

**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, 2019

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
*State or Other Jurisdiction of
Incorporation or Organization*

94-3078125
*(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)

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

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 4,307,666 shares of Common Stock, \$0.01 par value at May 14, 2019.

MICROBOT MEDICAL INC. AND SUBSIDIARIES

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

	<u>Note</u>	<u>As of March 31, 2019 (Unaudited)</u>	<u>As of December 31, 2018 (Audited)</u>
ASSETS			
Current assets:			
Cash and cash equivalents		\$ 5,357	\$ 5,238
Short-term investments	3	2,496	-
Restricted cash	5	4,249	25
Other current assets		995	568
Total current assets		13,097	5,831
Non-current assets:			
Fixed assets, net		248	259
Operating right-of-use assets	4	562	-
Total assets		\$ 13,907	\$ 6,090
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade payables		\$ 123	\$ 630
Lease liabilities	4	312	-
Accrued liabilities		548	755
Other accrued liabilities	5	3,446	3,375
Total current liabilities		4,429	4,760
Long-term liabilities:			
Long-term lease liabilities	4	250	-
Total liabilities		4,679	4,760
Commitments and contingencies	5		
Shareholders' equity:			
Common stock of \$0.01 par value; Authorized: 220,000,000 as of March 31, 2019 and December 31, 2018; issued and outstanding: 4,307,666 and 3,012,343 shares as of March 31, 2019, and December 31, 2018, respectively	6	43	31
Additional paid-in capital (*)	6	42,385	32,538
Treasury shares	5	(3,375)	(3,375)
Accumulated deficit (*)		(29,825)	(27,864)
Total stockholders' equity		9,228	1,330
Total liabilities and stockholders' equity		\$ 13,907	\$ 6,090

(*) The Company adopted ASU 2017-11 using the full retrospective approach. Refer to Note 5 for further information.

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

MICROBOT MEDICAL INC.
Interim Consolidated Statements of Operations
U.S. dollars in thousands
(Except share and per share data)

	Three Months Ended March 31,	
	2019	2018
Research and development expenses, net	\$ 587	\$ 496
General and administrative expenses	1,329	1,019
Operating loss	(1,916)	(1,515)
Financing income (expenses), net (**)	(45)	33
Net loss	<u>\$ (1,961)</u>	<u>\$ (1,482)</u>
Net loss per share, basic and diluted	<u>\$ (0.48)</u>	<u>\$ (0.50)</u>
Weighted-average number of common shares outstanding, basic and diluted (*)	<u>4,086,223</u>	<u>2,763,573</u>

(*) March 31, 2018 share data represents the number of shares adjusted to retroactively reflect the 1:15 reverse stock split effected on September 4, 2018. Refer to Note 1 for further information.

(**) The Company adopted ASU 2017-11 using the full retrospective approach. Refer to Note 5 for further information.

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

MICROBOT MEDICAL INC.
Interim Consolidated Statements of Comprehensive Loss
U.S. dollars in thousands
(Except share and per share data)

	Three Months Ended March 31,	
	2019	2018
Net loss	\$ (1,961)	\$ (1,482)
Other comprehensive loss (income):		
Unrealized loss on marketable debt security	(*)	-
Comprehensive loss	<u>\$ (1,961)</u>	<u>\$ (1,482)</u>

(*) Less than 1

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

MICROBOT MEDICAL INC.
Interim Consolidated Statements of Shareholder's Equity
U.S. dollars in thousands
(Except share and per share data)

	Preferred A Shares		Common Stock (***)		Additional paid-in capital (2)	Treasury shares (1)	Accumulated other comprehensive income	Accumulated deficit (2)	Total shareholders' equity	Temporary equity (**)
	Number	Amount	Number	Amount						
Balances, December 31, 2017	4,001	\$ (*)	**2,734,300	\$ 27	\$ 30,569	\$ -	\$ -	\$ (20,604)	\$ 9,992	\$ 500
Share-based compensation	-	-	-	-	416	-	-	-	416	-
Conversion of preferred A shares to common stock	(1,537)	(*)	103,583	1	(1)	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	(1,482)	(1,482)	-
Balances, March 31, 2018	2,464	\$ (*)	2,837,883	\$ 28	\$ 30,984	\$ -	\$ -	\$ (22,086)	\$ 8,926	\$ 500
Balances, December 31, 2018	-	\$ -	3,012,343	\$ 31	\$ 32,538	\$ (3,375)	\$ -	\$ (27,864)	\$ 1,330	\$ -
Issuance of common stock and warrants net of issuance expenses	-	-	1,295,323	12	9,532	-	-	-	9,544	-
Share-based compensation	-	-	-	-	315	-	-	-	315	-
Unrealized loss on marketable debt security	-	-	-	-	-	-	(*)	-	(*)	-
Net loss	-	-	-	-	-	-	-	(1,961)	(1,961)	-
Balances, March 31, 2019	-	\$ -	4,307,666	\$ 43	\$ 42,385	\$ (3,375)	\$ (*)	\$ (29,825)	\$ 9,228	\$ -

- (1) Refer to Note 5 for further information
(2) Refer to Note 6 for further information

(*) Less than 1

(**) Includes 721,107 common stock classified as temporary equity as of December 31, 2017.

(***) December 31, 2017 share data represent the number of shares adjusted to retroactively reflect the 1:15 reverse stock split effected on September 4, 2018. Refer to Note 1 for further information.

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

MICROBOT MEDICAL INC.
Interim Consolidated Statements of Cash Flows
U.S. dollars in thousands
(Except share and per share data)

	Three Months Ended March 31,	
	2019	2018
<u>OPERATING ACTIVITIES</u>		
Net loss	\$ (1,961)	\$ (1,482)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	11	10
Amortization of discount (premium) on marketable debt securities	(*)	-
Share-based compensation expense	315	416
Changes in assets and liabilities:		
Other receivables	(445)	(78)
Other payables and accrued liabilities	(643)	(60)
Net cash used in operating activities	(2,723)	(1,194)
<u>INVESTMENT ACTIVITIES</u>		
Purchase of marketable debt security	(2,496)	-
Purchase of property and equipment	-	(133)
Net cash used in investing activities	(2,496)	(133)
<u>FINANCING ACTIVITIES</u>		
Issuance of common stock and warrants, net of issuance costs	9,562	-
Net cash provided by financing activities	9,562	-
Increase (Decrease) in cash and cash equivalents and restricted cash	4,343	(1,327)
Cash and cash equivalents and restricted cash at the beginning of the year	5,263	10,814
Cash and cash equivalents and restricted cash at the end of the year	\$ 9,606	\$ 9,487
<u>Supplemental disclosure of cash flow information:</u>		
Cash received from interest	\$ 8	\$ -
<u>Non-cash financing transactions:</u>		
Conversion of Series A Convertible Preferred Stock into common stock	\$ -	\$ 15
Recognition of right-of-use asset and lease liability upon adoption of ASU 2016-02	\$ 630	-

(*) Less than 1

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

MICROBOT MEDICAL INC.
Notes to Interim Consolidated Financial Statements
U.S. dollars in thousands
(Except share and per share data)

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 micro-robotics assisted medical technologies targeting the minimally invasive surgery space. The Company is primarily focused on leveraging its micro-robotic technologies with the goal of improving surgical outcomes for patients.

It was 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 began trading on the Nasdaq Capital Market under the symbol "MBOT".

Prior to the Merger, the Company was a biopharmaceutical company that conducted research, development, and commercialization of stem cell therapeutics and related technologies. The sale of substantially all material assets relating to the stem cell business were completed on November 29, 2016.

The Company and its subsidiaries are collectively referred to as the "Company". "StemCells" or "StemCells, Inc." refers to the Company prior to the Merger.

B. Risk Factors:

To date, the Company has not generated revenues from its operations. As of March 31, 2019, the Company had cash and cash equivalent and short-term investment balances of approximately \$7,826, which management believes is sufficient to fund its operations for more than 12 months from the date of issuance of these financial statements and sufficient to fund its operations necessary to continue development activities of its current proposed products.

Due to continuing research and development activities, the Company expects to continue to incur additional losses for the foreseeable future. The Company plans to continue to fund its current operations as well as other development activities relating to additional product candidates, 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.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

D. Reverse Stock Split

On September 4, 2018, the Company filed a Certificate of Amendment to its Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to affect a one-for-15 reverse stock split of the Company's common stock (the "Reverse Split"). As a result of the Reverse Split, every 15 shares of the Company's old common stock were converted into one share of the Company's new common stock. Fractional shares resulting from the Reverse Split were rounded up to the nearest whole number. The Reverse Split automatically and proportionately adjusted, based on the one-for-fifteen split ratio, all issued and outstanding shares of the Company's common stock, as well as common stock underlying convertible preferred stock, stock options, warrants and other derivative securities outstanding at the time of the effectiveness of the Reverse Split. The exercise price on outstanding equity based-grants was proportionately increased, while the number of shares available under the Company's equity-based plans was also proportionately reduced. Share and per share data (except par value) for the periods presented reflect the effects of the Reverse Split. References to numbers of shares of common stock and per share data in the accompanying financial statements and notes thereto for periods ended prior to September 4, 2018 have been adjusted to reflect the Reverse Split on a retroactive basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2019, are not necessarily indicative of the results that may be expected for the year ended December 31, 2019

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 with the exception of the following:

Short-term Investments

The Company began investing excess cash in short-term investments during the first quarter of 2019.

Marketable debt securities are considered to be available for sale and are carried at fair value. Unrealized gains and losses net of tax, if any, are reported as a separate component of stockholders' equity. The cost of marketable debt securities classified as available for sale is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion are included in interest income. Realized gains and losses and declines in value judged to be other than temporary, if any, are also included in other income, net. Interest on securities classified as available for sale is included in interest income. The cost of securities sold is based on the specific identification method.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

Management evaluates whether available-for-sale securities are other-than-temporarily impaired (OTTI) on a quarterly basis. Debt securities with unrealized losses are considered OTTI if the Company intends to sell the security or if it is more likely than not that the Company will be required to sell such security prior to any anticipated recovery. If management determines that a security is OTTI under these circumstances, the impairment recognized in earnings is measured as the entire difference between the amortized cost and the then-current fair value. During the three months ended March 31, 2019, no investment OTTI losses were realized.

Fair value of financial instruments:

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

The Company measures the fair value of certain of its financial instruments (marketable debt security) 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.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). This ASU requires entities that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. The Company adopted this ASU effective January 1, 2019 using the modified retrospective application, applying the new standard to leases in place as of the adoption date. Prior periods have not been adjusted.

Arrangements that are determined to be leases at inception are recognized as long-term right-of-use assets ("ROU") and lease liabilities in the condensed consolidated balance sheet at lease commencement. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future fixed lease payments over the lease term at commencement date. As most of the Company's leases do not provide an implicit rate, the Company applies its incremental borrowing rate based on the economic environment at commencement date in determining the present value of future payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating leases or payments are recognized on a straight-line basis over the lease term.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

Warrants

Prior to January 1, 2019, warrants with non-standard anti-dilution provisions (referred to as down round protection) were classified as liabilities and re-measured each reporting period. On January 1, 2019, the Company adopted the provisions of Accounting Standards Update (“ASU”) 2017-11, which includes Part I “Accounting for Certain Financial Instruments with Down Round Features” and Part II “Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-Controlling Interests with a Scope Exception”, which indicates that a down round feature no longer precludes equity classification when assessing whether an investment is indexed to an entity’s own stock. The Company used a full retrospective approach to adoption, and restated its financial statements as of the earliest period presented. As a result of the adoption of 2017-11, the Company’s warrants were reclassified from liabilities to shareholders’ equity.

The cumulative effect of adoption of ASU 2017-11 resulted as follows:

	<u>For the three months ended March 31, 2018</u>	<u>For the year ended December 31, 2018</u>
Derivative warrant liability	\$ (15)	\$ (8)
Additional paid-in capital	\$ 28	\$ 28
Accumulated deficit	\$ 13	\$ 20

Refer to Note 6 for further information regarding the outstanding warrants as of March 31, 2019.

Recent Accounting Standards:

In June 2016, the FASB issued ASU 2016-13 “Financial Instruments – Credit Losses” to improve information on credit losses for financial assets and net investment in leases that are not accounted for at fair value through net income. The ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses. This ASU is effective for the Company in the first quarter of 2020, with early adoption permitted. The Company does not expect that this standard will have a material effect on the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, “Changes to Disclosure Requirements for Fair Value Measurements”, which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for the Company beginning on January 1, 2020. The Company does not expect that this standard will have a material effect on the Company’s consolidated financial statements.

NOTE 3 - SHORT-TERM INVESTMENTS

The following table summarizes the Company’s marketable debt securities as of March 31, 2019 and December 31, 2018.

	<u>As of March 31, 2019</u>			
	<u>Amortized Cost</u>	<u>Unrealized gains</u>	<u>Realized gains</u>	<u>Fair value</u>
US Treasury Bond	\$ 2,496	\$ (*)	\$ (*)	\$ 2,496
Total short-term investments	\$ 2,496	\$ (*)	\$ (*)	\$ 2,496

	<u>As of December 31, 2018</u>			
	<u>Amortized Cost</u>	<u>Unrealized gains</u>	<u>Realized gains</u>	<u>Fair value</u>
Total short-term investments	\$ -	\$ -	\$ -	\$ -

The Company’s financial asset is measured at fair value on a recurring basis by level within the fair value hierarchy. The Company’s marketable security is classified as Level 1. Other than the marketable debt security, the Company doesn’t have any other financial assets or financial liabilities marked to market at fair value.

The contractual maturity of the aforementioned marketable security is one year.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

NOTE 4 - LEASES

On January 1, 2019, the Company adopted ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”) using the modified retrospective approach for all lease arrangements at the beginning period of adoption. Leases existing for the reporting period beginning January 1, 2019 are presented under ASU 2016-02. The Company leases office space and vehicles under operating leases. At March 31, 2019, the Company’s ROU assets and lease liabilities for operating leases totaled \$562 and \$562, respectively, which \$312 were classified as current liabilities. The impact of adopting the new lease standard was not material to the Company’s condensed consolidated statement of operations for the periods presented.

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

	Three Months Ended March 31, 2019
Cash payments for operating leases	\$ 78

As of March 31, 2019, the Company’s operating leases had a weighted average remaining lease term of 2 years and a weighted average discount rate of 7%. Future lease payments under operating leases as of March 31, 2019 were as follows (in millions, unaudited):

	Operating Leases
Remainder of 2019	\$ 234
2020	284
2021	77
Total future lease payments	\$ 595
Less imputed interest	(33)
Total lease liability balance	\$ 562

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Government Grants:

Microbot Israel obtained from the Israeli Innovation Authority (“IIA”) grants for participation in research and development for the years 2013 through March 31, 2019 in the total amount of approximately \$1,524 and, in return, Microbot Israel is obligated to pay royalties amounting to 3%-3.5% of its future sales up to the amount of the grant. The grant is 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.

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 partial consideration for the license, Microbot Israel shall pay TRDF royalties on net sales (between 1.5%-3%) and on sublicense income as detailed in the agreement.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

Contract Research Agreements

Agreement with Washington University

On January 27, 2017, the Company entered into a Contract Research Agreement (the "Research Agreement") with The Washington University ("Washington U."), pursuant to which the parties are collaborating to determine the effectiveness of the Company's self-cleaning shunt.

The study in Washington U. includes several phases. The first phase (initial research) was completed. An agreement on the second phase was entered into in September 2018 with total expected costs of approximately \$248.1. Pursuant to the Research Agreement, all rights, title and interest in the data, information and results obtained or arrived at by Washington U. in the performance of its services under the Research Agreement, as well as any patentable inventions obtained or arrived at in the performance of such services, will be jointly owned by the Company and Washington U., and each will have full right to practice and grant licenses in joint inventions. Additionally, Washington U. granted to the Company: (a) a non-exclusive, worldwide, royalty-free, fully paid-up, perpetual and irrevocable license to use and practice patentable inventions (other than joint inventions and improvements to Washington U.'s animal models) obtained or arrived at by Washington U. in the provision of its services under the Research Agreement ("University Inventions") with respect to the self-cleaning shunt; and (b) an exclusive option to obtain an exclusive worldwide license in University Inventions, on terms to be negotiated between the parties.

Agreement with Wayne State University

On September 12, 2016, the Company entered into a research agreement (the "WSU Agreement") with Wayne State University ("WSU."), pursuant to which the parties are collaborating to determine the efficacy of the Company's self-cleaning shunt.

The study in WSU includes several phases. The first phase (initial research) was completed. An agreement on the second phase was entered into in April 2018 with total expected costs of approximately \$130. Pursuant to the WSU Agreement, WSU shall own all data generated by the research and the Company shall have unrestricted free right to use and disclose all the results, information and material generated from the WSU Agreement.

Rights to inventions, improvements or discoveries, whether or not patentable or copyrightable made solely by the employees of the Company in the course of performance of the workplan agreed upon between the Company and WSU shall belong to the Company.

Rights to inventions, improvements or discoveries, whether or not patentable or copyrightable made solely by the employees of WSU in the course of performance of the workplan agreed upon between the Company and WSU shall belong to WSU. WSU shall grant the Company with a worldwide non-exclusive, perpetual, royalty-free license to university inventions to use and practice patentable inventions.

Rights to inventions, improvements or discoveries, whether or not patentable or copyrightable made by at least one employee of WSU and one employee of the Company in the course of performance of the workplan agreed upon between the Company and WSU shall belong to WSU and the Company jointly. Both the Company and WSU will be free to use and license to others the rights of joint inventions for any and all purposes without consultation or obligation to the other party. WSU granted the Company a first option to negotiate an exclusive license to use and practice WSU inventions and its interest in the joint inventions as detailed in the WSU Agreement.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

Sabby Litigation

The Company is named as the defendant in a lawsuit (the “Matter”), captioned Sabby Healthcare Master Fund Ltd. and Sabby Volatility Warrant Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (the “Court”) (Index No. 654581/2017). The complaint alleged, 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. The complaint sought rescission of the SPA and return of the Plaintiffs’ \$3,375 purchase price with respect to the Financing, and damages in an amount to be determined at trial, but alleged to exceed \$1,000. A trial was held on February 11, 2019. On February 28, 2019, the Court issued a Decision and Order After Trial to rescind the SPA. The rescission would require the Plaintiffs to transfer back to the Company the shares they purchased in the Financing, and for the Company to return to Plaintiffs their purchase price of \$3,375. On March 27, 2019, the Company filed a Notice of Appeal and an Undertaking to stay execution of the judgment pending appeal.

In accordance with New York law, in order to move forward with the appeal and to stay the lower court’s judgment, the Company placed approximately \$4,200 (including estimated interest and fees) in escrow with a surety bonding agent on March 26, 2019 in accordance with provisions set forth in the judgment from the Matter, which represents the judgment amount, plus interest and the fee to the bonding company. Accordingly, the Company recorded additional expenses of \$25 with respect to interest from the judgement date and up until March 31, 2019.

Tolling and Standstill Agreement

On April 4, 2018, Microbot entered into a Tolling and Standstill Agreement with Empery Asset Master, Ltd., Empery Tax Efficient LP, Empery Tax Efficient II LP, and Hudson Bay Master Fund, Ltd., the other investors in the Financing (“Other Investors”). Pursuant to the Tolling Agreement, among other things, (a) the Other Investors agree not to bring any claims against Microbot arising out of the Matter, (b) the parties agree that if Microbot reaches an agreement to settle the claims asserted by the Sabby Funds in the above suit, Microbot will provide the same settlement terms on a pro rata basis to the Other Investors, and the Other Investors will either accept same or waive all of their claims and (c) the parties froze in time the rights and privileges of each party as of the effective date of the Tolling Agreement, until (i) an agreement to settle the suit is executed; (ii) a judgment in the suit is obtained; or (iii) the suit is otherwise dismissed with prejudice.

No provision has been recorded with respect to the Tolling Agreement since no settlement was reached with respect to the Matter.

Agreement with CardioSert Ltd.

On January 4, 2018, Microbot Israel entered into an agreement with CardioSert Ltd. (“CardioSert”) to acquire certain patent-protected technology owned by CardioSert (the “Technology”).

Pursuant to the Agreement, Microbot Israel made an initial payment of \$50 to CardioSert and had 90-days to elect to complete the acquisition. At the end of the 90-day period, at Microbot Israel’s sole option, CardioSert shall assign and transfer the Technology to Microbot Israel and Microbot Israel shall pay to CardioSert additional amounts and securities as determined in the agreement.

On April 10, 2018, Microbot delivered an Exercise Notice to CardioSert Ltd., notifying it that Microbot elected to exercise the option to acquire the Technology owned by CardioSert and therefore made an additional cash payment of \$250 and 6,738 shares of common stock (100,000 shares of common stock before the Reverse Split) estimated of \$74.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

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. 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. Additionally, the agreement may be terminated by either party upon breach of the other (subject to cure).

CardioSert agreed to assist Microbot Israel in the development of the Technology for a minimum of one year, for a monthly consultation fee of NIS 40,000 covering up to 60 consulting hours per month.

Yehezkel (Hezi) Himelfarb Resignation

Effective as of February 1, 2019, Yehezkel (Hezi) Himelfarb, a member of the Board of Directors of the Company, and the Company's Chief Operating Officer, resigned from all positions with the Company. Effective as of February 1, 2019, Mr. Himelfarb also resigned from his position as General Manager of Microbot Medical Ltd., a wholly-owned subsidiary of the Company. As a result of Mr. Himelfarb providing certain post-resignation transition services to the Company and the terms of his employment agreement, Mr. Himelfarb will continue to be paid his full salary and certain benefits.

NOTE 6 - SHARE CAPITAL

Each share of the Series A Convertible Preferred Stock, par value \$0.01 per share, issued by the Company in December 2016 and in May 2017 (the "Series A Convertible Preferred Stock"), was convertible, at the option of the holder, into 67 shares of common stock (1,000 shares of common stock before the Reverse Split), and conferred upon the holder dividend rights on an as converted basis. On December 12, 2018, the Company filed a Certificate of Elimination with respect to its Series A Convertible Preferred Stock and as of March 31, 2019, the Company did not have any Series A Convertible Preferred Stock issued or outstanding.

See Note 5 – "Commitments and Contingencies-Agreement with CardioSert Ltd.," with respect to the issuance of 6,738 shares of the Company's common stock

Share Capital Developments

The authorized capital stock consists of 221,000,000 shares of capital stock, which consists of 220,000,000 shares of common par value \$0.01 (the "Preferred Stock"). As of March 31, 2019, the Company had 4,307,666 shares of common stock issued and outstanding.

On December 27, 2016, the Company exchanged 655,962 shares (9,735,925 shares before the Reverse Split) or rights to acquire shares of its common stock, for 9,736 shares of a newly designated class of Series A Convertible Preferred Stock.

On January 5, 2017, the Company entered into a definitive securities purchase agreement with an institutional investor (the "Purchaser") for the purchase and sale of an aggregate of 47,163 shares (700,000 shares before the Reverse Split) of common stock in a registered direct offering for \$74.00 per share (\$5.00 per share before the Reverse Split) or gross proceeds of \$3,500. The Company paid the placement agent a fee of \$210 plus reimbursement of out-of-pocket expenses, as well as other offering-related expenses.

On June 5, 2017, the Company entered into a Securities Purchase Agreement with certain institutional investors (the "Investors") providing for the issuance and sale by the Company to the Investors of an aggregate of 252,652 shares (3,750,000 shares before the Reverse Split) of common stock, at a purchase price per share of \$40.50 (\$2.70 before the Reverse Split). The gross proceeds to the Company was \$10,125 before deducting placement agent fees and offering expenses of \$922. See Note 4 – "Commitments and Contingencies-Litigation" with respect to certain rescission rights awarded to two affiliated Investors.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

On January 14, 2019, the Company entered into a Securities Purchase Agreement with an accredited institutional investor providing for the issuance and sale by the Company to the purchaser of an aggregate of (i) 330,000 shares of the Company's common stock, at a purchase price per share of \$6.50 and (ii) 125,323 pre-funded warrants each to purchase one share of common stock, at a purchase price per Pre-Funded Warrant of \$6.49. The gross proceeds to the Company were approximately \$3.0 million. The closing of the offering took place on January 15, 2019. The pre-funded warrants were exercised in full in January 2019.

On January 15, 2019, the Company entered into a Securities Purchase Agreement with certain accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 590,000 shares of the Company's common stock, at a purchase price per share of \$10.00. The gross proceeds to the Company were approximately \$5.9 million. The closing of the offering took place on January 17, 2019.

On January 23, 2019 the Company entered into a Securities Purchase Agreement with accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 250,000 shares of the Company's common stock, at a purchase price per share of \$9.875. The gross proceeds to the Company were approximately \$2.47 million. The closing of the offering took place on January 25, 2019.

Employee Stock Option Grant

In September 2014, Microbot Israel's board of directors approved a grant of 26,906 stock options (403,592 stock options before the Reverse Split) (77,846 stock options as retroactively adjusted to reflect the Merger) to its CEO, through MEDX Venture Group LLC. Each option was exercisable into an ordinary share, at an exercise price of \$12.00 (\$0.80 before the Reverse Split) (\$4.20 as retroactively adjusted to reflect the Merger). The stock options were fully vested at the date of grant.

On May 2, 2016, Microbot Israel's board of directors approved a grant of 33,333 stock options (500,000 stock options before the Reverse Split) (96,482 as retroactively adjusted to reflect the Merger) to certain of its employees and directors. Each stock option was exercisable into an ordinary share, NIS 0.001 par value, of Microbot Israel, at an exercise price equal to the ordinary share's par value. The stock options were fully vested at the date of grant. As the exercise price of the stock options is nominal, Microbot Israel estimated the fair value of the options as equal to the Company's share price of \$20.25 (\$1.35 before the Reverse Split) (\$7.05 as retroactively adjusted to reflect the Merger) at the date of grant.

On September 12, 2017, the Company adopted the 2017 Equity Incentive Plan (the "Plan"), which Plan authorizes, among other things, the grant of options to purchase shares of common stock to directors, officers and employees of the Company and to other individuals.

On September 14, 2017, the board of directors approved a grant of stock options to purchase an aggregate of up to 120,848 shares (1,812,712 shares before the Reverse Split) of common stock to Mr. Harel Gadot, the Company's Chairman of the Board, President and CEO, at an exercise price per share of \$15.75 (\$1.05 before the Reverse Split). The stock options vest over a period of 3-5 years as outlined in the option agreements. As a result, the Company recognized compensation expenses for the three months ended March 31 2019 and 2018 in total amount of \$120 and \$219 respectively included in general and administrative expenses.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

On September 14, 2017, the board of directors approved a grant of stock options to purchase an aggregate of up to 72,508 shares (1,087,627 shares before the Reverse Split) of common stock to Mr. Hezi Himelfarb, the Company's General Manager, COO and a member of the Board, at an exercise price per share of \$19.35 (\$1.29 before the Reverse Split). The grant was subject to the Israeli Tax Authority's approval of the plan which occurred on October 14, 2017. In accordance with the option agreement, the options vest for period of 3 years starting from the grant date. As a result, the Company recognized compensation expenses for the three months ended March 31 2019 and 2018 in total amount of \$108 and \$108 respectively included in general and administrative expenses.

On December 6, 2017, the board of directors approved a grant of 12,698 stock options (190,475 stock options before the Reverse Split) to purchase an aggregate of up to 12,698 shares of common stock to certain of its directors, at an exercise price per share of \$15.75 (\$1.05 before the Reverse Split). The stock options vest over a period of 3 years as outlined in the option agreements. As a result, the Company recognized compensation expenses for the three months ended March 31 2019 and 2018 in total amount of \$13 and \$15 respectively included in general and administrative expenses.

On December 28, 2017, the board of directors approved a grant of 66,036 stock options (990,543 stock options before the Reverse Split) to purchase an aggregate of up to 66,036 shares of common stock to certain of its employees, at an exercise price per share of \$15.3 (\$1.02 before the Reverse Split). The stock options vest over a period of 3 years as outlined in the option agreements. As a result, the Company recognized compensation expenses for the three months ended March 31 2019 and 2018 in total amount of \$39 and \$71 respectively included in general and administrative expenses and research and development expenses.

On November 2017, certain employees and consultant exercised 31,453 options (471,794 options before the Reverse Split) to 31,453 ordinary shares at exercise price of 0.001 NIS.

In February 2018, an employee exercised options to purchase 2,487 shares (37,300 shares before the Reverse Split) of common stock at an exercise price of \$0.001 per share.

On August 13, 2018, the board of directors approved a grant of stock options to purchase an aggregate of up to 10,000 shares (150,000 shares before the Reverse Split) of common stock to Mr. Simon Sharon, the company's CTO, at an exercise price per share of \$9 (\$0.6 before the Reverse Split). The grant was subject to the Israeli Tax Authority's approval of the plan which occurred on October 14, 2017. In accordance with the option agreement, the options vest for period of 3 years starting from the grant date. As a result, the Company recognized compensation expenses for the three months ended March 31 2019 and 2018 in total amount of \$11 and \$0 respectively included in research and development expenses.

On January 21, 2019, the board of directors approved a grant of 11,630 stock options to purchase an aggregate of up to 11,630 shares of common stock to certain of its directors, at an exercise price per share of \$8.60. The stock options vest over a period of 3 years as outlined in the option agreements. As a result, the Company recognized compensation expenses in the amount of \$24 included in general and administrative expenses for the three months ended March 31, 2019.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

A summary of the Company's option activity related to options to employees and directors, and related information is as follows:

	For the three months ended March 31, 2019		
	Number of stock options	Weighted average exercise price	Aggregate intrinsic value
Outstanding at beginning of period	398,308	\$ 11.50	\$ 108
Granted	11,630	8.6	-
Exercised	-	-	-
Cancelled	-	-	-
Outstanding at end of period	<u>409,938</u>	<u>\$ 11.38</u>	<u>\$ 761</u>
Vested at end of period	<u>265,989</u>	<u>\$ 8.95</u>	<u>\$ 761</u>

	For the year ended December 31, 2018		
	Number of stock options	Weighted average exercise price	Aggregate intrinsic value
Outstanding at beginning of period	414,965	\$ 11.70	\$ 1,859
Granted	10,000	9	-
Exercised	(2,487)	-	-
Cancelled	(24,170)	-	-
Outstanding at end of period	<u>398,308</u>	<u>\$ 11.50</u>	<u>\$ 108</u>
Vested at end of period	<u>245,010</u>	<u>\$ 8.45</u>	<u>\$ 108</u>

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the fair market value of the common stock and the exercise price, multiplied by the number of in-the-money stock options on those dates that would have been received by the stock option holders had all stock option holders exercised their stock options on those dates.) as of March 31, 2019 and December 31, 2018 respectively.

The stock options outstanding as of March 31, 2019 and December 31, 2018, separated by exercise prices, are as follows:

Exercise price \$	Stock options outstanding as of March 31, 2019	Stock options outstanding as of December 31, 2018	Weighted average remaining contractual life – years as of March 31, 2019	Weighted average remaining contractual life – years as of December 31, 2018	Stock options exercisable as of March 31, 2019	Stock options exercisable as of December 31, 2018
4.20	77,846	77,846	6.75	7.00	77,846	77,846
15.75	133,546	133,546	8.50	8.75	61,387	53,752
8.6	11,630	-	9.75	-	2,905	-
9.00	10,000	10,000	9.50	9.75	2,500	-
19.35	72,508	72,508	8.50	8.75	34,442	29,003
15.30	41,866	41,866	8.75	9.00	24,367	21,867
(*)	62,542	62,542	7.50	7.75	62,542	62,542
	<u>409,938</u>	<u>398,308</u>	<u>6.75</u>	<u>7.00</u>	<u>265,989</u>	<u>245,010</u>

(*) Less than \$0.01.

Compensation expense recorded by the Company in respect of its stock-based employee compensation awards in accordance with ASC 718-10 for the three months ended March 31, 2019 and 2018 was \$ 315 and \$412, respectively.

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

The fair value of the stock options is estimated at the date of grant using Black-Scholes options pricing model with the following weighted-average assumptions:

	Three months ended March 31, 2019	Year ended December 31, 2018
Expected volatility	144.4%	99.4%
Risk-free interest	1.64%	2.39%
Dividend yield	0%	0%
Expected life of up to (years)	6.37	5.24

Shares issued to service provider

On May 24, 2018 the Company issued an aggregate of 6,738 nonrefundable shares (100,000 nonrefundable shares before the Reverse Split) of common stock to CardioSert as part of certain patent acquisition. The Company recorded expenses of approximately \$74 with respect to the issuance of these shares included in research and development expenses.

Warrants

The remaining outstanding warrants and terms as of March 31, 2019 and December 31, 2018 are as follows:

Issuance date	Outstanding as of December 31, 2018	Outstanding as of March 31, 2019	Exercise Price	Exercisable as of March 31, 2019	Exercisable Through
Series A (2013)	181	181	\$ 2,754	181	April 2023
Series A (2015)	676	676	\$ 1,377	676	April 2020
Series B (2016) (a)	2,741	2,741	\$ 40.5	2,741	March 2022

These warrants contain a full ratchet anti-dilution price protection so that, in most situations upon the issuance of any common stock or securities convertible into common stock at a price below the then-existing exercise price of the outstanding warrants, the warrant exercise price will be reset to the lower common stock sales price.

Prior to January 1, 2019, warrants with non-standard anti-dilution provisions (referred to as down round protection) were classified as liabilities and re-measured each reporting period. On January 1, 2019, the Company adopted the provisions of ASU 2017-11, which indicates that a down round feature no longer precludes equity classification when assessing whether an investment is indexed to an entity's own stock. The Company used a full retrospective approach to adoption, and restated its financial statements as of the earliest period presented. (See note 2)

MICROBOT MEDICAL INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Cont'd)

U.S. dollars in thousands
(Except share data)

Repurchase of Shares

The Company had intended to enter into a definitive agreement with up to three Israeli shareholders, some of whom are directors of the Company, that were former shareholders of Microbot Israel, pursuant to which the Company would repurchase, at a discount on the fair value of the share at the date of repurchase, up to \$500 of common stock held by them, in the aggregate, if and to the extent such shareholders are unable to sell enough of their shares to cover certain of their Israeli tax liabilities resulting from the Merger. Such repurchase(s), if any, would occur only after the two-year anniversary of the Merger. The transaction would have been subject to negotiating final terms and entering into definitive agreements with such shareholders.

The Company evaluated whether an embedded derivative that requires bifurcation exists within such shares that may be subject to repurchase. The Company concluded the fair value of such derivative instrument would be nominal and, in any case, would represent an asset to the Company as (a) the settlement requires acquiring the shares at a discount on the fair market value of the share at the time of repurchase and in no circumstances the acquisition price will be higher than approximately one dollar per share (representing 25% discount on the fair market value of the share at the merger closing date) and (b) it is assumed that the selling shareholders would use such right as last resort as such repurchase at a discount on the fair market value of such shares results in a loss to be incurred by the selling shareholders.

In accordance with ASC 480-10-S99-3A (formerly EITF D-98), the Company classified the maximum amount it may be required to pay in the event the repurchase right is exercised (\$500) as temporary equity.

As of December 31, 2018, the Company determined that no obligation remained to enter into any such definitive agreement as the two-year anniversary of the Merger was in November 2018 and therefore there was no liability for the Company to repurchase any shares from the three Israeli shareholders.

NOTE 7 - SUBSEQUENT EVENTS

Alliance Litigation

On April 28, 2019, the Company brought an action against Alliance Investment Management, Ltd. ("Alliance") 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 to disgorge short swing profits realized by Alliance from purchases and sales of the Company's securities within a period of less than six months, while Alliance was a beneficial owner of more than 10% of the Company's outstanding common stock and a statutory "insider" for purposes of the statute. The case is Microbot Medical Inc. v. Alliance Investment Management, Ltd., No. 19-cv-3782-GBD (SDNY). The amount of profits we are seeking to divest is estimated to be approximately \$480,000.

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, 2018. 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, 2018.

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 Medical Inc. 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 micro-robotic technologies with the goal of improving surgical outcomes for patients.

Microbot’s current technological platforms, ViRob™, CardioSert™ and TipCAT™, are comprised of proprietary innovative technologies. Using the ViRob platform, Microbot is currently developing its first product candidate: the Self Cleaning Shunt, or SCS™, for the treatment of hydrocephalus and Normal Pressure Hydrocephalus, or NPH. Although the SCS utilizes one of our platforms, we are focused on the development of a Multi Generation Pipeline Portfolio utilizing all three of our proprietary technologies.

Microbot has a patent portfolio of 32 issued/allowed patents and 19 patent applications pending worldwide.

Technological Platforms

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.

CardioSert

On May 25, 2018, Microbot acquired a patent-protected technology from CardioSert Ltd., a privately-held medical device company based in Israel. 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 CardioSert 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. CardioSert was part of a technological incubator supported by the Israel Innovation Authorities (formerly known as the Office of the Chief Scientist, or OCS), and a device based on the technology has successfully completed pre-clinical testing.

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. Microbot is no longer pursuing the development of the TipCAT as a colonoscopy tool but is currently exploring the use of the TipCAT for minimally invasive endovascular neurosurgical applications.

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 costs, salaries, 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, the cost of being a public company and maintaining compliance with exchange listing and SEC requirements. These additional costs 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

Microbot's management's discussion and analysis of its financial condition and results of operations are based on its financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these 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 financial statements. On an ongoing basis, Microbot evaluates its estimates and judgments, including those related to accrued research and development expenses. 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 financial statements, Microbot believes the following accounting policies are the most critical for fully understanding and evaluating its financial condition and results of operations.

Fair Value of Financial Instruments

The Company measures the fair value of certain of its financial instruments (such as the derivative warrant liabilities) 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.

Foreign Currency Translation

Microbot's functional currency is the U.S. dollars, and its reporting currency is the U.S. dollar.

Government Grant and Input Tax Credit Recoveries

Microbot from time to time has received, and may in the future continue to receive, grants from the Israeli Innovation Authority to cover eligible company expenditures. These are presented as other income in the statement of operations and comprehensive loss as the grant funds are used for or applied towards a number of Microbot's operating expenses, such as salaries and benefits, research and development and professional and consulting fees. The recoveries are recognized in the corresponding period when such expenses are incurred.

Research and Development Expenses

Microbot recognizes research and development expenses as incurred, typically estimated based on an evaluation of the progress to completion of specific tasks using data such as clinical site activations, manufacturing steps completed, or information provided by vendors on their actual costs incurred. Microbot determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. These estimates are made as of each balance sheet date based on facts and circumstances known to Microbot at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, Microbot will adjust the estimate accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are capitalized as prepaid expenses and recognized as expense in the period that the related goods are consumed or services are performed.

Microbot may pay fees to third-parties for manufacturing and other services that are based on contractual milestones that may result in uneven payment flows. There may be instances in which payments made to vendors will exceed the level of services provided and result in a prepayment of the research and development expense.

Results of Operations

Comparison of Three Months Ended March 31, 2019 and 2018

The following table sets forth the key components of Microbot's results of operations for the three months ended March 31, 2019 and 2018: (in thousands)

	Quarter Ended March 31,		Increase/ (Decrease)
	2019	2018 (*)	
Research and development expenses, net	\$ 587	\$ 496	\$ 91
General and administrative expenses	1,329	1,019	310
Financing (income) expenses, net	45	(33)	78

(*) The Company adopted ASU 2017-11 using the full retrospective approach.

Research and Development Expenses. Microbot's research and development expenses were approximately \$587,000 for the three months ended March 31, 2019, compared to approximately \$496,000 for the same period in 2018. The increase in research and development expenses of approximately \$91,000 in 2019 was primarily due to the decrease in participation from the Israel Innovation Authority ("IIA"). Microbot expects its research and development expenses to increase over time as it advances its development programs and begins pre-clinical and clinical trials for SCS and other platforms.

General and Administrative Expenses. General and administrative expenses were approximately \$1,329,000 for the three months ended March 31, 2019, compared to approximately \$1,019,000 for the same period in 2018. The increase in general and administrative expenses of approximately \$310,000 in 2019 was primarily due to an increase in legal expenses relating to the litigation. Microbot believes its general and administrative expenses may increase over time as it advances its programs, increases its headcount and operating activities and incurs expenses associated with being a public company.

Financing Expenses. Financing (income) expenses were approximately \$45,000 for the three months ended March 31, 2019, compared to finance income of approximately \$(33,000) for the same period in 2018. The increase in financial expenses for the three months ended March 31, 2019 was primarily due to the extra amount of cash that the Company deposited in escrow relating to the appeal of the Sabby litigation, thus lowering the amount of cash earning interest.

Liquidity and Capital Resources

Microbot has incurred losses since inception and negative cash flows from operating activities for the three months ended March 31, 2019 and the fiscal year ended December 31, 2018. As of March 31, 2019, Microbot had a net working capital of approximately \$8,668,000, consisting primarily of cash and cash equivalents and short-term investment. This compares to net working capital of \$1,071,000 as of December 31, 2018. Microbot anticipates that it will continue to incur net losses for the foreseeable future as it continues research and development efforts of its product candidates, hires additional staff, including clinical, scientific, operational, financial and management personnel, and incurs additional 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, 2019, Microbot has raised gross cash proceeds of approximately \$27,500,000, and incurred a total cumulative loss of approximately \$29,825,000.

On January 14, 2019, the Company entered into a Securities Purchase Agreement with an accredited institutional investor providing for the issuance and sale by the Company to the purchaser of an aggregate of (i) 330,000 shares of the Company's common stock, at a purchase price per share of \$6.50 and (ii) 125,323 pre-funded warrants each to purchase one share of common stock, at a purchase price per Pre-Funded Warrant of \$6.49. The gross proceeds to the Company were approximately \$3.0 million. The closing of the offering took place on January 15, 2019. The pre-funded warrants were exercised in full in January 2019.

On January 15, 2019, the Company entered into a Securities Purchase Agreement with certain accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 590,000 shares of the Company's common stock, at a purchase price per share of \$10.00. The gross proceeds to the Company were approximately \$5.9 million. The closing of the offering took place on January 17, 2019.

On January 23, 2019, the Company entered into a Securities Purchase Agreement with accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 250,000 shares of the Company's common stock, at a purchase price per share of \$9.875. The gross proceeds to the Company were approximately \$2.47 million. The closing of the offering took place on January 25, 2019.

Microbot has been awarded non-dilutive grants from the IIA. The grants provide additional sources to be utilized by Microbot for the continued development of the Self-Cleaning Shunt for the treatment of hydrocephalus and Normal Pressure Hydrocephalus. The grant funds may be used for or applied towards a number of research and development expenses, such as employees' salaries, research and development expenses (including materials), as well as professional and consulting fees. The recoveries are recognized in the corresponding period when such expenses are incurred. With respect to such grant, Microbot is committed to pay royalties, as, if and when it successfully commercializes the SCS and generates revenue from sales of the SCS, 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. Under the terms of the grant 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 IIA. Microbot has no obligation to repay the grant, if the SCS project fails, is unsuccessful or aborted before any sales are generated. The financial risk is assumed completely by the IIA.

The total amount Microbot has received from the IIA since inception is approximately \$1,524,000.

Microbot is currently appealing an adverse judgment against it in its litigation with Sabby Healthcare Master Fund Ltd. and its affiliate. As a result of the appeal, the Company placed approximately \$4.2 million (including estimated interest and fees) in escrow with a surety bonding agent pending the appeal.

Microbot believes that its net cash will be sufficient to fund its operations for at least 12 months and fund operations necessary to continue development activities of the SCS.

Microbot plans to continue to fund its research and development and other operating expenses, other development activities relating to additional product candidates, and the associated losses from operations, through future issuances of debt and/or equity securities and possibly additional grants from the Israeli Innovation Authority. The capital raises from equity or equity-linked 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 or on terms acceptable to it, if at all. If Microbot is not able to secure adequate additional working capital when it becomes needed, it may be required to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible and/or suspend or curtail planned research programs. Any of these actions could materially harm Microbot's business.

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,	
	2019	2018
Net cash used in operating activities	\$ (2,723)	\$ (1,194)
Net cash used in investing activities	(2,496)	(133)
Net cash provided by financing activities	9,562	-
Net increase (decrease) in cash and cash equivalents and restricted cash	<u>\$ 4,343</u>	<u>\$ (1,327)</u>

Comparison of the Three Months Ended March 31, 2019 and 2018

Cash used in operating activities for the three months ended March 31, 2019 was approximately \$2,723,000, calculated by adjusting net loss from operations by approximately \$762,000 to eliminate non-cash and expense items not involving cash flows such as depreciation as well as other changes in assets and liabilities resulting in non-cash adjustments in the income statement. Cash used in operating activities for the three months ended March 31, 2018 was approximately \$1,194,000, similarly adjusted by approximately \$275,000.

Net cash used in investing activities for the three months ended March 31, 2019 was approximately \$2,496,000, consisting of purchase of a marketable debt security, compared to the purchase of approximately \$133,000 of property and equipment for the three months ended March 31, 2018.

Net cash provided by financing activities of approximately \$9,562,000 for the three months ended March 31, 2019 consisted of issuance of common stock and warrants, net of issuance costs.

Off-Balance Sheet Arrangements

Microbot has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Microbot's cash and cash equivalents as of March 31, 2019 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.

Effects of Inflation

Inflation generally affects Microbot by increasing its clinical trial costs. Microbot does not believe that inflation and changing prices had a significant impact on its results of operations for any periods presented herein.

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, 2019. 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, 2019, 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.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rule 13a – 15(f) of the Exchange Act). There are inherent limitations to the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time. We have assessed the effectiveness of our internal controls over financial reporting (as defined in Rule 13a -15(f) of the Exchange Act) as of March 31, 2019, and have concluded that, as of March 31, 2019, our internal control over financial reporting was effective.

This quarterly report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this quarterly report.

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.

Sabby Litigation

We were named as the defendant in a lawsuit, which we refer to as the Matter, captioned Sabby Healthcare Master Fund Ltd. and Sabby Volatility Warrant Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (the “Court”) (Index No. 654581/2017). 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, or the Financing, of which the Plaintiffs participated. The complaint sought rescission of the SPA and return of the Plaintiffs’ \$3,375,000 purchase price with respect to the Financing, and damages in an amount to be determined at trial, but alleged to exceed \$1 million. A trial was held on February 11, 2019. On February 28, 2019, the Court issued a Decision and Order After Trial to rescind the SPA. The rescission would require the Plaintiffs to transfer back to us the shares they purchased in the Financing, and for us to return to Plaintiffs their purchase price of \$3.375 million. On March 27, 2019, the Company filed a Notice of Appeal and an Undertaking to stay execution of the judgment pending appeal. As a result of the appeal, we placed approximately \$4.2 million in escrow with a surety bonding agent pending the appeal. However, management is unable to assess the likelihood of the likelihood that we would be successful in the appeal. Accordingly, no assurance can be given that any adverse outcome would not be material to our consolidated financial position. Additionally, in the event we lose our appeals, we will likely be required to use the proceeds from recent offerings or available cash towards payment of damages and interest on the damages from the date of the decision to the Plaintiffs, and to the Other Investors described below if and to the extent they bring similar lawsuits against us and prevail or if we settle the Sabby litigation, 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.

On April 4, 2018, we entered into a Tolling and Standstill Agreement with Empery Asset Master, Ltd., Empery Tax Efficient LP, Empery Tax Efficient II LP, and Hudson Bay Master Fund, Ltd., the other investors in the Financing, of whom we refer to as the Other Investors. Pursuant to the Tolling Agreement, among other things, (a) the Other Investors agree not to bring any claims against us arising out of the Matter, (b) the parties agree that if we reach an agreement to settle the claims asserted by the Sabby Funds in the above suit, we will provide the same settlement terms on a pro rata basis to the Other Investors, and the Other Investors will either accept same or waive all of their claims and (c) the parties froze in time the rights and privileges of each party as of the effective date of the Tolling Agreement, until (i) an agreement to settle the suit is executed; (ii) a judgment in the suit is obtained; or (iii) the suit is otherwise dismissed with prejudice.

Alliance Litigation

On April 28, 2019, we brought an action against Alliance Investment Management, Ltd. (“Alliance”) 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 to disgorge short swing profits realized by Alliance from purchases and sales of the Company’s securities within a period of less than six months, while Alliance was a beneficial owner of more than 10% of the Company’s outstanding common stock and a statutory “insider” for purposes of the statute. The case is Microbot Medical Inc. v. Alliance Investment Management, Ltd., No. 19-cv-3782-GBD (SDNY). The amount of profits we are seeking to divest is estimated to be approximately \$480,000.

Item 1A. Risk Factors.

Not required for a Smaller Reporting Company.

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.

None.

Item 6. Exhibits

The exhibits listed below are hereby furnished to the SEC as part of this report:

- 31.1 [Certification of Harel Gadot, Chairman, President and Chief Executive Officer](#)
- 31.2 [Certification of David Ben Naim, 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 David Ben Naim, 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 XBRL Instance.

101.SCH XBRL Taxonomy Extension Schema.
101.CAL XBRL Taxonomy Extension Calculation.
101.DEF XBRL Taxonomy Extension Definition.
101.LAB XBRL Taxonomy Extension Labels.
101.PRE XBRL Taxonomy Extension Presentation.

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 15th day of May 2019.

MICROBOT MEDICAL INC.

By: /s/ Harel Gadot

Name: Harel Gadot

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

By: /s/ David Ben Naim

Name: David Ben Naim

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**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 15, 2019

/s/ Harel Gadot

Chairman, President and Chief Executive Officer

**Certifications of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, David Ben Naim, 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 15, 2019

/s/ David Ben Naim
Chief Financial Officer

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, 2019 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 15, 2019

/s/ Harel Gadot

Harel Gadot

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

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, David Ben Naim, 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, 2019 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 15, 2019

/s/ David Ben Naim

David Ben Naim
Chief Financial Officer
(Principal Financial Officer)
