly, Management will recognize a liability for a legal contingency when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company monitors the stage of progress of its litigation matters in each reporting period in order to determine if any adjustments are required.

Fair Value of Financial Instruments

The Company measures the fair value of certain of its financial instruments on a recurring basis.

A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Results of Operations

Comparison of Three and Six Months Ended June 30, 2023 and 2022

The following table sets forth the key components of Microbot's results of operations for the three and six month periods ended June 30, 2023 and 2022 (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Research and development expenses	$ (1,365)	$ (2,193)	$ 828	$ (2,982)	$ (3,899)	$ 917
General and administrative expenses	(959)	(1,370)	411	(2,261)	(2,840)	579
Financing income, net	37	50	(13)	103	37	66

Research and Development Expenses. Microbot's research and development expenses were approximately $1,365,000 and $2,982,000 for the three and six months ended June 30, 2023, respectively, compared to approximately $2,193,000 and $3,899,000 for the comparable periods in 2022, respectively. The decrease in research and development expenses for the periods presented was primarily due to the Company's cost reduction plan which commenced in the second quarter of 2023. The cost reduction plan includes decreases in payroll from the termination of employees, salary reductions of management, subcontractors, advisory board members, patents expenses, as well as no bonus accrual.

General and Administrative Expenses. General and administrative expenses were approximately $959,000 and $2,261,000 for the three and six months ended June 30, 2023, respectively, compared to approximately $1,370,000 and $2,840,000 for the comparable periods in 2022, respectively. The decrease in general and administrative expenses for the periods presented was primarily due to lower D&O insurance premiums in 2023 and the Company's cost reduction plan which commenced in the second quarter of 2023. The cost reduction plan includes decreases in payroll from the termination of employees, salary reductions of management, no bonus accrual and related expenses, paused independent director payments, and lower share based compensation expenses.

Financing Income, net. Financing income net was approximately $37,000 and $103,000 for the three and six months ended June 30, 2023, compared to financing income net of approximately $50,000 and $37,000 for the comparable period in 2022. The increase in financing income net for the six-month period presented was primarily due to interest income and unrealized gains from marketable securities offset by exchange rate expenses recorded due to the strengthening of the U.S. Dollar against the NIS. The decrease in financing income net for the three-month period presented was primarily due to decrease in exchange rate income offset by increase in income from marketable securities.

Liquidity and Capital Resources

Microbot has incurred losses since inception and negative cash flows from operating activities for all periods presented. As of June 30, 2023, Microbot had a net working capital of approximately $9,015,000, consisting primarily of cash and cash equivalents and marketable securities. This compares to net working capital of approximately $6,745,000 as of December 31, 2022. Microbot anticipates that it will continue to incur net losses for the foreseeable future as it continues research and development efforts of its primary product candidate and continues to incur costs associated with being a public company.

Microbot has funded its operations through the issuance of capital stock, grants from the Israeli Innovation Authority, and convertible debt. Since inception (November 2010) through June 30, 2023, Microbot has raised cash proceeds of approximately $66,560,000 and incurred a total cumulative loss of approximately $73,901,000. Microbot returned $3,375,000 (before interest) to an investor as a result of an adverse outcome in a litigation that concluded in the first quarter of 2020 and is now subject to an additional lawsuit seeking the return of an additional $6,750,000 of such proceeds. This litigation is in its discovery stages and pending court-ordered mediation, and we cannot predict what the eventual outcome will be, though management is vigorously defending its position that no return of capital is warranted.

Microbot Israel obtained from the Israeli Innovation Authority (“IIA”) grants for participation in research and development for the years 2013 through June 30, 2023 in the total amount of approximately $1,500,000. In addition, on June 2, 2023, we announced that we received approval for a grant from the IIA in the amount of NIS 1.62 million, which based on an exchange rate on such date of NIS 1.00 = $0.26675, would be approximately $433,000, to further finance the development of our manufacturing process of the LIBERTY robotic surgical system. On July 18, 2023, Microbot Israel received NIS 567,000 of such amount. On January 4, 2018, Microbot Israel entered into an agreement with CardioSert to acquire certain of its patent-protected technology. CardioSert received grants from the IIA in the aggregate amount of approximately $530,000 and Microbot Israel took over the liability to repay such grants, which remains Microbot Israel’s responsibility for so long as it owns the CardioSert assets. On October 6, 2022, Microbot Israel entered into an agreement with Nitiloop Ltd. to acquire substantially all of its assets. Nitiloop received grants from the IIA in the aggregate amount of approximately $925,000 and Microbot Israel took over the liability to repay such grants.

Microbot Israel is obligated to pay royalties amounting to 3%-5% of its future sales up to the amount of the grants. The grants are linked to the exchange rate of the dollar to the New Israeli Shekel and bears interest at an annual rate of USD LIBOR. Under the terms of the grants and applicable law, Microbot is restricted from transferring any technologies, know-how, manufacturing or manufacturing rights developed using the grant outside of Israel without the prior approval of the Israel Innovation Authority. Microbot has no obligation to repay the grants, if the applicable project fails, is unsuccessful or aborted before any sales are generated. The financial risk is assumed completely by the IIA.

To date, we have not generated revenues from our operations. As of June 30, 2023, we had unrestricted cash, cash equivalents and marketable securities of approximately $9,920,000, excluding restricted cash, which management believes is sufficient to fund our operations for approximately eight months from the filing date of this Quarterly Report on Form 10-Q, or through approximately April of 2024, as a result of our recently enacted cost reduction plan. However, in the event we are unsuccessful in our current litigation discussed above, pursuant to which certain investors are seeking the return of $6,750,000 in proceeds we received from them in a 2017 stock offering, we will not have funds to continue our operation. As a result of the foregoing and our current cash position, these conditions raise substantial doubt about Microbot’s ability to continue as a going concern beyond approximately the next eight months, which could adversely affect our ability to raise capital, expand our business and develop our planned products.

During the second fiscal quarter ended June 30, 2023, Microbot commenced a core-business focus program and a cost reduction plan while it seeks to raise sufficient additional capital to continue development of the LIBERTY robotic system. In May and June 2023, Microbot raised aggregate gross proceeds of approximately $7.56 million, before fees and expenses of approximately $1.1 million, from investors, to continue to fund its operations and research and development activities, and will need additional funds to continue the FDA approval process for the Liberty device after the first quarter of 2024. To the extent available, Microbot intends to raise capital through future issuances of debt and/or equity securities including registered offerings under its existing Registration Statement on Form S-3, which it may draw down from time to time subject to limitations on our use of Registration Statements on Form S-3 as a result of our public float. The capital raises from issuances of convertible debt and equity securities could result in additional dilution to Microbot's shareholders. In addition, to the extent Microbot determines to incur additional indebtedness, Microbot's incurrence of additional debt could result in debt service obligations and operating and financing covenants that would restrict its operations. Microbot can provide no assurance that financing will be available in the amounts it needs, at the times it needs it or on terms acceptable to it, if at all.

As a result of the foregoing, we are unable to fully implement our business plan without raising additional capital, if at all, and these conditions raise substantial doubt about Microbot's ability to continue as a going concern. The accompanying consolidated interim financial statements do not include any adjustments to reflect the possible future effects on recoverability and reclassification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Cash Flows

The following table provides a summary of the net cash flow activity for each of the periods presented (in thousands):

	Six Months Ended June 30,	
	2023	**2022**
Net cash flows used in operating activities	$ (5,057)	$ (6,131)
Net cash flows provided by (used in) investing activities	1,588	(78)
Net cash flows provided by financing activities	6,719	-
Increase (decrease) in cash, cash equivalents and restricted cash	$ 3,250	$ (6,209)

Net cash flows used in operating activities for the six months ended June 30, 2023 were approximately $5,057,000, calculated by adjusting our net loss from operations by approximately $83,000 in the aggregate. Cash used in operating activities for the six months ended June 30, 2022 was approximately $6,131,000, similarly adjusted by approximately $571,000. The decrease in net cash flows used in operating activities was mainly due to the reduction in operating expenses from the May 2023 implementation of our cost reduction plan.

Net cash flows from investing activities for the six months ended June 30, 2023 were approximately $1,588,000, resulting from purchase of property and equipment, proceeds from sale of a marketable security and proceeds from maturities of marketable securities off set by purchase of marketable securities compared to net cash flows used in investing activities in the prior comparable period as a result of purchase of property and equipment in the amount of $78,000.

Net cash flows from financing activities for the six months ended June 30, 2023 were approximately $6,719,000, resulting from issuance of common stock, and other securities in a series of offerings in May and June 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Microbot's cash and cash equivalents as of June 30, 2023 and December 31, 2022 consisted of readily available checking and money market funds. Microbot's primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the short-term nature of the instruments in Microbot's portfolio, a sudden change in market interest rates would not be expected to have a material impact on Microbot's financial condition and/or results of operations. Microbot does not believe that its cash or cash equivalents have significant risk of default or illiquidity. While Microbot believes its cash and cash equivalents do not contain excessive risk, Microbot cannot provide absolute assurance that in the future its investments will not be subject to adverse changes in market value. In addition, Microbot maintains significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits.

Foreign Exchange Risks

Our financial statements are denominated in U.S. dollars and financial results are denominated in U.S. dollars, while a significant portion of our business is conducted, and a substantial portion of our operating expenses are payable, in currencies other than the U.S. dollar.

Exchange rate fluctuations may have an adverse impact on our future revenues, if any, or expenses as presented in the financial statements. We may in the future use financial instruments, such as forward foreign currency contracts, in its management of foreign currency exposure. These contracts would primarily require us to purchase and sell certain foreign currencies with or for U.S. dollars at contracted rates. We may be exposed to a credit loss in the event of non-performance by the counterparties of these contracts. In addition, these financial instruments may not adequately manage our foreign currency exposure. Our results of operations could be adversely affected if we are unable to successfully manage currency fluctuations in the future.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). As required by Rule 13a-15(b) under the Exchange Act, management of the Company, under the direction of our Chief Executive Officer and Chief Financial Officer, reviewed and performed an evaluation of the effectiveness of design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of June 30, 2023. Based on that review and evaluation, the Chief Executive Officer and Chief Financial Officer, along with the management of the Company, have determined that as of June 30, 2023, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and were effective to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, identified in connection with the evaluation of such internal control that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business.

Litigation Resulting from the 2017 Financing

We were named as the defendant in a lawsuit captioned Empery Asset Master Ltd., Empery Tax Efficient, LP, Empery Tax Efficient II, LP, Hudson Bay Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (Index No. 651182/2020). The complaint alleges, among other things, that we breached multiple representations and warranties contained in the SPA, of which the Plaintiffs participated, and fraudulently induced Plaintiffs into signing the Securities Purchase Agreement (the "SPA") related to our June 8, 2017 equity financing (the "2017 Financing"). The complaint seeks rescission of the SPA and return of the Plaintiffs' $6.75 million purchase price with respect to the 2017 Financing. The lawsuit is currently in the discovery phase, and a court-ordered mediation is being scheduled. Management is unable to assess the likelihood that we will succeed at trial, having previously lost another lawsuit with respect to the 2017 Financing.

Mona Litigation

On April 28, 2019, we brought an action against Alliance Investment Management, Ltd. ("Alliance"), later amended to include Joseph Mona ("Mona") as a defendant, in the Southern District of New York under Section 16(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), to compel Alliance and Mona to disgorge short swing profits realized from purchases and sales of our securities within a period of less than six months. The case is Microbot Medical Inc. v. Alliance Investment Management, Ltd., No. 19-cv-3782-GBD (SDNY). The amount of profits was estimated in the complaint to be approximately $468,000.

On October 28, 2019, Alliance filed a motion for summary judgment requesting that the Court dismiss the claims against Alliance, which was subsequently granted by the Court. On February 4, 2020, Mona answered the 16(b) claim and filed a counterclaim against Microbot under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, claiming a net loss on trading Microbot stock of $150,954.

On March 31, 2021, the Clerk entered a judgement against Joseph Mona and in favor of Microbot in the amount of $484,614.30. On April 27, 2021, Mona filed an appeal of the Court's Judgment, which is pending before the U.S. Court of Appeals for the Second Circuit.

In June 2021, the Magistrate issued an order permitting Mona to file an Amended Counterclaim Complaint, and rejected our request to execute on the Judgment. We filed a response to Mona's amended counterclaim on July 21, 2021, and in February 2023 filed a motion for summary judgment on Mona's fraud claim. On August 4, 2023, the Magistrate issued a Report & Recommendation, which recommends that the District Court dismiss Mona's Section 10(b) counterclaim in the entirety, with prejudice. Objections to the Report & Recommendation are due to be filed on August 18, 2023.

On April 12, 2023, Mona filed a motion to dismiss our 16(b) claim. That decision is currently on appeal, and we believe Mona's motion is meritless. The Company has opposed the motion to dismiss, which was fully briefed and submitted on May 24, 2023 and is pending before the Court.

Other than the foregoing, we are not currently a party in any legal proceeding or governmental regulatory proceeding nor are we currently aware of any pending or potential legal proceeding or governmental regulatory proceeding proposed to be initiated against us that would have a material adverse effect on us or our business.

Item 1A. Risk Factors.

Risks Relating to Microbot's Financial Position and Need for Additional Capital

There is substantial doubt regarding on our ability to continue as a going concern.

As stated elsewhere in this Quarterly Report on Form 10-Q, we have not generated any revenues, have sustained losses and have accumulated a significant deficit since our inception. Also, we estimate that our cash resources are only sufficient to fund our operations for approximately eight months from the filing date of this Quarterly Report, or through approximately April of 2024, as a result of our recently enacted cost reduction plan. As a result, our continued existence is dependent upon our ability to obtain additional debt or equity financing and to ultimately become a commercially viable organization.

There can be no assurance that the additional necessary debt or equity financing will be available, or will be available on terms acceptable to us, in which case we may be unable to meet our obligations or fully implement our business plan, if at all, beyond such four months period. Additionally, should we be unable to realize our assets and discharge our liabilities in the normal course of business, the net realizable value of our assets may be materially less than the amounts recorded in our financial statements. As a result of the foregoing and our current cash position, these conditions raise substantial doubt about Microbot's ability to continue as a going concern beyond approximately the next eight months, which could adversely affect our ability to raise capital, expand our business and develop our planned products.

We are subject to litigation, which may divert management's attention and, in the event of an adverse judgment or settlement for some or all of the $6,750,000 being litigated, have a material adverse effect on our financial condition and our ability to continue our operations.

We are the defendant in a lawsuit captioned Empery Asset Master Ltd., Empery Tax Efficient, LP, Empery Tax Efficient II, LP, Hudson Bay Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (Index No. 651182/2020). The complaint alleged, among other things, that we breached multiple representations and warranties contained in the Securities Purchase Agreement (the "SPA") related to our June 8, 2017 equity financing (the "Financing"), of which the Plaintiffs participated. The complaint seeks rescission of the SPA and return of the Plaintiffs' $6.75 million purchase price with respect to the Financing.

Management is unable to assess the likelihood that we would be successful in any trial with respect to the SPA or the Financing, having previously lost another lawsuit with respect to the Financing. Accordingly, no assurance can be given that if we go to trial and ultimately lose, or if we decide to settle at any time, such an adverse outcome would not be material to our consolidated financial position. Additionally, in any such case, we will likely be required to use available cash, or the proceeds from future offerings, towards the rescission or settlement, that we otherwise would have used to build our business and develop our technologies into commercial products. In such event, we would be required to raise additional capital sooner than we otherwise would, of which we can give no assurance of success, or delay, curtail or cease the commercialization of some or all of our product candidates.

Microbot has had no revenue and has incurred significant operating losses since inception and is expected to continue to incur significant operating losses for the foreseeable future. The Company may never become profitable or, if achieved, be able to sustain profitability.

Microbot has incurred significant operating losses since its inception and expects to incur significant losses for the foreseeable future as Microbot continues its preclinical and clinical development programs for its existing product candidates, primarily the LIBERTY device; its research and development of any other future product candidates; and all other work necessary to obtain regulatory clearances or approvals for its product candidates in the United States and other markets. In the future, Microbot intends to continue conducting micro-robotics research and development; performing necessary animal and clinical testing; working towards medical device regulatory compliance; and, if LIBERTY or other future product candidates are approved or cleared for commercial distribution, engaging in appropriate sales and marketing activities that, together with anticipated general and administrative expenses, will likely result in Microbot incurring further significant losses for the foreseeable future.

Microbot is a development-stage medical device company and currently generates no revenue from product sales, and may never be able to commercialize LIBERTY or other future product candidates. Microbot does not currently have the required approvals or clearances to market or test in humans the LIBERTY or any other future product candidates and Microbot may never receive them. Microbot does not anticipate generating significant revenues until it can successfully develop, commercialize and sell products derived from its product pipeline, of which Microbot can give no assurance. Even if Microbot or any of its future development partners succeed in commercializing any of its product candidates, Microbot may never generate revenues significant enough to achieve profitability.

Because of the numerous risks and uncertainties associated with its product development pipeline and strategy, Microbot cannot accurately predict when it will achieve profitability, if ever. Failure to become and remain profitable would depress the value of the Company and could impair its ability to raise capital, which may force the Company to curtail or discontinue its research and development programs and/or day-to-day operations. Furthermore, there can be no assurance that profitability, if achieved, can be sustained on an ongoing basis.

Microbot has a limited operating history outside of being a research and development-stage company, which may make it difficult to evaluate the prospects for the Company's future viability.

Microbot has a limited operating history upon which an evaluation of its business plan or performance and prospects can be made. The business and prospects of Microbot must be considered in the light of the potential problems, delays, uncertainties and complications that may be encountered in connection with a newly established business. The risks include, but are not limited to, the possibility that Microbot will not be able to develop functional and scalable products, or that although functional and scalable, its products will not be economical to market; that its competitors hold proprietary rights that may preclude Microbot from marketing such products; that its competitors market a superior or equivalent product; that Microbot is not able to upgrade and enhance its technologies and products to accommodate new features and expanded service offerings; or the failure to receive necessary regulatory clearances or approvals for its products. To successfully introduce and market its products at a profit, Microbot must establish brand name recognition and competitive advantages for its products. There are no assurances that Microbot can successfully address these challenges. If it is unsuccessful, Microbot and its business, financial condition and operating results could be materially and adversely affected.

Microbot's operations to date have been limited to organizing the company, entering into licensing arrangements to initially obtain rights to its technologies, developing and securing its technologies, raising capital, developing regulatory and reimbursement strategies for its product candidates, preparing for pre-clinical and clinical trials of product candidates from time to time and, most recently, commencing pre-commercialization planning for the LIBERTY device. Microbot has not yet demonstrated its ability to successfully complete development of any product candidate, obtain marketing clearance or approval, manufacture a commercial-scale product or arrange for a third party to do so on its behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions made about Microbot's future success or viability may not be as accurate as they could be if Microbot had a longer operating history.

Microbot will need additional funding. If Microbot is unable to raise capital when needed, it could be forced to delay, reduce or eliminate its product development programs or commercialization efforts.

To date, Microbot has funded its operations primarily through offerings of debt and equity securities and grants. Microbot does not know when, or if, it will generate any revenue, but does not expect to generate significant revenue unless and until it obtains regulatory clearance or approval of and commercializes one of its current or future product candidates. It is anticipated that the Company will continue to incur losses for the foreseeable future, and that losses will increase as it continues the development of, and seeks regulatory review of, its product candidates, and begins to commercialize any approved or cleared products following a successful regulatory review.

Microbot expects the research and development expenses of the Company to continue to increase substantially in future periods as it conducts pre-clinical studies in large animals and potentially clinical trials for the LIBERTY device, and especially if it initiates additional research programs for future product candidates. This is the case even with the recent suspension and termination of the research and development programs relating to the SCS device, One & Done and other programs. In addition, if the Company obtains marketing clearance or approval for any of its product candidates, it expects to incur significant commercialization expenses related to product manufacturing, marketing and sales. Microbot may also require additional funds for operations if it loses its current lawsuit with Empery and Hudson Bay, discussed in great detail elsewhere in this Quarterly Report on Form 10-Q. Furthermore, Microbot incurs substantial costs associated with operating as a public company in the United States. Accordingly, the Company may need to obtain substantial additional funding in connection with its continuing operations through its projected profitability, of which it can give no assurance of success. If the Company is unable to raise capital when needed or on attractive terms, it could be forced to delay, reduce or eliminate its research and development programs or any future commercialization efforts.

The Company intends to continue to opportunistically strengthen its balance sheet by raising additional funds through equity offerings, including possibly through its existing but currently suspended At-the-Market offering, or otherwise in order to meet expected future liquidity needs, including the introduction of LIBERTY. The Company's future capital requirements, generally, will depend on many factors, including:

- the timing and outcomes of the product candidates' regulatory reviews, subsequent approvals or clearances, or other regulatory actions;
- the final outcome of the Company's existing lawsuit with Empery and Hudson Bay;
- the costs, design, duration and any potential delays of the clinical trials that could be conducted at the FDA's request using Microbot's product candidates;
- the costs of acquiring, licensing or investing in new and existing businesses, product candidates and technologies;
- the costs to maintain, expand and defend the scope of Microbot's intellectual property portfolio;
- the costs to secure or establish sales, marketing and commercial manufacturing capabilities or arrangements with third parties regarding same;
- the Company's need and ability to hire additional management and scientific and medical personnel; and
- the costs to operate as a public company in the United States.

Risks Relating to the Development and Commercialization of Microbot's Product Candidates

Unsuccessful animal studies, clinical trials or procedures relating to product candidates under development could have a material adverse effect on Microbot's prospects.

The regulatory approval process for new products and new indications for existing products requires extensive data and procedures, including the development of regulatory and quality standards and, potentially, certain clinical studies. Unfavorable or inconsistent data from current or future clinical trials or other studies conducted by Microbot or third parties, or perceptions regarding such data, could adversely affect Microbot's ability to obtain necessary device clearance or approval and the market's view of Microbot's future prospects.

Failure to successfully complete the studies or trials in a timely and cost-effective manner could have a material adverse effect on Microbot's prospects with respect to the LIBERTY device or other product candidates. Because animal trials, clinical trials and other types of scientific studies are inherently uncertain, there can be no assurance that these trials or studies will be completed in a timely or cost-effective manner or result in a commercially viable product. Clinical trials or studies may experience significant setbacks even if earlier preclinical or animal studies have shown promising results. Furthermore, preliminary results from clinical trials may be contradicted by subsequent clinical analysis. Results from clinical trials may also not be supported by actual long-term studies or clinical experience. If preliminary clinical results are later contradicted, or if initial results cannot be supported by actual long-term studies or clinical experience, Microbot's business could be adversely affected. Clinical trials also may be suspended or terminated by us, the FDA or other regulatory authorities at any time if it is believed that the trial participants face unacceptable health risks. The FDA may disagree with our interpretation of the data from our clinical trials, or may find the clinical trial design, conduct or results inadequate to demonstrate safety and effectiveness of the product candidate. The FDA may also require additional pre-clinical studies or clinical trials which could further delay approval of our product candidates.

Microbot's business depends heavily on the success of its sole lead product candidate, the LIBERTY. If Microbot is unable to commercialize the LIBERTY, or experiences significant delays in doing so, Microbot's business will be materially harmed.

Generally, after all necessary clinical and performance data supporting the safety and effectiveness of the LIBERTY device, or any other product candidate, are collected, Microbot must still obtain FDA clearance or approval to market the device and those regulatory processes can take several months to several years to be completed. Therefore, Microbot's ability to generate product revenues will not occur for at least the next few years, if at all, and will depend heavily on the successful commercialization of the LIBERTY device, or any of our other product candidates from time to time. The success of commercializing any of our product candidates, include the LIBERTY device, will depend on a number of factors, including the following:

- our ability to obtain additional capital;
- successful completion of animal studies and, if necessary, human clinical trials and the collection of sufficient data to demonstrate that the device is safe and effective for its intended use;
- receipt of marketing approvals or clearances from the FDA and other applicable regulatory authorities;
- establishing commercial manufacturing arrangements with one or more third parties;
- obtaining and maintaining patent and trade secret protections;
- protecting Microbot's rights in its intellectual property portfolio;
- establishing sales, marketing and distribution capabilities;
- generating commercial sales, if and when approved, whether alone or in collaboration with other entities;
- acceptance of our product candidates, if and when commercially launched, by the medical community, patients and third-party payors;
- effectively competing with existing and competitive products on the market and any new competing products that may enter the market; and
- maintaining quality and an acceptable safety profile of our products following clearance or approval.

We recently suspended our research and development programs for all of our product candidates and platforms other than LIBERTY as a result of, among other things, some of the above factors, and our short and medium term success is no longer tied to multiple product candidates but rather just the LIBERTY device. If Microbot does not achieve one or more of these factors in a timely manner or at all, it could experience significant delays or an inability to successfully commercialize the LIBERTY or any other product candidate, which would materially harm its business.

The results of Microbot's research and development efforts are uncertain and there can be no assurance of the commercial success of Microbot's product candidates.

Microbot believe that its success will depend in part on its ability to expand its product offerings and continue to improve its existing product candidates in response to changing technologies, customer demands and competitive pressures. As such, Microbot expects to continue dedicating significant resources in research and development. The product candidates and services being developed by Microbot may not be technologically successful. In addition, the length of Microbot's product candidates and service development cycle may be greater than Microbot originally expected.

Microbot's ability to expand its technology platforms for other uses may be limited.

Microbot has decided to focus on expanding all of its technology platforms for use in segments of the endovascular, cardiovascular and neurosurgery markets. Microbot's ability to expand its technology platforms for use in such markets will be limited by its ability to develop and/or refine the necessary technology, obtain the necessary regulatory approvals for their use on humans, and the marketing of its products and otherwise obtaining market acceptance of its product in the United States and in other countries.

At this time, Microbot does not know the extent of the clinical trial that the FDA will require it to submit in support of its future marketing applications for its LIBERTY product candidate, which creates uncertainty for Microbot as well as the possibility of increased product development costs and time to market.

Microbot has identified a predicate device for the LIBERTY device, which it intended to use in its 510(k) application. However, there is no guarantee that the FDA will agree with the Company's determination or that the FDA would accept the predicate device that Microbot intends to submit in its 510(k). The FDA also may request additional data in response to a 510(k) or require Microbot to conduct further testing or compile more data in support of its 510(k). It is unclear at this time whether and how various activities initiated or announced by the FDA to modernize the U.S. medical device regulatory system could affect the marketing pathway or timeline for our product candidate, given their nature.

The FDA requires clinical data to be submitted as part of the LIBERTY marketing submission, any type of clinical study performed in humans will require the investment of substantial expense, professional resources and time. In order to conduct a clinical investigation involving human subjects for the purpose of demonstrating the safety and effectiveness of a medical device, a company must, among other things, apply for and obtain Institutional Review Board, or IRB, approval of the proposed investigation. In addition, the sponsor of the investigation must also submit and obtain FDA approval of an Investigational Device Exemption, or IDE, application. Microbot may not be able to obtain FDA and/or IRB approval to undertake clinical trials in the United States for any new devices Microbot intends to market in the United States in the future. Moreover, the timing of the commencement, continuation and completion of any future clinical trial may be subject to significant delays attributable to various causes, including scheduling conflicts with participating clinicians and clinical institutions, difficulties in identifying and enrolling patients who meet trial eligibility criteria, failure of patients to complete the clinical trial, delay in or failure to obtain IRB approval to conduct a clinical trial at a prospective site, and shortages of supply in the investigational device.

Thus, the addition of one or more mandatory clinical trials to the development timeline for the LIBERTY or any other product candidate would significantly increase the costs associated with developing and commercializing the product and delay the timing of U.S. regulatory authorization. The current uncertainty regarding near-term medical device regulatory changes by the FDA could further affect our development plans for the LIBERTY or any other product candidate, depending on their nature, scope and applicability. Microbot and its business, financial condition and operating results could be materially and adversely affected as a result of any such costs, delays or uncertainty.

Microbot's technology acquired from CardioSert and part of its One & Done^{TM} platform is subject to a buy-back clause which, if triggered, could cause us to lose rights to the technology.

Pursuant to the agreement with CardioSert we entered into in January 2018 to acquire its technology, we are required to meet certain commercialization deadlines or CardioSert may terminate the agreement and buy back the technology for $1.00, subject to certain limited exceptions. One of the exceptions in the agreement is if "The First Commercial Sale does not occur within 50 months of the Effective Date" of the contract. 50 months have expired in 2022 and Microbot did not meet the commercialization deadlines.

Our failure to meet the applicable commercialization deadline could therefore result in the sale back of the technology to CardioSert. In addition, as a result of our recently enacted core-business focus program and cost reduction plan, we terminated the January 2018 agreement with CardioSert effective as of August 17, 2023, which could result in the technology being re-acquired by Cardiosert Ltd. for nominal consideration. Although we have not yet been notified of any such election, we are in discussions with CardioSert with respect to post-termination matters, and any such sale would materially adversely affect our ability to develop and commercialize, or materially delay the development and commercialization of, our One & Done platform, if we were to otherwise determine to restart that product platform with our Nitiloop technology.

Microbot will depend upon the ability of third parties, including contract research organizations, collaborative academic groups, future clinical trial sites and investigators, to conduct or to assist the Company in conducting clinical trials for its product candidates, if such trials become necessary.

As a development-stage, pre-clinical company, Microbot has no prior experience in designing, initiating, conducting and monitoring human clinical trials. Microbot will depend upon its ability and/or the ability of future collaborators, contract research organizations, clinical trial sites and investigators to successfully design, initiate, conduct and monitor such clinical trials.

Failure by Microbot or by any of these future collaborating parties to timely and effectively initiate, conduct and monitor a future clinical trial could significantly delay or materially impair Microbot's ability to complete those clinical trials and/or obtain regulatory clearance or approval of its product candidates and, consequently, could delay or materially impair its ability to generate revenues from the commercialization of those products.

If the commercial opportunity for LIBERTY and any other commercial products that may be developed by Microbot is smaller than Microbot anticipates, Microbot's future revenue from LIBERTY and such other products will be adversely affected and Microbot's business will suffer.

If the size of the commercial opportunities in any of Microbot's target markets is smaller than it anticipates, Microbot may not be able to achieve profitability and growth. It is difficult to predict the penetration, future growth rate or size of the market for Microbot's product candidate.

The commercial success of LIBERTY or any other product candidates will require broad acceptance of the devices by the doctors and other medical professionals who specialize in the procedures targeted by each device, a limited number of whom may be able to influence device selection and purchasing decisions. If Microbot's technologies are not broadly accepted and perceived as having significant advantages over existing medical devices, then it will not meet its business objectives. Such perceptions are likely to be based on a determination by medical facilities and physicians that Microbot's product candidates are safe and effective, are cost-effective in comparison to existing devices, and represent acceptable methods of treatment. Microbot cannot assure that it will be able to establish the relationships and arrangements with medical facilities and physicians necessary to support the market uptake of its product candidates. In addition, its competitors may develop new technologies for the same markets Microbot is targeting that are more attractive to medical facilities and physicians. If doctors and other medical professionals do not consider Microbot product candidates to be suitable for application in the procedures we are targeting and an improvement over the use of existing or competing products, Microbot's business goals will not be realized.

Customers will be unlikely to buy the LIBERTY or any other product candidates unless Microbot can demonstrate that they can be produced for sale to consumers at attractive prices.

To date, Microbot has focused primarily on research and development of the LIBERTY device and first generation versions of other current and former product candidates. Consequently, Microbot has no experience in manufacturing its product candidates, and intends to manufacture its product candidates through third-party manufacturers. Microbot can offer no assurance that either it or its manufacturing partners will develop efficient, automated, low-cost manufacturing capabilities and processes to meet the quality, price, engineering, design and production standards or production volumes required to successfully mass produce its commercial products. Even if its manufacturing partners are successful in developing such manufacturing capability and quality processes, including the assurance of GMP-compliant device manufacturing, there can be no assurance that Microbot can timely meet its product commercialization schedule or the production and delivery requirements of potential customers. A failure to develop such manufacturing processes and capabilities could have a material adverse effect on Microbot's business and financial results.

The proposed price of Microbot's product candidates, once approved for sale, will be dependent on material and other manufacturing costs. Microbot cannot offer any assurances that its manufacturing partner will be able manufacture its product candidates at a competitive price or that achieving cost reductions will not cause a reduction in the performance, reliability and longevity of its product candidates.

Microbot has relied on, and intends to continue to rely on, third-party manufacturers to produce its product candidates.

Microbot currently relies, and expects to rely for the foreseeable future, on third-party manufacturers to produce and supply its product candidates, and it expects to rely on third parties to manufacture the commercialized products as well, should they receive the necessary regulatory clearance or approval. Reliance on third-party manufacturers entails risks to which Microbot would not be subject if Microbot manufactured its product candidates or future commercial products itself, including:

- limitations on supply availability resulting from capacity, internal operational problems or scheduling constraints of third parties;
- potential regulatory non-compliance or other violations by the third-party manufacturer that could result in quality assurance;
- the possible breach of manufacturing agreements by third parties because of various factors beyond Microbot's control; and
- the possible termination or non-renewal of manufacturing agreements by third parties for various reasons beyond Microbot's control, at a time that is costly or inconvenient to Microbot.

If Microbot is not able to maintain its key manufacturing relationships, Microbot may fail to find replacement manufacturers or develop its own manufacturing capabilities, which could delay or impair Microbot's ability to obtain regulatory clearance or approval for its product candidates and could substantially increase its costs or deplete profit margins, if any. If Microbot does find replacement manufacturers, Microbot may not be able to enter into agreements with them on terms and conditions favorable to it and there could be a substantial delay before new facilities could be qualified and registered with the FDA and other foreign regulatory authorities.

If Microbot's product candidates are not considered to be a safe and effective alternative to existing technologies, Microbot will not be commercially successful.

The LIBERTY and our other product candidates rely on new technologies, and Microbot's success will depend on acceptance of these technologies by the medical community as safe, clinically effective, cost effective and a preferred device as compared to products of its competitors. Microbot does not have long-term data regarding efficacy, safety and clinical outcomes associated with the use of LIBERTY or our other product candidates. Any data that is generated in the future may not be positive or may not support the product candidates' regulatory dossiers, which would negatively affect market acceptance and the rate at which its product candidates are adopted. Equally important will be physicians' perceptions of the safety of Microbot's product candidates because Microbot's technologies are relatively new. If, over the long term, Microbot's product candidates do not meet surgeons' expectations as to safety, efficacy and ease of use, they may not become widely adopted.

Market acceptance of Microbot's product candidates will also be affected by other factors, including Microbot's ability to convince key opinion leaders to provide recommendations regarding its product candidates; convince distributors that its technologies are attractive alternatives to existing and competing technologies; supply and service sufficient quantities of products directly or through marketing alliances; and price products competitively in light of the current macroeconomic environment, which is increasingly price sensitive.

Microbot may be subject to penalties and may be precluded from marketing its product candidates if Microbot fails to comply with extensive governmental regulations.

Microbot believes that its medical device product candidates will be categorized as Class II devices, which typically require a 510(k) or 510(k) de-novo premarket submission to the FDA. However, the FDA has not made any determination about whether Microbot's medical product candidates are Class II medical devices and may disagree with that classification. If the FDA determines that Microbot's product candidates should be reclassified as Class III medical devices, Microbot could be precluded from marketing the devices for clinical use within the United States for months, years or longer, depending on the specifics of the change in classification. Reclassification of any of Microbot's product candidates as Class III medical devices could significantly increase Microbot's regulatory costs, including the timing and expense associated with required clinical trials and other costs.

The FDA and non-U.S. regulatory authorities require that Microbot product candidates be manufactured according to rigorous standards. These regulatory requirements significantly increase Microbot's production costs, which may prevent Microbot from offering products within the price range and in quantities necessary to meet market demands. If Microbot or one of its third-party manufacturers changes an approved manufacturing process, the FDA may need to review the process before it may be used. Failure to comply with applicable pre-market and post-market regulatory requirements could subject Microbot to enforcement actions, including warning letters, fines, injunctions and civil penalties, recall or seizure of its products, operating restrictions, partial suspension or total shutdown of its production, and criminal prosecution.

If Microbot is not able to both obtain and maintain adequate levels of third-party reimbursement for procedures involving its product candidates after they are approved for marketing and launched commercially, it would have a material adverse effect on Microbot's business.

Healthcare providers and related facilities are generally reimbursed for their services through payment systems managed by various governmental agencies worldwide, private insurance companies, and managed care organizations. The manner and level of reimbursement in any given case may depend on the site of care, the procedure(s) performed, the final patient diagnosis, the device(s) utilized, available budget, or a combination of these factors, and coverage and payment levels are determined at each payor's discretion. The coverage policies and reimbursement levels of these third-party payors may impact the decisions of healthcare providers and facilities regarding which medical products they purchase and the prices they are willing to pay for those products. Microbot cannot assure you that its sales will not be impeded and its business harmed if third-party payors fail to provide reimbursement for Microbot products that healthcare providers view as adequate.

In the United States, Microbot expects that its product candidates, once approved, will be purchased primarily by medical institutions, which then bill various third-party payors, such as the Centers for Medicare & Medicaid Services, or CMS, which administers the Medicare program through Medicare Administrative Contractors, and other government health care programs and private insurance plans, for the healthcare products and services provided to their patients. The process involved in applying for coverage and incremental reimbursement from CMS is lengthy and expensive. Moreover, many private payors look to CMS in setting their reimbursement policies and amounts. If CMS or other agencies limit coverage for procedures utilizing Microbot's products or decrease or limit reimbursement payments for doctors and hospitals utilizing Microbot's products, this may affect coverage and reimbursement determinations by many private payors.

If a procedure involving a medical device is not reimbursed separately by a government or private insurer, then a medical institution would have to absorb the cost of Microbot's products as part of the cost of the procedure in which the products are used. At this time, Microbot does not know the extent to which medical institutions would consider insurers' payment levels adequate to cover the cost of its products. Failure by hospitals and surgeons to receive an amount that they consider to be adequate reimbursement for procedures in which Microbot products are used could deter them from purchasing Microbot products and limit sales growth for those products.

Microbot has no control over payor decision-making with respect to coverage and payment levels for its medical device product candidates, once they are approved. Additionally, Microbot expects many payors to continue to explore cost-containment strategies (e.g., comparative and cost-effectiveness analyses, so-called "pay-for-performance" programs implemented by various public government health care programs and private third-party payors, and expansion of payment bundling initiatives, and other such methods that shift medical cost risk to providers) that may potentially impact coverage and/or payment levels for Microbot's current product candidates or products Microbot develops in the future.

As Microbot's product offerings are used across diverse healthcare settings, they will be affected to varying degrees by the different payment systems.

Clinical outcome studies for the LIBERTY may not provide sufficient data to make such product candidates the standard of care.

Microbot's business plan with respect to the LIBERTY relies on the broad adoption by surgeons of the products for their respective planned applications.

Clinical studies may not show an advantage in LIBERTY based procedures in a timely manner, or at all, and outcome studies have not been designed at this time, and may be too large and too costly for Microbot to conduct. Both situations could prevent broad adoption of the LIBERTY and materially impact Microbot's business.

Microbot products may in the future be subject to mandatory product recalls that could harm its reputation, business and financial results.

The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture that could pose a risk of injury to patients. In the case of the FDA, the authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious injury or death, although in most cases this mandatory recall authority is not used because manufacturers typically initiate a voluntary recall when a device violation is discovered. In addition, foreign governmental bodies have the authority to require the recall of Microbot products in the event of material deficiencies or defects in design or manufacture. Manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found. A government-mandated or voluntary recall by Microbot or one of its distributors could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Recalls of any Microbot products would divert managerial and financial resources and have an adverse effect on Microbot's financial condition and results of operations, and any future recall announcements could harm Microbot's reputation with customers and negatively affect its sales. In addition, the FDA could take enforcement action, including any of the following sanctions for failing to timely report a recall to the FDA:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- detention or seizure of Microbot products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) clearance or premarket approval of new products or modified products;
- withdrawing 510(k) clearances or other types of regulatory authorizations -that have already been granted;
- refusing to grant export approval for Microbot products; or
- criminal prosecution.

If Microbot's future commercialized products cause or contribute to a death or a serious injury, Microbot will be subject to Medical Device Reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.

Under FDA regulations, Microbot will be required to report to the FDA any incident in which a marketed medical device product may have caused or contributed to a death or serious injury or in which a medical device malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. In addition, all manufacturers placing medical devices in European Union markets are legally bound to report any serious or potentially serious incidents involving devices they produce or sell to the relevant authority in whose jurisdiction the incident occurred.

Microbot anticipates that in the future it is likely that we may experience events that would require reporting to the FDA pursuant to the Medical Device Reporting (MDR) regulations. Any adverse event involving a Microbot product could result in future voluntary corrective actions, such as product actions or customer notifications, or agency actions, such as inspection, mandatory recall or other enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending Microbot in a lawsuit, will require the dedication of our time and capital, distract management from operating our business, and may harm our reputation and financial results.

Microbot could be exposed to significant liability claims if Microbot is unable to obtain insurance at acceptable costs and adequate levels or otherwise protect itself against potential product liability claims.

The testing, manufacture, marketing and sale of medical devices entail the inherent risk of liability claims or product recalls. Product liability insurance is expensive and may not be available on acceptable terms, if at all. A successful product liability claim or product recall could inhibit or prevent the successful commercialization of Microbot's products, cause a significant financial burden on Microbot, or both, which in any case could have a material adverse effect on Microbot's business and financial condition.

If Microbot fails to retain certain of its key personnel and attract and retain additional qualified personnel, Microbot might not be able to pursue its growth strategy effectively.

Microbot is dependent on its senior management, in particular Harel Gadot, Microbot's Chairman, President and Chief Executive Officer, and Simon Sharon, its General Manager and Chief Technology Officer. Although Microbot believes that its relationship with members of its senior management is positive, there can be no assurance that the services of any of these individuals will continue to be available to Microbot in the future. In particular, as part of our cost reduction program, we have reduced all executive officers' salaries by between 30-50%. We can give no assurance that any of our executives will remain with our company in light of such reductions. Microbot's future success will depend in part on its ability to retain its management and scientific teams, to identify, hire and retain additional qualified personnel with expertise in research and development and sales and marketing, and to effectively provide for the succession of senior management, when necessary. Competition for qualified personnel in the medical device industry is intense and finding and retaining qualified personnel with experience in the industry is very difficult. Microbot believes that there are only a limited number of individuals with the requisite skills to serve in key positions at Microbot, particularly in Israel, and it competes for key personnel with other medical equipment and technology companies, as well as research institutions.

Microbot does not carry, and does not intend to carry, any key man life insurance policies on any of its existing executive officers.

Risks Relating to International Business

If Microbot fails to obtain regulatory clearances in other countries for its product candidates under development, Microbot will not be able to commercialize these product candidates in those countries.

In order for Microbot to market its product candidates in countries other than the United States, it must comply with the safety and quality regulations in such countries.

In Europe, these regulations, including the requirements for approvals, clearance or grant of Conformité Européenne, or CE, Certificates of Conformity and the time required for regulatory review, vary from country to country. Failure to obtain regulatory approval, clearance or CE Certificates of Conformity (or equivalent) in any foreign country in which Microbot plans to market its product candidates may harm its ability to generate revenue and harm its business. Approval and CE marking procedures vary among countries and can involve additional product testing and additional administrative review periods. The time required to obtain approval or CE Certificate of Conformity in other countries might differ from that required to obtain FDA clearance. The regulatory approval or CE marking process in other countries may include all of the risks detailed above regarding FDA clearance in the United States. Regulatory approval or the CE marking of a product candidate in one country does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval or a CE Certificate of Conformity in one country may negatively impact the regulatory process in others. Failure to obtain regulatory approval or a CE Certificate of Conformity in other countries or any delay or setback in obtaining such approval could have the same adverse effects described above regarding FDA clearance in the United States.

Although we recently engaged with a leading notified body to secure a CE Mark for sales in Europe, it is not yet certain as to when we will further the advancement of the process to secure the CE Mark, and further cannot be certain that we will be successful in complying with the requirements of the CE Certificate of Conformity and receiving a CE Mark for its product candidates or in continuing to meet the requirements of the Medical Devices Directive in the European Economic Area (EEA).

Israel's Medical Devices Law generally requires the registration of all medical products with the Ministry of Health, or MOH, Registrar through the submission of an application to the Ministry of Health Medical Institutions and Devices Licensing Department, or AMAR. If the application includes a certificate issued by a competent authority of a "recognized" country, which includes Australia, Canada, the European Community Member States, Japan or the United States, the registration process is expedited, but is generally still expected to take 6 to 9 months for approval. If certification from a recognized country is not available, the registration process takes significantly longer and a license is rarely issued under such circumstances, as the MOH may require the presentation of significant additional clinical data. Once granted, a license (marketing authorization) for a medical device is valid for five years from the date of registration of the device, except for implants with a life-supporting function, for which the validity is for only two years from the date of registration. Furthermore, the holder of the license must meet several additional requirements to maintain the license. Microbot cannot be certain that it will be successful in applying for a license from the MOH for its product candidates.

Microbot operations in international markets involve inherent risks that Microbot may not be able to control.

Microbot's business plan includes the marketing and sale of its proposed product candidates internationally, and specifically in Europe and Israel. Accordingly, Microbot's results could be materially and adversely affected by a variety of factors relating to international business operations that it may or may not be able to control, including:

- adverse macroeconomic conditions affecting geographies where Microbot intends to do business;
- closing of international borders, including as a result of biohazards or pandemics;
- foreign currency exchange rates;
- political or social unrest or economic instability in a specific country or region;
- higher costs of doing business in certain foreign countries;
- infringement claims on foreign patents, copyrights or trademark rights;
- difficulties in staffing and managing operations across disparate geographic areas;
- difficulties associated with enforcing agreements and intellectual property rights through foreign legal systems;
- trade protection measures and other regulatory requirements, which affect Microbot's ability to import or export its product candidates from or to various countries;
- adverse tax consequences;
- unexpected changes in legal and regulatory requirements;
- military conflict, terrorist activities, natural disasters and medical epidemics; and
- Microbot's ability to recruit and retain channel partners in foreign jurisdictions.

Microbot's financial results may be affected by fluctuations in exchange rates and Microbot's current currency hedging strategy may not be sufficient to counter such fluctuations.

Microbot's financial statements are denominated in U.S. dollars and the financial results of the Company are denominated in U.S. dollars, while a significant portion of Microbot's business is conducted, and a substantial portion of its operating expenses are payable, in currencies other than the U.S. dollar. Exchange rate fluctuations may have an adverse impact on Microbot's future revenues or expenses as presented in the financial statements. Microbot may in the future use financial instruments, such as forward foreign currency contracts, in its management of foreign currency exposure. These contracts would primarily require Microbot to purchase and sell certain foreign currencies with or for U.S. dollars at contracted rates. Microbot may be exposed to a credit loss in the event of non-performance by the counterparties of these contracts. In addition, these financial instruments may not adequately manage Microbot's foreign currency exposure. Microbot's results of operations could be adversely affected if Microbot is unable to successfully manage currency fluctuations in the future.

Risks Relating to Microbot's Intellectual Property

Microbot's right to develop and commercialize the LIBERTY product candidate is subject to the terms and condition of a license granted to Microbot by Technion Research and Development Foundation Ltd. and termination of the license with respect to the technology platform underlying the product candidate could result in Microbot ceasing its development efforts for the LIBERTY platform.

Microbot entered into a license agreement with Technion Research and Development Foundation Ltd., or TRDF, pursuant to which Microbot obtained an exclusive, worldwide, royalty-bearing, sub-licensable license to certain patents and inventions, originally relating to the SCS and TipCAT technology platforms and subsequently amended to include our LIBERTY platform. Pursuant to the terms of the license agreement, in order to maintain the license with respect to each platform, Microbot must use commercially reasonable efforts to develop products covered by the license, including meeting certain agreed upon development milestones. TRDF has the option to terminate a license granted in the event Microbot fails to meet a development milestone associated with such technology. Therefore, the failure to meet development milestones may lead to a complete termination of the license agreement and result in Microbot ceasing its development efforts for the applicable product candidate. Failure to meet any development milestone will give TRDF the right to terminate the license with respect to the technology underlying the missed milestone. TRDF has previously demonstrated flexibility with respect to amending the terms of the license to extend the milestone dates, although we can give no assurance at this time that TRDF will continue to be so flexible with respect to amending the terms of the license. We have recently returned the intellectual property relating to the TipCat platform and the SCS(ViRob) platform as part of our core-business focus program.

Under the license agreement, Microbot is also subject to various other obligations, including obligations with respect to payment upon the achievement of certain milestones and royalties on product sales. TRDF may terminate the license agreement under certain circumstances, including material breaches by Microbot or under certain bankruptcy or insolvency events. In the case of termination of the license by Microbot without cause or by TRDF for cause, TRDF has the right to receive a non-exclusive license from Microbot with respect to improvements to the licensed technologies made by Microbot.

If TRDF were to terminate the license agreement or if Microbot was to otherwise lose the ability to exploit the licensed patents, Microbot's competitive advantage with respect to its LIBERTY technology platform could be reduced or terminated, and Microbot will likely not be able to find a source to replace the licensed technology.

Additionally, if there is any future dispute between Microbot and TRDF regarding the respective parties' rights under the license agreement, Microbot's ability to develop and commercialize the LIBERTY may be materially harmed, although at this time no material development or commercialization of either platform is in effect.

Microbot may not meet its product candidates' development and commercialization objectives in a timely manner or at all.

Microbot has established internal goals, based upon expectations with respect to its technologies, which Microbot has used to assess its progress toward developing its product candidates. These goals relate to technology and design improvements as well as to dates for achieving specific development results. If the product candidates exhibit technical defects or are unable to meet cost or performance goals, Microbot's commercialization schedule could be delayed and potential purchasers of its initial commercialized products may decline to purchase such products or may opt to pursue alternative products, which would materially harm its business.

Intellectual property litigation and infringement claims could cause Microbot to incur significant expenses or prevent Microbot from selling certain of its product candidates.

The medical device industry is characterized by extensive intellectual property litigation. From time to time, Microbot might be the subject of claims by third parties of potential infringement or misappropriation. Regardless of outcome, such claims are expensive to defend and divert the time and effort of Microbot's management and operating personnel from other business issues. A successful claim or claims of patent or other intellectual property infringement against Microbot could result in its payment of significant monetary damages and/or royalty payments or negatively impact its ability to sell current or future products in the affected category and could have a material adverse effect on its business, cash flows, financial condition or results of operations.

If Microbot or TRDF are unable to protect the patents or other proprietary rights relating to Microbot's product candidates, or if Microbot infringes on the patents or other proprietary rights of others, Microbot's competitiveness and business prospects may be materially damaged.

Microbot's success depends on its ability to protect its intellectual property (including its licensed intellectual property) and its proprietary technologies. Microbot's commercial success depends in part on its ability to obtain and maintain patent protection and trade secret protection for its product candidates, proprietary technologies, and their uses, as well as its ability to operate without infringing upon the proprietary rights of others.

Microbot currently holds, through licenses or otherwise, an intellectual property portfolio that includes U.S. and international patents and pending patents, and other patents under development. Microbot intends to continue to seek legal protection, primarily through patents, including the remaining TRDF licensed patents that relate to the LIBERTY technology, for its proprietary technology. Seeking patent protection is a lengthy and costly process, and there can be no assurance that patents will be issued from any pending applications, or that any claims allowed from existing or pending patents will be sufficiently broad or strong to protect its proprietary technology. There is also no guarantee that any patents Microbot holds, through licenses or otherwise, will not be challenged, invalidated or circumvented, or that the patent rights granted will provide competitive advantages to Microbot. Microbot's competitors have developed and may continue to develop and obtain patents for technologies that are similar or superior to Microbot's technologies. In addition, the laws of foreign jurisdictions in which Microbot develops, manufactures or sells its product candidates may not protect Microbot's intellectual property rights to the same extent as do the laws of the United States.

Adverse outcomes in current or future legal disputes regarding patent and other intellectual property rights could result in the loss of Microbot's intellectual property rights, subject Microbot to significant liabilities to third parties, require Microbot to seek licenses from third parties on terms that may not be reasonable or favorable to Microbot, prevent Microbot from manufacturing, importing or selling its product candidates, or compel Microbot to redesign its product candidates to avoid infringing third parties' intellectual property. As a result, Microbot may be required to incur substantial costs to prosecute, enforce or defend its intellectual property rights if they are challenged. Any of these circumstances could have a material adverse effect on Microbot's business, financial condition and resources or results of operations.

Microbot has the first right, but not the obligation, to control the prosecution, maintenance or enforcement of the remaining licensed patents from TRDF. However, there may be situations in which Microbot will not have control over the prosecution, maintenance or enforcement of the patents that Microbot licenses, or may not have sufficient ability to consult and input into the patent prosecution and maintenance process with respect to such patents. If Microbot does not control the patent prosecution and maintenance process with respect to the remaining TRDF licensed patents, TRDF may elect to do so but may fail to take the steps that are necessary or desirable in order to obtain, maintain and enforce the licensed patents.

Microbot's ability to develop intellectual property depends in large part on hiring, retaining and motivating highly qualified design and engineering staff and consultants with the knowledge and technical competence to advance its technology and productivity goals. To protect Microbot's trade secrets and proprietary information, Microbot has entered into confidentiality agreements with its employees, as well as with consultants and other parties. If these agreements prove inadequate or are breached, Microbot's remedies may not be sufficient to cover its losses.

Dependence on patent and other proprietary rights and failing to protect such rights or to be successful in litigation related to such rights may result in Microbot's payment of significant monetary damages or impact offerings in its product portfolios.

Microbot's long-term success largely depends on its ability to market technologically competitive product candidates. If Microbot fails to obtain or maintain adequate intellectual property protection, it may not be able to prevent third parties from using its proprietary technologies or may lose access to technologies critical to our product candidates. Also, Microbot currently pending or future patent applications may not result in issued patents, and issued patents are subject to claims concerning priority, scope and other issues.

Furthermore, Microbot has not filed applications for all of our patents internationally and it may not be able to prevent third parties from using its proprietary technologies or may lose access to technologies critical to its product candidates in other countries.

Risks Relating to Operations in Israel

Microbot has facilities located in Israel, and therefore, political conditions in Israel may affect Microbot's operations and results.

Microbot has facilities located in Israel. In addition, one of its seven directors, its General Manager and Chief Technology Officer, Chief Medical Officer and its Chief Financial Officer, as well as substantially all of its research and development team and non-management employees, are residents of Israel. Accordingly, political, economic and military conditions in Israel will directly or indirectly affect Microbot's operations and results. Most recently, for example, the current political situation in Israel where the ruling parties are attempting to implement laws that essentially allow the parliament to enact laws that are preemptively immune to judicial review could adversely affect our business and results of operations. In addition, since the establishment of the State of Israel, a number of armed conflicts have taken place between Israel and its Arab neighbors. An ongoing state of hostility, varying in degree and intensity has led to security and economic problems for Israel. For a number of years there have been continuing hostilities between Israel and the Palestinians. This includes hostilities with the Islamic movement Hamas in the Gaza Strip, which have adversely affected the peace process and at times resulted in armed conflicts. Such hostilities have negatively influenced Israel's economy as well as impaired Israel's relationships with several other countries. Israel also faces threats from Hezbollah militants in Lebanon, from ISIS and rebel forces in Syria, from the government of Iran and other potential threats from additional countries in the region. Moreover, some of Israel's neighboring countries have recently undergone or are undergoing significant political changes. These political, economic and military conditions in Israel could have a material adverse effect on Microbot's business, financial condition, results of operations and future growth.

Political relations could limit Microbot's ability to sell or buy internationally.

Microbot could be adversely affected by the interruption or reduction of trade between Israel and its trading partners. Some countries, companies and organizations continue to participate in a boycott of Israeli firms and others doing business with Israel, with Israeli companies or with Israeli-owned companies operating in other countries. Foreign government defense export policies towards Israel could also make it more difficult for us to obtain the export authorizations necessary for Microbot's activities. Also, over the past several years there have been calls in the United States, Europe and elsewhere to reduce trade with Israel. There can be no assurance that restrictive laws, policies or practices directed towards Israel or Israeli businesses will not have an adverse impact on Microbot's business.

Israel's economy may become unstable.

From time to time, Israel's economy may experience inflation or deflation, low foreign exchange reserves, fluctuations in world commodity prices, military conflicts and civil unrest. For these and other reasons, the government of Israel has intervened in the economy employing fiscal and monetary policies, import duties, foreign currency restrictions, controls of wages, prices and foreign currency exchange rates and regulations regarding the lending limits of Israeli banks to companies considered to be in an affiliated group. The Israeli government has periodically changed its policies in these areas. Reoccurrence of previous destabilizing factors could make it more difficult for Microbot to operate its business and could adversely affect its business.

Exchange rate fluctuations between the U.S. dollar and the NIS currencies may negatively affect Microbot's operating costs.

A significant portion of Microbot's expenses are paid in New Israeli Shekels, or NIS, but its financial statements are denominated in U.S. dollars. As a result, Microbot is exposed to the risks that the NIS may appreciate relative to the U.S. dollar, or the NIS instead devalues relative to the U.S. dollar, and the inflation rate in Israel may exceed such rate of devaluation of the NIS, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the U.S. dollar cost of Microbot's operations in Israel would increase and Microbot's U.S. dollar-denominated results of operations would be adversely affected. Microbot cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the NIS against the U.S. dollar.

Microbot's primary expenses paid in NIS that are not linked to the U.S. dollar are employee expenses in Israel and lease payments on its Israeli facility. If Microbot is unsuccessful in hedging against its position in NIS, a change in the value of the NIS compared to the U.S. dollar could increase Microbot's research and development expenses, labor costs and general and administrative expenses, and as a result, have a negative impact on Microbot's profits.

Funding and other benefits provided by Israeli government programs may be terminated or reduced in the future and the terms of such funding may have a significant impact on future corporate decisions.

Microbot participates in programs under the auspices of the Israeli Innovation Authority, for which it receives funding for the development of its technologies and product candidates. If Microbot fails to comply with the conditions applicable to this program, it may be required to pay additional penalties or make refunds and may be denied future benefits. From time to time, the government of Israel has discussed reducing or eliminating the benefits available under this program, and therefore these benefits may not be available in the future at their current levels or at all.

Microbot's research and development efforts from inception until now have been financed in part through such Israeli Innovation Authority royalty bearing grants in an aggregate amount of approximately $1,500,000 through June 30, 2023, plus a recent approval for a grant in the amount of NIS 1.62 million, of which NIS 567,000 was received in July 2023 to further finance the development of a manufacturing process for the LIBERTY. In addition, as a result of our 2018 agreement with CardioSert and our 2022 agreement with Nitiloop, we took over the liability to repay CardioSert's and Nitiloop's IIA grants in the aggregate amount of approximately $530,000 and $925,000, respectively.

With respect to such grants Microbot is committed to pay royalties at a rate of between 3% to 3.5% on sales proceeds up to the total amount of grants received, linked to the dollar, plus interest at an annual rate of USD LIBOR. In addition, as a recipient of Israeli Innovation Authority grants, Microbot must comply with the requirements of the Israeli Encouragement of Industrial Research and Development Law, 1984, or the R&D Law, and related regulations. Under the terms of the grants and the R&D Law, Microbot is restricted from transferring any technologies, know-how, manufacturing or manufacturing rights developed using Israeli Innovation Authority grants outside of Israel without the prior approval of Israeli Innovation Authority. Therefore, if aspects of its technologies are deemed to have been developed with Israeli Innovation Authority funding, the discretionary approval of an Israeli Innovation Authority committee would be required for any transfer to third parties outside of Israel of the technologies, know-how, manufacturing or manufacturing rights related to such aspects. Furthermore, the Israeli Innovation Authority may impose certain conditions on any arrangement under which it permits Microbot to transfer technology or development outside of Israel or may not grant such approvals at all.

If approved, the transfer of Israeli Innovation Authority-supported technology or know-how outside of Israel may involve the payment of significant fees, which will depend on the value of the transferred technology or know-how, the total amount Israeli Innovation Authority funding received by Microbot, the number of years since the funding and other factors. These restrictions and requirements for payment may impair Microbot's ability to sell its 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 amount of consideration available to Microbot's shareholders in a transaction involving the transfer of technology or know-how developed with Israeli Innovation Authority funding outside of Israel (such as through a merger or other similar transaction) may be reduced by any amounts that Microbot is required to pay to the Israeli Innovation Authority.

Some of Microbot's employees and officers are obligated to perform military reserve duty in Israel.

Generally, Israeli adult male citizens and permanent residents are obligated to perform annual military reserve duty up to a specified age. They also may be called to active duty at any time under emergency circumstances, which could have a disruptive impact on Microbot's workforce.

It may be difficult to enforce a non-Israeli judgment against Microbot or its officers and directors.

The operating subsidiary of the Company is incorporated in Israel. Some of Microbot's executive officers and directors are not residents of the United States, and a substantial portion of Microbot's assets and the assets of its executive officers and directors are located outside the United States. Therefore, a judgment obtained against Microbot, or any of these persons, 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 necessarily be enforced by an Israeli court. It also may be difficult to affect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to U.S. securities laws 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 often involves the testimony of 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 Microbot in Israel, it may be impossible to collect any damages awarded by either a U.S. or foreign court.

Risks Relating to Microbot's Securities, Governance and Other Matters

If we fail to comply with the continued listing requirements of The Nasdaq Capital Market, our common stock may be delisted and the price of our common stock and our ability to access the capital markets could be negatively impacted.

Our common stock is currently listed on the Nasdaq Capital Market. In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with the applicable listing standards. In 2018, we effected a 1:15 reverse stock split to address our stock price falling below the minimum share price required by Nasdaq. Failure to again meet applicable Nasdaq continued listing standards could result in a delisting of our common stock. A delisting of our common stock from The Nasdaq Capital Market could materially reduce the liquidity of our common stock and result in a corresponding material reduction in the price of our common stock. In addition, delisting could harm our ability to raise capital on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, employees and fewer business opportunities. Additionally, if we are not eligible for quotation or listing on another exchange, trading of our common stock could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the OTC Marketplace. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further.

We do not expect to pay cash dividends on our common stock.

We anticipate that we will retain our earnings, if any, for future growth and therefore do not anticipate paying cash dividends on our Common Stock in the future. Investors seeking cash dividends should not invest in our Common Stock for that purpose.

Anti-takeover provisions in the Company's charter and bylaws under Delaware law may prevent or frustrate attempts by stockholders to change the board of directors or current management and could make a third-party acquisition of the Company difficult.

Provisions in the Company's certificate of incorporation and bylaws may delay or prevent an acquisition or a change in management. These provisions include a classified board of directors. In addition, because the Company is incorporated in Delaware, it is governed by the provisions of Section 203 of the DGCL, which prohibits stockholders owning in excess of 15% of outstanding voting stock from merging or combining with the Company. Although the Company believes these provisions collectively will provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with the Company's board of directors, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by the Company's stockholders to replace or remove then current management by making it more difficult for stockholders to replace members of the board of directors, which is responsible for appointing members of management.

General Risks

Raising additional capital may cause dilution to the Company's investors, restrict its operations or require it to relinquish rights to its technologies or product candidates.

Until such time, if ever, as the Company can generate substantial product revenues, it expects to finance its cash needs through a combination of equity offerings, including possibly through its existing but currently suspended At-the-Market offering, licensing, collaboration or similar arrangements, grants and debt financings. The Company does not have any committed external source of funds. To the extent that the Company raises additional capital through the sale of equity or convertible debt securities, the ownership interest of its stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of holder of the Company's common stock. Debt financing, if available, may involve agreements that include covenants limiting or restricting the Company's ability to take specific actions, such as incurring additional debt, making capital expenditures, declaring dividends or other distributions, selling or licensing intellectual property rights, and other operating restrictions that could adversely affect the Company's ability to conduct its business.

If the Company raises additional funds through licensing, collaboration or similar arrangements, it may have to relinquish valuable rights to its technologies, future revenue streams, research and development programs or product candidates or to grant licenses on terms that may not be favorable to the Company. If the Company is unable to raise additional funds through equity or debt financings or other arrangements when needed, it may be required to delay, limit, reduce or terminate its product development or future commercialization efforts or grant rights to develop and market product candidates that it would otherwise prefer to develop and market itself.

Microbot operates in a competitive industry and if its competitors have products that are marketed more effectively or develop products, treatments or procedures that are similar, more advanced, safer or more effective, its commercial opportunities will be reduced or eliminated, which would materially harm its business.

Our competitors may develop products, treatments or procedures that directly compete with our products and potential products and which are similar, more advanced, safer or more effective than ours. The medical device industry is very competitive and subject to significant technological and practice changes. Microbot expects to face competition from many different sources with respect to the LIBERTY and other products that it is seeking to develop or commercialize with respect to its other product candidates in the future.

Competing against large established competitors with significant resources may make establishing a market for any products that it develops difficult which would have a material adverse effect on Microbot's business. Microbot's commercial opportunities could also be reduced or eliminated if its competitors develop and commercialize products, treatments or procedures quicker, that are safer, more effective, are more convenient or are less expensive than the LIBERTY or any product that Microbot may develop. Many of Microbot's potential competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than Microbot may have. Mergers and acquisitions in the medical device industry market may result in even more resources being concentrated among a smaller number of Microbot's potential competitors.

Our business strategy in part relies on identifying, acquiring and developing complementary technologies and products, which entails risks which could negatively affect our business, operations and financial condition.

We have in the past and may again in the future pursue other acquisitions of businesses and technologies. Acquisitions entail numerous risks, including:

- difficulties in the integration of acquired operations, services and products;

- failure to achieve expected synergies;
- diversion of management's attention from other business concerns;
- assumption of unknown material liabilities of acquired companies;
- amortization of acquired intangible assets, which could reduce future reported earnings;
- Lack of funding to properly and adequately develop and commercialize the technologies acquired;
- potential loss of clients or key employees of acquired companies; and
- dilution to existing stockholders.

As part of our growth strategy, we may consider, and from time to time may engage in, discussions and negotiations regarding transactions, such as acquisitions, mergers and combinations within our industry. The purchase price for possible acquisitions could be paid in cash, through the issuance of common stock or other securities, borrowings or a combination of these methods.

We cannot be certain that we will be able to identify, consummate and successfully integrate acquisitions, and no assurance can be given with respect to the timing, likelihood or business effect of any possible transaction. For example, we could begin negotiations that we subsequently decide to suspend or terminate for a variety of reasons. Similarly, we could acquire a technology or asset, and later determine that such technology or asset no longer fits in our business strategy or goals. However, opportunities may arise from time to time that we will evaluate. Any transactions that we consummate would involve risks and uncertainties to us. These risks could cause the failure of any anticipated benefits of an acquisition to be realized, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The market price for our Common Stock may be volatile.

The market price for our Common Stock may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in financial or operational estimates or projections;
- conditions in markets generally;
- changes in the economic performance or market valuations of companies similar to ours;
- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- our intellectual property position; and
- general economic or political conditions in the United States, Israel or elsewhere.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of shares of our Common Stock.

The issuance of shares upon exercise of outstanding warrants and options could cause immediate and substantial dilution to existing stockholders.

The issuance of shares upon exercise of warrants and options could result in substantial dilution to the interests of other stockholders since the holders of such securities may ultimately convert and sell the full amount issuable on conversion.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

All unregistered issuances of equity securities during the period covered by this Quarterly Report on Form 10-Q have been previously disclosed on our Current Reports on Form 8-K.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

2.1	Agreement and Plan of Merger and Reorganization, dated as of August 15, 2016, by and among StemCells, Inc., C&RD Israel Ltd. and Microbot Medical Ltd. (incorporated by reference to the Company's Current Report on Form 8-K filed on August 15, 2016).
3.1	Restated Certificate of Incorporation of the Company (incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 15, 2007).
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of the Company (incorporated by reference to the Company's Current Report on Form 8-K filed on November 29, 2016).
3.3	Certificate of Amendment to the Restated Certificate of Incorporation (incorporated by reference to the Company's Current Report on Form 8-K filed on September 4, 2018).
3.4	Amended and Restated By-Laws of the Company (incorporated by reference to the Company's Current Report on Form 8-K filed on May 3, 2016).
3.5	Certificate of Elimination (incorporated by reference to the Company's Current Report on Form 8-K filed on December 12, 2018).
3.6	Certificate of Amendment to the Restated Certificate of Incorporation (incorporated by reference to the Company's Current Report on Form 8-K filed on September 11, 2019).
3.7	Amendment to Section 5 of the Amended and Restated By-Laws of the Company (incorporated by reference to the Company's Current Report on Form 8-K filed on May 3, 2021).
4.2	Form of Series A Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on October 25, 2022)
4.3	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on October 25, 2022)
4.4	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on May 23, 2023)
4.5	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on May 24, 2023)
4.6	Form of Warrant Amendment Agreement (incorporated by reference to the Registrant's Current Report on Form 8-K filed on May 24, 2023)
4.7	Form of Series C Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on June 6, 2023)
4.8	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on June 6, 2023)
4.9	Form of Series D Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on June 28, 2023)
4.10	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on June 28, 2023)
31.1	Certification of Harel Gadot, Chairman, President and Chief Executive Officer
31.2	Certification of Rachel Vaknin, Chief Financial Officer
32.1	Certification of Harel Gadot, Chairman, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Rachel Vaknin, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1	Inline XBRL Instance - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema.
101.CAL	Inline XBRL Taxonomy Extension Calculation.
101.DEF	Inline XBRL Taxonomy Extension Definition.
101.LAB	Inline XBRL Taxonomy Extension Labels.
101.PRE	Inline XBRL Taxonomy Extension Presentation.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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, this 14th day of August, 2023.

MICROBOT MEDICAL INC.

By: */s/ Harel Gadot*
Name: Harel Gadot
Title: Chairman, President and Chief Executive Officer
(Principal Executive Officer)

By: */s/ Rachel Vaknin*
Name: Rachel Vaknin
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

Certifications of Principal Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Harel Gadot, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Microbot Medical Inc.;

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

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

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrants' 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.

Dated: August 14, 2023

/s/ Harel Gadot

Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certifications of Principal Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Rachel Vaknin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Microbot Medical Inc.;

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

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

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrants' 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 controls over financial reporting.

Dated: August 14, 2023

/s/ Rachel Vaknin

Chief Financial Officer
(Principal Financial And Accounting Officer)

Exhibit 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

I, Harel Gadot, Chairman, President and Chief Executive Officer of Microbot Medical Inc., 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 quarterly report on Form 10-Q for the period ending June 30, 2023 of Microbot Medical Inc. (the "Form 10-Q") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Microbot Medical Inc.

Dated: August 14, 2023

/s/ Harel Gadot

Harel Gadot
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 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

I, Rachel Vaknin, Chief Financial Officer of Microbot Medical Inc., 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 quarterly report on Form 10-Q for the period ending June 30, 2023 of Microbot Medical Inc. (the "Form 10-Q") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Microbot Medical Inc.

Dated: August 14, 2023

/s/ Rachel Vaknin

Rachel Vaknin
Chief Financial Officer
(Principal Financial and Accounting Officer)