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 March 31, 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.)***

25 Recreation Park Drive, Unit 108
Hingham, MA 02043
(Address of principal executive offices)

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

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: 8,130,628 shares of Common Stock, $0.01 par value at May 16, 2023.

MICROBOT MEDICAL INC. AND SUBSIDIARY

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MICROBOT MEDICAL INC.
Interim Consolidated Balance Sheets
U.S. dollars in thousands
(Except share and per share data)

	Notes	As of March 31, 2023 Unaudited	As of December 31, 2022 Audited
ASSETS			
Current assets:			
Cash and cash equivalents		$ 2,150	$ 2,442
Marketable securities		2,907	5,760
Short-term deposit		-	3
Restricted cash		49	77
Prepaid expenses and other current assets		475	532
Total current assets		5,581	8,814
Property and equipment, net		196	221
Operating right-of-use assets	3	431	502
Total assets		$ 6,208	$ 9,537
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		$ 224	$ 116
Lease liabilities	3	266	283
Accrued liabilities		743	1,670
Total current liabilities		1,233	2,069
Non-current liabilities:			
Long-term lease liabilities	3	127	179
Total liabilities		1,360	2,248
Stockholders' equity:			
Common stock; $0.01 par value; 60,000,000 shares authorized as of March 31, 2023 and December 31, 2022; 8,130,628 and 7,890,628 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.		83	80
Additional paid-in capital		76,379	75,970
Accumulated deficit		(71,614)	(68,761)
Total stockholders' equity		4,848	7,289
Total liabilities and stockholders' equity		$ 6,208	$ 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 March 31,	
	2023	**2022**
	Unaudited	
Research and development	$ (1,617)	$ (1,706)
General and administrative	(1,302)	(1,470)
Operating loss	(2,919)	(3,176)
Financing income (expenses), net	66	(13)
Net loss	$ (2,853)	$ (3,189)
Basic and diluted net loss per share	$ (0.36)	$ (0.45)
Basic and diluted weighted average common shares outstanding	8,013,295	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
Balances, December 31, 2022 (Audited)	7,890,628	$ 80	$ 75,970	$ (68,761)	$ 7,289
Issuance of common stock upon exercise of warrants	240,000	3	(3)	-	-
Share-based compensation	-	-	412	-	412
Net loss	-	-	-	(2,853)	(2,853)
Balances, March 31, 2023 (Unaudited)	8,130,628	$ 83	$ 76,379	$ (71,614)	$ 4,848

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 Three Months Ended March 31,	
	2023	**2022**
	Unaudited	
Operating activities:		
Net loss	$ (2,853)	$ (3,189)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	25	21
Non-cash and accrued interest	-	1
Interest income and unrealized gains from marketable securities	(27)	-
Share-based compensation expense	412	429
Changes in assets and liabilities:		
Prepaid expenses and other assets	140	177
Other payables and accrued liabilities	(900)	(446)
Net cash flows used in operating activities	(3,203)	(3,007)
Investing activities:		
Purchases of property and equipment	-	(16)
Purchase of a marketable security	(638)	-
Proceeds from sale of a marketable security	1,000	-
Proceeds from maturities of marketable securities	2,518	-
Short term deposit	3	-
Net cash flows provided by (used in) investing activities	2,883	(16)
Decrease in cash, cash equivalents and restricted cash	(320)	(3,023)
Cash, cash equivalents and restricted cash at beginning of period	2,519	13,580
Cash, cash equivalents and restricted cash at end of period	$ 2,199	$ 10,557
Supplemental disclosure of cash flow information:		
Cash received from interest	$ 35	$ -
Right-of-use asset and lease liability	$ 12	$ 121

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 March 31, 2023, the Company had cash equivalents and marketable securities balance of approximately $5,057, excluding encumbered cash, which management believes is sufficient to fund its operations for four 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 September 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 three-month period ended March 31, 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 condensed 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 table summarizes the Company's financial assets subject to fair value measurement and the level of inputs used in such measurements as of March 31, 2023 and December 31, 2022:

	As of March 31, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Marketable securities:				
U.S. treasury securities	$ 1,270	$ 1,270	$ -	$ -
Money market mutual	1,637	1,637	-	-
	$ 2,907	$ 2,907	$ -	$ -

	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 March 31, 2023 and December 31, 2022.

Contingencies

Management records and discloses legal contingencies in accordance with ASC Topic 450 Contingencies. A provision is recorded 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 to determine if any adjustments are required.

Recently issued accounting pronouncements

From time to time, new accounting pronouncements are issued by FASB, 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. 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 Three Months Ended March 31,	
	2023	2022
Cash payments and expenses	$ 75	$ 93

Undiscounted maturities of operating lease payments as of March 31, 2023 are summarized as follows:

2023 (Remainder of the year)	$ 224
2024	187
2025	8
Total future lease payments	419
Less imputed interest	(26)
Total lease liability balance	$ 393

	March 31, 2023	December 31, 2022
Operating leases weighted average remaining lease term (in years)	1	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 March 31, 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 3.0%-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.

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, expects to return such licensed assets to TRDF in the second fiscal quarter of 2023. See "Note 6 – Subsequent Events" below.

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 March 31, 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). Microbot Israel pays CardioSert a monthly consultation fee of NIS40 (or approximately US$11.06, based on an exchange rate of NIS 3.615 to the dollar) covering up to 60 consulting hours per month, relating to the development of the Technology.

See "Note 6 – Subsequent Events" below, with respect to the Company's May 17, 2023 termination of the agreement. As of the filing date of this Quarterly Report on Form 10-Q, CardioSert has not purchased back the Technology.

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.

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 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 "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 Financing. The Company is currently in the discovery phase. Management is unable to assess the likelihood that the Company will succeed at trial with respect to the SPA or the Financing, having previously lost another lawsuit with respect to the 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, 15 U.S.C. 78p(b), 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 the Company asserted against him by claiming various equitable defenses and filed a counterclaim against the Company under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, claiming a net loss on trading the Company's stock of approximately $151.

On March 30, 2021, the Court issued an Order; and on March 31, 2021, the Clerk entered 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 the basis of inability to demonstrate reliance or loss causation. The motion was fully briefed and submitted on May 1, 2023.

On April 12, 2023, Mona filed a motion to dismiss the Company's 16(b) claim based on a decision issued by a Magistrate Judge in an unrelated case, which held that 16(b) plaintiffs must allege an "injury in fact" resulting from a defendant's short swing trading violation. That decision is currently on appeal, and the Company believes Mona's motion is meritless. The Company intends to oppose the motion, which is scheduled to be fully briefed on May 24, 2023.

NOTE 5 - SHARE CAPITAL

Share Capital Developments:

As of December 31, 2022 and March 31, 2023, the Company had, respectively, 7,890,628 and 8,130,628 shares of Common Stock issued and outstanding.

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

Employee Stock Option Grants:

During the three months ended March 31, 2023, the Company granted to certain directors, options to purchase an aggregate of 70,000 shares of the Common Stock, at an average exercise price per share of $3.48. The stock options vest over a period of three years as outlined in the option agreements evidencing such grants.

NOTE 6 - SUBSEQUENT EVENTS

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 TRDF.

On May 15, 2023, 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.

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.

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.

Recent Developments

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 TRDF.

Cost Reduction Plan

On May 15, 2023, 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:

- Focus its 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.
- Postpone a GLP study for LIBERTY until the completion of the V&V.
- 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, with terms and conditions with respect to the reduction period to be determined.
- The independent members of the Board of Directors have agreed to a suspension of their 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.

We expect that the savings generated from such cost-reduction activities will enable us to continue the V&V and first-in-human cases planned in Brazil or elsewhere, through September 30, 2023, while we continue to seek new sources of financings to stabilize our finances.

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 "One & Done" capabilities, which would be based in part on our One & Done and NovaCross platforms 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. In addition, when combined with our One & Done technology or possibly other guidewire/microcatheter technologies, it is being designed to streamline Cath-lab procedures with tools that combines guidewire and microcatheter into a single device. With control over tip curvature and stiffness for maneuverability and access – and without the need for constant tool exchanges – when integrated into the LIBERTY device, the device may drastically reduce procedure time and costs while enhancing the operator experience.

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.
- Streamlines Cath-lab procedures – Can be made compatible with Microbot's unique "One & Done" tool and/or NitiLoop's NovaCross products or possibly other guidewire/microcatheter technologies, that combines guidewire and microcatheter into a single device. The One & Done tool, when integrated into the system, is expected to provide full control over tip curvature and stiffness for maneuverability and access without the need for constant tool exchanges, while enhancing the operator experience.
- State of the art maneuverability - Provides linear, rotational and tip control of its One & Done tool when integrated into the system, 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).

One & Done™ Technology

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. Our CardioSert tool is now trademarked as "One & Done™".

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., which could result in the technology being re-acquired by CardioSert Ltd. for nominal consideration.

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.

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 intend to return the licensed intellectual property for the SCS (ViRob) back to TRDF in the second fiscal quarter of 2023 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 have been in contact with TRDF, the licensor of the technology, and intend to return the licensed intellectual property for the TipCAT back to TRDF in the second fiscal quarter of 2023 in accordance with the terms of its license agreement, 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 expects that its general and administrative expenses may increase in the future as it expands its operating activities, maintains and expands its patent portfolio and maintains compliance with exchange listing and SEC 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*. A provision is recorded 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 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 Months Ended March 31, 2023 and 2022

The following table sets forth the key components of Microbot's results of operations for the three-month periods ended March 31, 2023 and 2022 (in thousands):

	Three months ended March 31,		
	2023	2022	Change
Research and development expenses	$ (1,617)	$ (1,706)	$ 89
General and administrative expenses	(1,302)	(1,470)	168
Financing income (expenses), net	66	(13)	79

Research and Development Expenses. Microbot's research and development expenses were approximately $1,617,000 for the three months ended March 31, 2023, compared to approximately $1,706,000 for the comparable period in 2022. The decrease in research and development expenses for the period presented was primarily due to increases relating to the initial preparations to transfer the LIBERTY device from research & development to low volume and controlled production (to be used for bench, animal and clinical trials), offset by decreases in payroll due to a decrease in the number of employees.

General and Administrative Expenses. General and administrative expenses were approximately $1,302,000 for the three months ended March 31, 2023, compared to approximately $1,470,000 for the comparable period in 2022. The decrease in general and administrative expenses for the period presented was primarily due to increases in travel and professional service expenses, offset by decreases in payroll expenses resulting from not recording a bonus accrual in the first fiscal quarter of 2023 and decreases in director and officer insurance premiums.

Financing Income (Expenses), net. Financing income was approximately $66,000 for the three months ended March 31, 2023, compared to financing expenses of approximately $13,000 for the comparable period in 2022. The increase in financing income for the period presented was primarily due to an increase in 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.

Liquidity and Capital Resources

Microbot has incurred losses since inception and negative cash flows from operating activities for all periods presented. As of March 31, 2023, Microbot had a net working capital of approximately $4,348,000, 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 candidates 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 March 31, 2023, Microbot has raised net cash proceeds of approximately $59,000,000 and incurred a total cumulative loss of approximately $71,614,000. Microbot returned $3,375,000 (before interest) of such proceeds 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 we cannot project 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 March 31, 2023 in the total amount of approximately $1,500,000. 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. 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%-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 March 31, 2023, we had unrestricted cash, cash equivalents and marketable securities of approximately $5,057,000, excluding encumbered cash, which management believes is sufficient to fund our operations for approximately four months from the filing date of this Quarterly Report on Form 10-Q, or through September 30, 2023, 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 four months, which could adversely affect our ability to raise capital, expand our business and develop our planned products.

Microbot recently commenced a core-business focus program and a costreduction plan while it seeks to raise additional capital to continue development of the LIBERTY robotic system. See "Part II, Item 5. Other Information" below. As a result, Microbot will be unable, until it succeeds in raising substantial additional capital, to continue to fund its research and development activities relating to additional product candidates, and will need additional funds to continue the FDA approval process for the Liberty device after the third quarter of 2023. 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. If Microbot is not able to secure adequate additional working capital by June 30, 2023, it intends to make additional significant reductions in spending beyond those contemplated by its recently enacted cost reduction plan, extend payment terms with suppliers if available, liquidate assets if and where possible, further suspend or curtail planned research programs, or even shut down its business entirely.

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 set forth below (in thousands):

	Three Months Ended March 31,	
	2023	**2022**
Net cash flows used in operating activities	$ (3,203)	$ (3,007)
Net cash flows provided by (used in) investing activities	2,883	(16)
Net cash flows from financing activities	-	-
Decrease in cash, cash equivalents and restricted cash	$ (320)	$ (3,023)

Net cash flows used in operating activities for the three months ended March 31, 2023 were approximately $3,203,000, calculated by adjusting our net loss from operations by approximately $350,000. Cash used in operating activities for the three months ended March 31, 2022 was approximately $3,007,000, similarly adjusted by approximately $182,000. The increase in net cash flows used in operating activities was due to the timing of payroll payments, whereby payments related to our March 2023 payroll were paid within the fiscal quarter and payments related to our March 2022 payroll were paid on April 1, 2022.

Net cash flows from investing activities for the three months ended March 31, 2023 were approximately $2,883,000, resulting from proceeds from sale of a marketable security, maturities of marketable securities and short term deposit in the amount of $3,521,000, offset by purchase of a marketable security in the amount of $638,000, 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 $16,000.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Microbot's cash and cash equivalents as of March 31, 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 March 31, 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 March 31, 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 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 "Financing"). The complaint seeks rescission of the SPA and return of the Plaintiffs' $6.75 million purchase price with respect to the Financing. We are currently in the discovery phase. Management is unable to assess the likelihood that we will succeed at trial with respect to the SPA or the Financing, having previously lost another lawsuit with respect to the 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, 15 U.S.C. 78p(b), 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 we asserted against him by claiming various equitable defenses, 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 September 17, 2020, the Court issued a Memorandum Decision & Order that, among other things, granted Alliance's summary judgment motion.

On March 30, 2021, the Court issued an Order; and on March 31, 2021, the Clerk entered 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 the basis of inability to demonstrate reliance or loss causation. The motion was fully briefed and submitted on May 1, 2023.

On April 12, 2023, Mona filed a motion to dismiss our 16(b) claim based on a decision issued by a Magistrate Judge in an unrelated case, which held that 16(b) plaintiffs must allege an "injury in fact" resulting from a defendant's short swing trading violation. That decision is currently on appeal, and we believe Mona's motion is meritless. We intend to oppose the motion, which is scheduled to be fully briefed on May 24, 2023.

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.

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 as of March 31, 2023 are only sufficient to fund our operations for approximately four months from the filing date of this Quarterly Report, or through September 30, 2023, 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 four months, which could adversely affect our ability to raise capital, expand our business and develop our planned products.

We have limited capital resources and we may not obtain the significant additional capital needed to sustain our research and development efforts or continue our business.

We have limited liquidity and capital resources and, even with the recent implementation of our cost reduction plan, must obtain significant additional capital resources in order to sustain our remaining ongoing product development efforts, continue preclinical and clinical testing of our products, pursue regulatory approvals, acquire and sustain capital equipment, laboratory and office facilities, establish production capabilities, maintain and enforce our intellectual property portfolio, and support our general and administrative expenses and other working capital requirements. We rely on cash reserves and proceeds from equity and debt offerings, and government grants, if obtainable, to fund our operations.

We intend to pursue opportunities for additional fundraising in the future through equity or debt financings, corporate alliances or combinations, grants or collaborative research arrangements, sales or dispositions of assets, or any combination of these. However, the source, timing and availability of any future fundraising will depend principally upon market conditions, and, more specifically, on progress in our research and development programs. Funding may not be available when needed — at all or on terms acceptable to us. While we are managing our programs and resources in order to conserve cash while we pursue and identify fundraising opportunities, our existing capital resources are not be sufficient to fund our operations beyond the next fiscal quarter. Lack of necessary funds has already forced us, among other things, to delay, scale back or eliminate some of our research and product development programs, planned clinical trials, and/or our capital expenditures. If we exhaust our cash reserves and are unable to realize adequate additional fundraising, we will be unable to meet operating obligations and be required to initiate bankruptcy proceedings, delay, scale back or eliminate some or all of our remaining research and product development programs, or even shut down operations entirely.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

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 TRDF.

Cost Reduction Plan

On May 15, 2023, 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:

- Focus its 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.
- Postpone a GLP study for LIBERTY until the completion of the V&V.
- 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, with terms and conditions with respect to the reduction period to be determined.

- The independent members of the Board of Directors have agreed to a suspension of their 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.

We expect that the savings generated from such cost-reduction activities will enable us to continue the V&V and first-in-human cases planned in Brazil or elsewhere, through September 30, 2023, while we continue to seek new sources of financings to stabilize our finances. We may commence a second round of cost-cutting in the event we are unsuccessful in raising capital by June 30, 2023. In the event the Company is not successful in raising additional capital by September 30, 2023, or if the results of the verification and validation 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.

Termination of CardioSert Agreement

On May 17, 2023, we send a Notice of Termination of Agreement with respect to our agreement with CardioSert dated January 4, 2018. The termination, which will be effective as of August 17, 2023 in accordance with the terms of the agreement, also provides for the cessation as of May 23, 2023 of consulting services CardioSert has been providing to us with respect to that technology. As a result of the termination and other matters, CardioSert may re-acquire our One-and-Done (former CardioSert) technology for nominal consideration. As of the filing date of this Quarterly Report on Form 10-Q, CardioSert has not purchased back such technology.

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).
4.1	Form of Series A Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on December 16, 2016).
4.2	Form of Series B Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed on December 16, 2016).
4.3	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 16, 2019)
4.4	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 17, 2019).
4.5	Form of Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 25, 2019).
4.6	Form of Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on December 27, 2019).
4.7	Form of Wainwright Warrants (incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 25, 2019).
4.8	Form of Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on December 30, 2019).
4.9	Form of Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on December 31, 2019).
4.10	Description of the Company's Securities (incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2019).
4.11	Form of Pre-Funded Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on October 25, 2022)
4.12	Form of Series A Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on October 25, 2022)
4.13	Form of Series B Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on October 25, 2022)
4.14	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on October 25, 2022)
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 17th day of May, 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: May 17, 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: May 17, 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 March 31, 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: May 17, 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 March 31, 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: May 17, 2023

/s/ Rachel Vaknin

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