

# ReWalk: Tripping up on Innovation - Short Recommendation



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## ReWalk Robotics Ltd. (NASDAQ: RWLK)

ReWalk Robotics Ltd. ("ReWalk", "RWLK") is a medical device company that designs, develops and commercializes robotics devices for people with mobility impairments. ReWalk primarily sells the ReWalk Personal 6.0 lower body exoskeleton for spinal cord injury therapy, and has distribution rights to MyoCycle and MediTouch Tutor for other physical therapy. RWLK has a license agreement with Harvard University to sell the Wyss Institute designed ReStore, a clinical rehabilitation unit for patients suffering stroke related damage to their feet.

ReWalk's customers are primarily personal buyers with partial or full insurance coverage in the United States (60%) and Europe (40%). The ReWalk Personal 6.0 sells for ~\$85k per unit. A legacy line of exoskeleton products was intended for sale to rehabilitation centers, but the company has focused on a personal use exoskeleton instead. MediTouch and MyoCycle are both personal and clinical use products, and ReStore is solely intended for use in the clinical setting.

ReWalk was founded in 2001 under the name Argo Medical Technologies Ltd. The founder, Dr. Amit Goffer was responsible for innovating the first exoskeleton design which has been updated into the ReWalk Personal 6.0. Dr. Amit Goffer was a driving force for innovation, in 2015 he retired from his role with ReWalk.

The company is headquartered in the startup village of Yokneam, Israel.

## Situation / Set-Up

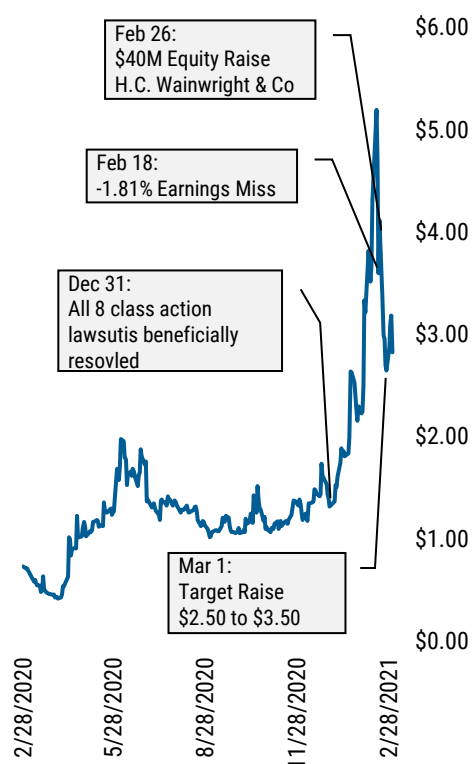
ReWalk is a cash degenerative business which is competing in an industry with rapid technological advancement and evolution. The company has been surviving off of small tweaks to 20-year-old intellectual property, while management makes ridiculous claims that their technology provides them with a sustainable advantage over competitors which are far more advanced. **I believe a short position in RWLK common shares presents a favorable risk/reward opportunity with material downside driven by 1) strong competitors, unprofitability and unrestrained issues of equity to keep the company afloat 2) a management team that does not focus on innovation in a technologically demanding environment, and dramatically overestimates their market size 3) material revaluation of the company as the NASDAQ delisting risk increases again.**

I believe this opportunity exists because of a sharp rise in price after the beneficial resolution of eight class action lawsuits against the company for misrepresenting the FDA readiness of the ReWalk Personal 6.0 at IPO (Chart 1). During the last month the stock has risen 200% in a large overreaction to this positive news, and is now returning to for levels as investment firms such as H.C. Wainwright & Co Ltd execute compensatory warrants for their role in a multitude of private equity placements.

## Key Statistics

Ticker	NASDAQ: RWLK
Share Price	\$ 2.83
52-Wk Range	\$0.40 - \$6.00
YTD Total Return	100.76%
Shares Out (millions)	44.37
Options/RSUs	6.55
Warrants	11.4
<b>Total</b>	<b>50.92</b>
FD Market Cap (000's)	144,098
+ Proforma Debt	1,583
- Proforma Cash	60,771
<b>Enterprise Value</b>	<b>84,910</b>
TTM EV / Sales	24.3x
% Short	4.31
Borrow Rate	43.7%
3mo. Avg Volume	3.21M

Chart 1: ReWalk Stock Price



## 1. Stagnating R&D in a company that no longer knows what it does

ReWalk Personal has driven the majority of revenues for the company (~96%), with the original patent being filed in 2001. Since then, ReWalk Personal has undergone several revisions including the inclusion of subsequent patented designs for attachment devices and sensor technologies. ReWalk management claims that their sensor technology provides a “self-initiated walked experience, more natural gait and faster functional walking speed, ability to support its own weight and broad user specifications”. For the most part these are baseless claims, worded vaguely and broadly. In the competitive advantage section of this report, I present a more detailed treatment of these claims, however in summary:

1. Cybedyne has self-initiated walk experience sensors which are quicker.
2. The most natural gait is provided by the Hocoma, LocoMat system which is much more advanced than the ReWalk Personal
3. Walking speed is dependent on many variables including injury severity
4. The ability to support its own weight is not unique
5. Very common in competitors

In accordance with FDA post market monitoring requirements, a ReWalk clinical study to evaluate the long-term safety of the product was started in June 2016. It was expected to enroll 60 participants but has only had 12 to date with only 3 patients completing the study. This post market monitoring requirement was a central issue in the original class action lawsuit against ReWalk. Given that the study was intended to complete nearly two years ago in Sep 2019, ReWalk has significantly failed to achieve their intended level of post market study clinical research, while management has been blaming COVID-19 for lack of access to rehabilitation clinics. This presents a potential issue with the FDA moving forwards, as the question of ReWalk Personal’s long term safety hangs in the balance.

In Q2 2019, the ReWalk ReStore device received FDA clearance and the CE mark. ReStore is possibly the only saving hope of this company as it actually provides an unproven competitive advantage for treating patients suffering from foot damage caused by strokes. ReStore units are only available for use in rehabilitation clinics, and are not sold directly to patients. This may have something to do with the awkward cabling as a result of how the technology works (much like a bicycle brake, Chart 2). ReStore is not a ReWalk invention. ReStore was created by the Wyss Institute at Harvard University, and as a result of a research agreement, ReWalk is required to pay Harvard for the commercialization of ReStore under a licensing agreement.

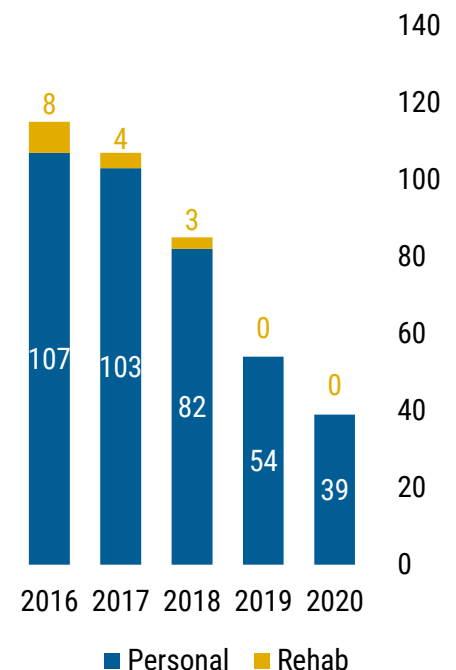
Since the development of ReWalk Personal, the company has not created a single product for commercialization on their own. Management has resorted to alternative revenue streams to help drive top line growth sales for ReWalk Personal are evaporating (Chart 3). These include the distribution of MyoCycle and MediTouch, products which are made by 3<sup>rd</sup> parties.

A search of ReWalk employees revealed information consistent with R&D stagnation. Of the 60 available employee profiles on LinkedIn, only 4 were engineers of which one focuses mainly on technical documentation and liaising

Chart 2: ReWalk ReStore



Chart 3: ReWalk Unit Placement



with Wyss. In addition to this, ReWalk does not have any in-house machinists as they lead investors to believe in their annual report. This reduces efficiency in the design process. All machining and fabrication are done by a single company Samina in Israel. Additionally, Samina is responsible for procuring 3rd party parts to design integration.

It's hard to see why management thinks their company is innovative when the majority of their products are designed by others, and their technical proficiency depends on 6% of their workforce. Making matters more confusing, management is running the company like a medical device distributor rather than a device designer / developer. On its current trajectory, ReWalk, cannot compete in this fast-paced technologically demanding environment of robotics and medicine.

## 2. Misleading claims of market opportunity, growth misalignment and lack of key management roles

ReWalk has identified its target market size for the ReWalk Personal in its 2020 annual report. Management also reiterated these figures in their latest earnings call; it seems they believe the numbers they are estimating are based on sound reasoning. According to management estimates, the ReWalk Personal has a realizable market of 100,000 people in America and 27k in Germany. ReWalk explains their methodology for calculating their realizable market, however their adjustments are based on flawed assumptions from a small sample size determined by small clinical trials of no more than 63 people in total.

Using the same starting figures as management, I adjust their assumptions to reflect population demographics more representatively and have determined that the US TAM for ReWalk Personal is 70% smaller than management claims and 65% smaller in Germany. The methodology behind this correction is specified in much more detail in the attached summary report under the section Total Addressable Market.

I forecasted a 5.4% CAGR over the next five years in the growing spinal cord injury market. Despite a baseline of growth in the TAM, ReWalk net sales have declined at -7% CAGR over the past 5 years. It is clear that despite a growing TAM, management has historically been unable to capitalize on growth and net sales have deteriorated significantly since 2015, after Dr. Amit Goffe retired.

Management has twice indicated its ReWalk Personal TAM is based on spinal cord injuries. Given this narrow vision which is focused on a very specific type of injury subset of spinal cord injuries; it seems unlikely that management is considering alternative applications for the ReWalk Personal 6.0. I find this highly peculiar given that there are non-medical applications for exoskeletons, as exemplified by Ekso Bionics Holdings (NASDAQ:EKS0), which have realized the adjacent market potential for very similar lower limb exoskeleton products.

On March 6<sup>th</sup> 2018, management engaged Timwell Corporation Ltd. ("Timwell"), a private Hong Kong medical device manufacturer for a triple tranche investment into ReWalk. After the first tranche of investment was complete Timwell inexplicably breached the agreement with ReWalk in March 2020. With the termination of this investment agreement, management's entry strategy into China became null and void. This however did not deter management from including China its TAM calculations for ReStore. With no viable strategy at present to enter the Chinese market, the ReStore target addressable market is over stated by 450% by management.

Examining at the background of management it is clear there are serious holes in expertise for running a company in such an innovation demanding space. Currently there are two c-suite managers, Lawrence "Larry" Jasinski the CEO and Ori Gon, CFO.

Larry has worked in the industry in the past, and resides in Massachusetts, which, is not Yokne'am Israel (ReWalk HQ & Engineering). Looking past the implied resume taglines that Larry had "built Soteira and sold it" (due to the parent holding company being sold), Larry's expertise in marketing, is not exactly well aligned

for a company operating in a space that requires heavy technological innovation to remain relevant.

ReWalk is Ori Gon’s first stint as a CFO. Looking back to his tenure as controller of on Track Innovations (“OTI”), a contactless payment company, reveals a pattern of share issues and cashflow management that ReWalk seems to follow as well (Chart 4 & 5). After Ori’s departure in 2015, OTI ceased to aggressively issue shares.

As of Jan 2021, Ofir Koren left ReWalk to fill a role as CTO for Nanox Vision. ReWalk no longer has a “VP of R&D and Regulation Affairs” supporting them.

Looking at the board inspires some hope that management has some technical guidance, however the lack of a CTO since Amit’s departure. is quite concerning in a space which requires technological proficiency and engineering support. Furthermore, there are no medical professional with a kinesiology background on the board. This lack of appropriate management is a further testament to how ReWalk is disadvantaged to compete effectively against its competitors. More details on management in the attached report.

Chart 4: OTI Shares Outstanding

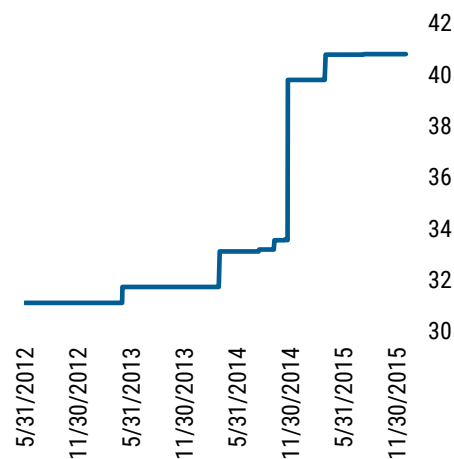


Chart 5: OTI Free Cash Flows



### 3. Unprofitable, cash flow degenerative business against entrenched competitors with superior technology

ReWalk faces fierce competition from robotic medical device manufacturers, despite being the first company to get FDA approval for a lower limb exoskeletal system for disabled persons, the company has struggled from day one to attain positive operating leverage, especially over the last four years. Even in years with positive sales and FCF growth (FY14, FY17 and FY16), the company failed to translate this into operating income (Chart 6).

To sustain operations, management has been forced to take on loans and issue equity. As of Feb 26<sup>th</sup> 2020 there are 19.6M warrants outstanding which have been raised since Ori Gon joined ReWalk as controller 2015. Recently ReWalk has paid down the majority of their debts, and has done so partly through the issue of warrants and equity to Kreos Capital V Ltd., the lender of ReWalk's 20M revolver. Since 2020, ReWalk has issued roughly 37M commons through multiple private placements, particularly with H.C. Wainwright & Co Ltd. who also provides the sole analyst coverage of ReWalk Robotics Inc.

Collectively, management was paid (non-equity) 18% of revenues in 2019 as sales dropped 25% from the prior year:

- CEO Lawrence Jasinski was paid \$473,594 in non-equity compensation which included a 21% bonus. This pay is equivalent to 9.72% of the net revenue.
- CFO Ori Gon was paid 3.97% of 2019 revenues, including an ~9% bonus.
- Former VP of R&D, Ofir Koren, was paid 4.34% of revenue with ~9% bonus.

Additionally, \$13.6M of equity was issued in 2019 with H.C. Wainwright & Co. Ltd. to sustain operations business through declining sales.

Aside from the dismal operations and non-existent growth, ReWalk Personal is going up against several competitors which have a strong hold on the rehabilitation market. Ekso Bionics has penetrated ~270 rehabilitation centers globally and offers virtually the same product as ReWalk Personal, except only in a clinical setting. Hacoma has 1000 units of far more advanced spinal cord injury rehabilitation technology stationed at ~840 clinics globally, and services a much broader range of patients with less restrictions on physical characteristics.

Even smaller private firms like Bioness provide a significant threat to ReStore, since the Bioness L300 GO prevents foot drop. While dorsiflexion may not be addressable using the L300 functional electrical stimulation technology, it is a: daily wear, user friendly, personal solution (Chart 7) unlike the ReStore (Chart 2). Thus, the L300 significantly erodes the target application for ReStore since ReStore provides an unproven advantage only with regards to a particular disfunction: dorsiflexion.

Currently ReWalk has ~20 global locations where ReStore therapy is available. According to ReStore unit sales, this translates to approximately 1 ReStore device sold per rehabilitation center. This translates to very high customer acquisition costs for ReStore, once the existing rehab network is exhausted.

Chart 6: Operating Leverage

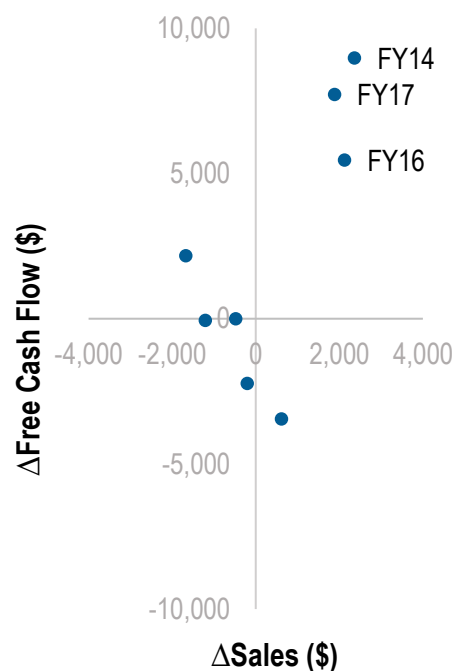


Chart 7: Bioness L300 GO





## Valuation and Returns Profile

ReWalk operates a business that has been historically unprofitable, and management continues to deteriorate the value of the company by splitting operational focus. Currently the company sits at an identity crisis cross-roads of innovation and distribution, and is failing at both due to lack of technological focus and the fallout of COVID-19 respectively. Management seems to be overly optimistic about its growth opportunities, while it rides the coattails of aging technologies and 'feature add-on' patents while making false claims of technological based competitive advantages. Since the 2015 exit of the founder, the company barely has a technological leg to stand on and has been trying to keep afloat through a frenzy of equity issues, as it hemorrhages cash and market share to competitors. Management paychecks have remained healthy, even improving in these deteriorating conditions, as private medical device manufactures inexplicably bail from subsequent investment tranches after getting a view from the inside. I believe ReWalk's commons are poised for revaluation with material downside. **Taking into account all of my findings, I believe the company is overvalued and should be trading closer to 7.7x EV / Sales implying a downside of 46% to 68%** (Chart 8, 9)

### Catalysts

FDA complications arising from a failing post market monitoring clinical study for long term safety of the ReWalk Personal 6.0; exacerbated by the threat of delisting from the NASDAQ as the price drops on negative news. Additional equity raises, further deteriorating top line conditions, and a failure to communicate a clear China expansion strategy in the subsequent earnings calls/releases.

### Risks

The current CEO has run two small medical companies in the past which were acquired. Further miscommunication of market opportunity by management, press releases making vague claims of technological progress, higher estimates by the sole analyst covering the firm.

### Trade Structure

I believe that it is unlikely that the company will turn around anytime soon, and there are better acquisition targets in this space. The trade will likely move fast, and downside moves could be compounded by a small hedge funds dumping their relatively concentrated position in ReWalk (6% of Intercoastal Capital NAV) as the price moves against them. Given recent price performance and the low exercise price of outstanding warrants, I believe any adverse move to the upside will be quickly met with a reversion to a lower level as investment firms execute their accrued compensatory warrants for doing business with ReWalk.

The borrow cost is somewhat high at 43.7% and the float is decent. A starter position would be prudent.

Source: All charts and data are sourced from Bloomberg L.P. and the author unless otherwise stated.

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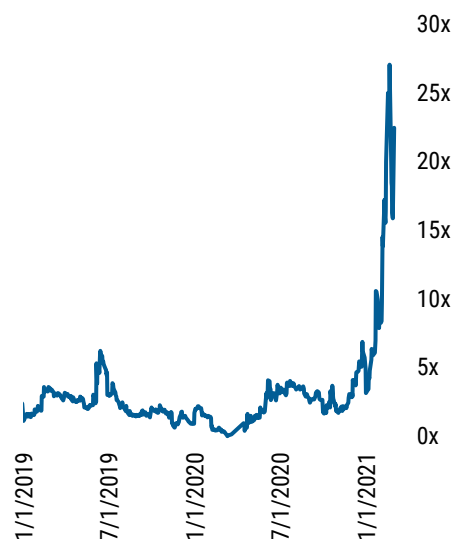
## Chart 8: Common Equity Valuation

		EV / LTM Sales				
		4.1x	5.9x	7.7x	9.5x	11.3x
LTM Sales \$(000s)	2,914	\$0.70	\$0.82	\$0.94	\$1.06	\$1.18
	3,653	\$0.77	\$0.92	\$1.07	\$1.22	\$1.37
	4,393	\$0.83	\$1.02	\$1.20	\$1.38	\$1.56
	5,133	\$0.90	\$1.11	\$1.32	\$1.54	\$1.75
	6,612	\$1.04	\$1.31	\$1.58	\$1.85	\$2.13

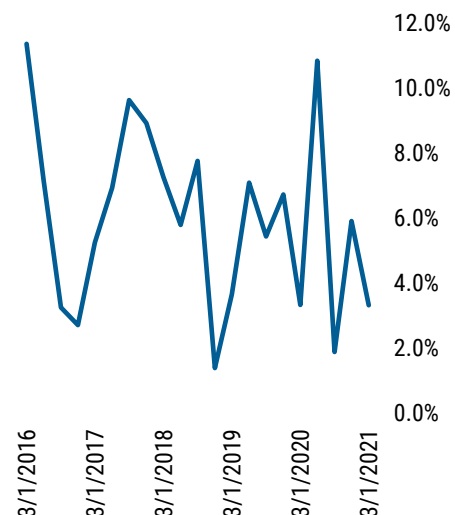
## Chart 9: Implied Premium (Risk)

		EV / LTM Sales				
		4.1x	5.9x	7.7x	9.5x	11.3x
LTM Sales \$(000s)	2,914	75%	71%	67%	63%	58%
	3,653	73%	68%	62%	57%	52%
	4,393	70%	64%	58%	51%	45%
	5,133	68%	61%	53%	46%	38%
	6,612	63%	54%	44%	34%	25%

## Chart 10: Historical EV / Sales



## Chart 11: Historical Short Interest



**Summary of Findings**



## Background

ReWalk Robotics Ltd. (RWLK) is a medical device company which sells products focused on improving the quality of life of people who suffer lower-limb ambulatory issues. The company's mission is to "Fundamentally change the Quality of Life for individuals with disability through the creation and development of market leading robotic technologies" [1]. ReWalk designs two walk-assist products, ReWalk Personal and ReStore, for patients suffering from leg damage as a result of spinal cord injury and strokes respectively. ReWalk also distributes two other products. Corporate headquarters are located at on the 6th floor of 3 Hantufa st. in Yokne'am, the Medical Startup hub of Israel<sup>1</sup>. ReWalk also has an office in each of Massachusetts, USA and Berlin, Germany.

## Products

ReWalk Personal 6.0 is a lower body, battery powered exoskeleton designed for people who have long-term damage from a spinal cord injury which either partially or fully inhibits their ability to walk (paraplegia) but does not affect their arms. The ReWalk Personal model is currently on the 6th revision and must be used with crutches. The ReWalk personal sells for between 60k and 85k<sup>2</sup>.

ReStore is a battery powered light-weight band introduced in 2017, which wraps onto the lower calf and straps underneath the ankle. Two cables are pulled and released to flex the ankle, allowing for the foot to facilitate walking. The intended use of ReStore is for rehab clinics to help stroke patients suffering from lower limb disability to perform therapy exercises during rehabilitation sessions. Currently there are 21 ReStore units being used.

Both ReStore and ReWalk Personal products are designed by ReWalk engineers, and manufactured from a single source, Samina Corp in Israel. Samina also sources prefabricated components for ReWalk products. In addition, ReWalk has exclusive distribution rights for the MediTouch Tutor in the US. The MediTouch Tutor is a flexible band game controller used as an input for at-home physiotherapy exercise video games. MediTouch Tutor can be used for most joint and limb injuries. Additionally, ReWalk has distribution rights for the MYOLYN MyoCycle Functional Electrical Stimulation (FES), a stationary bicycle device with electrical pads to stimulate leg muscles for spin exercises.

ReWalk also designed and sold the ReWalk Rehabilitation device which as of December 2020 is no longer in production. ReWalk Rehabilitation is an exoskeleton unit specifically designed for use in hospitals and rehabilitation clinic settings. Unlike the ReWalk Personal, it is an adjustable exoskeleton which can be used on multiple patients for supervised rehabilitation therapy. The decision to drop the ReWalk Rehabilitation line reflects a shift in strategy to focus on personal product sales with intentions to convince medical insurers to provide increased coverage for ReWalk devices.



ReWalk Headquarters, Yokne'am  
Israel



<sup>1</sup> <https://www.startupvillageyokneam.org>

<sup>2</sup> <https://www.extremetech.com/extreme/222396-a-new-budget-exoskeleton-could-help-paraplegics-walk-at-a-drastically-lower-price>

## Segments

ReWalk segments their revenues by rehabilitation sales, personal units and restore units. The personal unit segment includes revenues derived from ReWalk Personal 6.0, MediTouch Products and MyoCycle. Rehabilitation segment sales for 2020 include legacy revenues from ReWalk Rehabilitation units. ReStore sales were only recorded in 2019.

### Personal (96% of Revenue)

#### MediTouch Tutor



#### ReWalk Personal 6.0



#### MyoCycle



#### ReWalk Rehabilitation\*



#### ReWalk ReStore



#### MyoCycle\*\*



### Rehabilitation & ReStore (3% of Revenue)

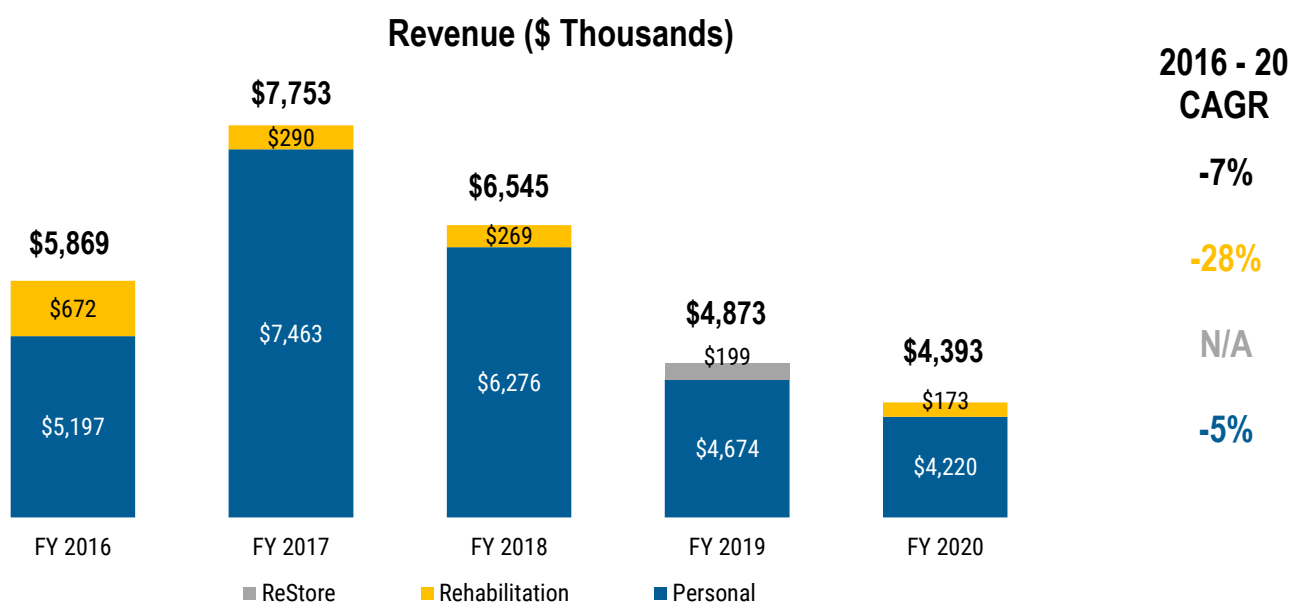
\*ReWalk Rehabilitation is similar to ReWalk Personal, but has adjustable fittings for multiple-users

\*\*The MyoCycle is intended for both home and clinical use

On Jan 1<sup>st</sup> 2018, ReWalk changed its revenue recognition policy to be in accordance with the converged FASB and IASB Topic 606 guidelines<sup>3</sup>. This process involves significant judgement on behalf of management, particular on the identification of separate performance obligations<sup>4</sup>. Revenues in each segment have been steadily declining since 2017 with a total CAGR of -7% over the past four years:

<sup>3</sup> <https://asc.fasb.org/imageRoot/32/79982032.pdf>

<sup>4</sup> <https://youtu.be/uZgPzyBVSHU>



## Competition

The principal competitor for ReWalk is Ekso Bionics<sup>5</sup> (NASDAQ:EKSO) which develops exoskeleton for both medical and commercial applications. Ekso's medical applications cover a wide range of disability conditions ranging from stroke, spinal cord injury, muscular dystrophy and others. A comparison of the Ekso Bionics and ReWalk Robotics competing product is shown below:

	RWLK	EKSO
No. rehab clinic locations	0 SCI, 19 Stroke	267
Customer	Legacy Model: Rehabilitation Centers, Current Model: Personal Sales	Rehabilitation Centers
Sales Model	Rent to own, Bulk payment	Rent to own, Bulk payment
Disabilities treated with exosuit	SCI	Stroke, SCI, ABI
Spinal cord injury (SCI) treatment levels	T7 – L5 (Personal) T4 – L4 (Rehab Facility)	T4 – L5 T3 – C7 (ASIA D Class) <sup>6</sup>
Clinical research availability	Limited	Fair <sup>7</sup>
FDA approval	Approved	Approved
Units Placed/Sold	119 + 492 = 611*	500
State of medical insurance coverage	US VA, Germany, Italy	Rehab coverage based

\*Rehabilitation + Personal Units

ABI = Acquired Brain Injury, for spinal cord vertebrae segment illustration, see Appendix A

<sup>5</sup> <https://eksobionics.com/>

<sup>6</sup> <http://www.scientificspine.com/spine-scores/asia-classification.html>

<sup>7</sup> [https://eksobionics.com/wp-content/uploads/2020/08/Clinical\\_Summary\\_JUNE-2020.pdf](https://eksobionics.com/wp-content/uploads/2020/08/Clinical_Summary_JUNE-2020.pdf)

Rex Bionics<sup>8</sup> is a private company with directly competing technology to ReWalk. Similar to Ekso, Rex offers a rehab center only solution which is fully hands free (unlike ReWalk and Ekso). While the Rex Bionics solution is quite bulkier than others, it offers tetraplegic (quadriplegic) spinal cord injury victims a solution for physical rehabilitation and therapy.

Cyberdyne<sup>9</sup> is a Japanese company which provides a similar solution to ReWalk and Ekso. In contrast to ReWalk and Ekso's weight limitation of 100kg, Cyberdyne medical exoskeletons have a lower weight limitation of 80kg. Additionally, the Cyberdyne medical unit must be used in conjunction with a fall prevention harness to support the users weight, which typically limits use to a treadmill station.

FREE Bionics<sup>10</sup> is a private company based in Taiwan which provides a spinal cord injury and stroke exoskeleton, sold in Japan and Taiwan.

Hocoma<sup>11</sup> is a private Swiss company which develops, manufactures and markets robotics and sensor-based devices for function movement therapy. The LocoMat solution is an exo suit attached to a vertical arm, treadmill and safety harness. It provides dynamic body weight support, a feature not offered by other competitors. Hocoma has placed 1,000 devices across the world in 839 facilities. While the LocoMat solution is more expensive than its competitors, it is by far the most biomechanically comprehensive system.

AlterG<sup>12</sup> is a private American company which offers an 'anti-gravity' treadmill for lower body joint related injuries. This solution competes with the MyoCycle and Meditouch Tutor which are distributed by ReWalk.

Bioness<sup>13</sup> is a private American company which offers a FES solution for detecting problems with gait and foot drop. Using a sensor band, it determines if there is weakness in the footstep and then corrects it by applying an electrical stimulation to leg muscles. Bioness competes directly with ReWalk's ReStore device (which uses a cable system).

ReWalk is the only member in this space which not only produces their own product designs, but is acting as a distributor for other products. While some competitors such as Cyberdyne are not pure-plays in the medical space, they do not act as distributors for other company's products. These competitors are all focused on designing and engineering products in the robotics space. Unlike ReWalk, they do not focus on distribution for other firm products.

## Competitive Advantage

ReWalk claims that the ReWalk Personal key competitive advantage lies with their tilt sensor technology, stating the tilt sensor technology provides users with a "self-initiated walked experience, more natural gait and faster functional walking speed, ability to support its own weight and broad user specifications" [1].

Based on competitor research, the breakdown of these claims is explored below:

1. Self-initiated walking experience: The Cyberdyne HAL exoskeleton unit does this as well through their "BES" skin surface sensor technology. Cyberdyne does not rely on tilt sensor technology to initiate walking, but rather bio-electrical signals were sent out as the brain begins to transmit information to muscles. Holding signal processing

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<sup>8</sup> <https://www.rexbionics.com/clinical-trials/>

<sup>9</sup> <https://www.cyberdyne.jp/english/>

<sup>10</sup> <https://www.freebionics.com.tw/en/about>

<sup>11</sup> <https://www.hocoma.com/us/>

<sup>12</sup> <https://www.alterg.com/clinical-information>

<sup>13</sup> [https://www.bioness.com/Healthcare\\_Professionals/About\\_Us.php](https://www.bioness.com/Healthcare_Professionals/About_Us.php)

time constant across ReWalk and Cyberdyne, Cyberdyne has a competitive advantage in self-initiated walking experience.

2. More natural gait: A reference point for comparison was not provided. The most natural gait is likely achieved by the Hocoma LocoMat system which allows for bodyweight to shift in rehabilitation without the reliance of crutches. The introduction of crutches into any lower-limb gait focused exo-skeletal system is very likely to influence user gait in an unnatural manner as they support themselves using their upper limbs as well. Additionally, the self-supporting Rex Bionics solution does not require the use of crutches.
3. Faster functional walking speed: This is user dependent, recovery dependent, injury dependent and unverifiable.
4. Ability to support its own weight: This claim is misleading, while the unit itself may be able to stand upright itself, there have been numerous reported incidents of people falling over while using the unit. [1]
5. Broad user specifications: This is a broad and meaningless claim. Every competitor in this space provides a broad array of features and fitment of their exoskeleton units to their users.

ReWalk claims that the ReWalk Store has key competitive advantages as follows: “facilitates a natural, functional walking pattern through flexible materials, sensors and powered plantarflexion as well as dorsiflexion, making it the only solution of its type which supports such movements”

Based on competitor research, the breakdown of these claims is explored below:

1. Facilitates natural, functional walking pattern: This is an unproven claim, and requires some degree of clinical research to support such a claim.
2. Powered plantarflexion and dorsiflexion: These claims are true. ReStore is the only solution which provides powered plantar and dorsi flexion for rehabilitation. Depending on clinical research outcomes, this product could provide a medical advantage from a rehabilitation standpoint for patients suffering from long-term foot damage.

## Total Addressable Market

ReWalk Personal’s current TAM size is estimated by ReWalk as follows [2]:

# SCI Population Covered is Growing



## United States

- SCI Population is ~ 291,000 with 33% of the population meet medical criteria = **97,000** <sup>1,2</sup>
- Incidence SCI – 17,730, using metrics qualifies **6,000** new candidates per year
- Total over **100,000** realizable market
- **>50% of these patients are covered by Medicare / Medicaid + VA** <sup>3</sup>

This is a very optimistic estimate of total addressable market. Instead of adjusting for height and weight based on population demographics, ReWalk adjusts their figured based on the acceptance rate of patients in three ReWalk clinical trials which collectively would not have been a sample size larger 63 patients<sup>14</sup>.

ReWalk Personal 6.0 user requirements as follows:

Weight Requirement: <100 kgs

Height Requirement: 160 cm to 188 cm

<sup>14</sup> [https://clinicaltrials.gov/ct2/results?term=ReWalk&Search=Apply&recrs=e&age\\_v=&gndr=&type=&rslt=](https://clinicaltrials.gov/ct2/results?term=ReWalk&Search=Apply&recrs=e&age_v=&gndr=&type=&rslt=)



Injury Type: Paraplegia (FDA states healthy hands and shoulders to support crutches, and ability to stand with a stander device)

Starting with the Spinal Cord Injury population of 291,00 roughly 40% of those are paraplegic<sup>15</sup>. Assuming general population weight and height distributions are the same in SCI victims, this leaves 20% of the SCI population which qualifies for use of the ReWalk Personal, as per indicated by CDC weight and height distributions<sup>16</sup>. Further assuming that only 50% of these patients are covered by Medicare/Medicaid + VA (as per stated in the investor presentation), this means that the total realizable market at this time is actually ~10% of the SCI population or 1,680 new candidates per year and an existing SCI population of 27,580. Thus, the total addressable market in America is 29,260 which is ~70% smaller than the realizable market indicated by ReWalk. This means that even before competitors, ReWalk Personal 6.0 has growth potential much lower than what management believes. Assuming a constant number of SCI incidence, and no deaths, the total addressable market for ReWalk will grow at 5.4% CAGR over the next five years.

ReWalk further erroneously applies the same methodology to the German market [2]:

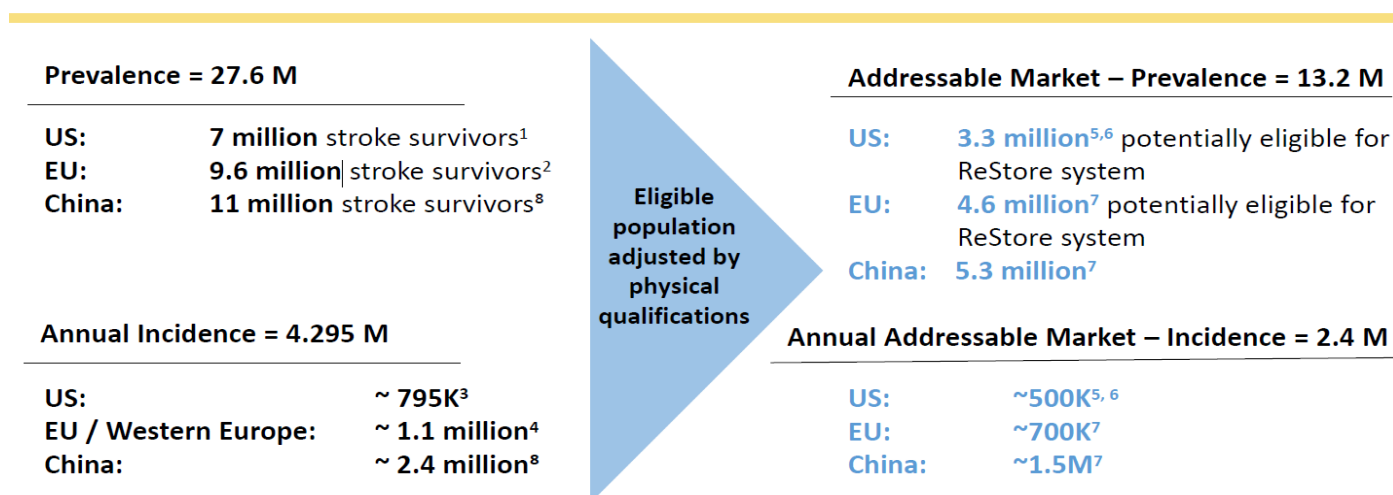
## Germany

- Estimates often range between 60,000 - 80,000<sup>4</sup> total, using same US estimates = 20,000-26,667 potential candidates
- Contracts already completed with payors cover >25% of the population = **5,000 Candidates**

Correcting for ReWalk Personal 6.0 user limitations (based on American data), and applying a 90% insurance coverage rate as provided by ReWalk, and deducing the number of contracts already in existence (25% of the ReWalk population) the total addressable German market is ~7,000, not ~20k to 27k.

ReWalk estimates its ReStore market to be much larger than the ReWalk Personal Market [2]:

# ReStore Market: Stroke



The total addressable patient market excluding China is 7.9 Million with expected annual growth of ~1,200k. Currently, ReWalk does not have any ReStore stroke rehabilitation locations in Asia<sup>17</sup>, with ~20 locations in EU and NA. This corresponds to 1 ReStore unit sold per location:

<sup>15</sup> <https://www.nscisc.uab.edu/Public/Facts%20and%20Figures%202019%20-%20Final.pdf>

<sup>16</sup> <https://wwwn.cdc.gov/nchs/nhanes/Search/DataPage.aspx?Component=Examination&CycleBeginYear=2017>

<sup>17</sup> <https://rewalk.com/restore-for-stroke-rehabilitation/>



Since ReStore is currently just available for clinical use, the appropriate TAM to use is clinic count, without the inclusion of china, is 450% smaller:

## Penetration strategy -

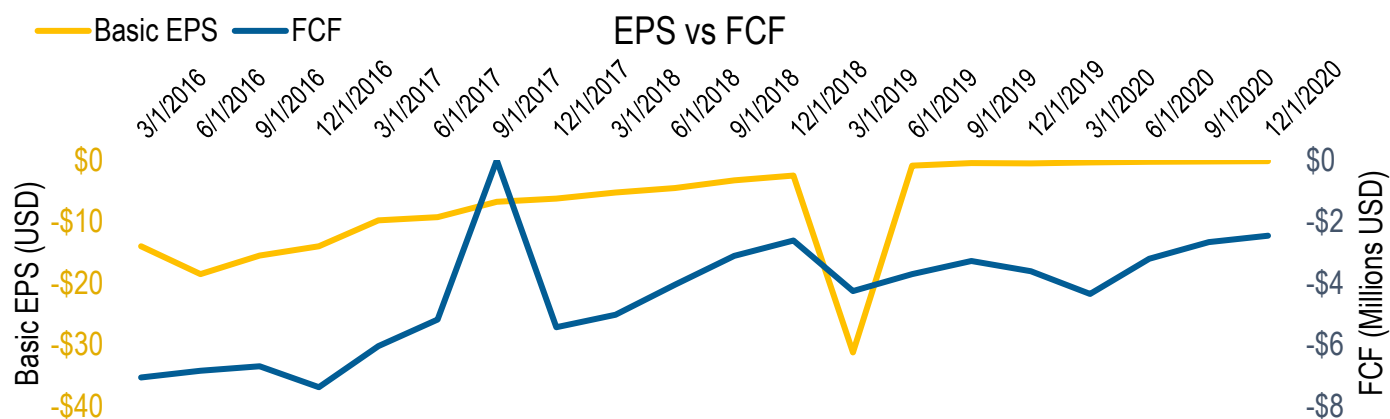
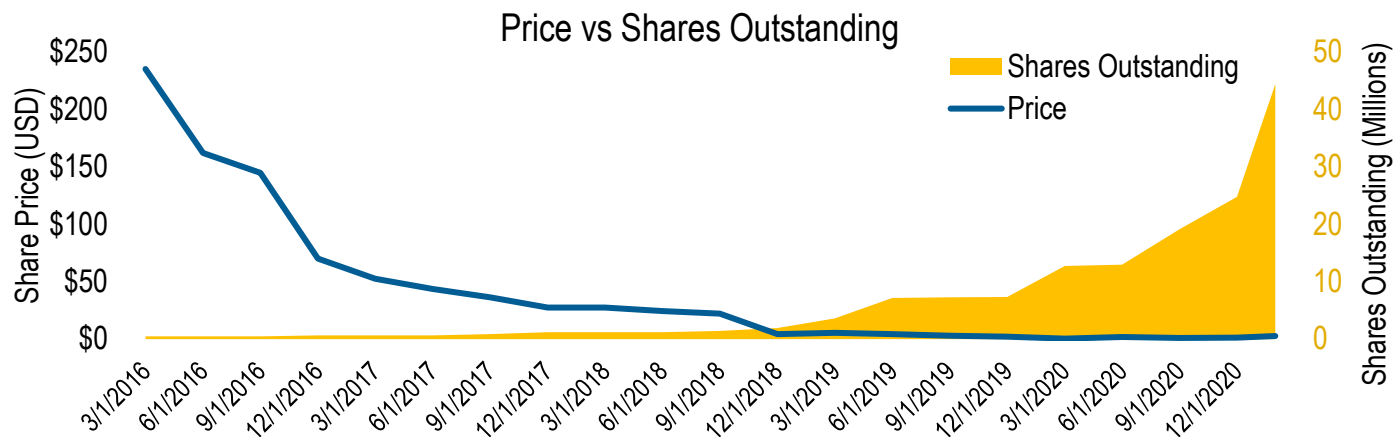
US	EU	China
<b>1,000 primary stroke centers<sup>9</sup></b>	<b>1,000 clinics<sup>10</sup></b>	<b>7,000-9,000 clinics by 2021<sup>11</sup></b>

[/PMC3250269/pdf/13311\\_2011\\_Article\\_53.pdf](#)  
 based on the rate for US.



## Financial Analysis

ReWalk is a cash flow degenerative business. Despite a growing market, many equity raises have been conducted in order for management to sustain operations since mid-2017. Additionally, revenue growth of the ReWalk Personal (the established product) has not reflected the total addressable market growth rate.

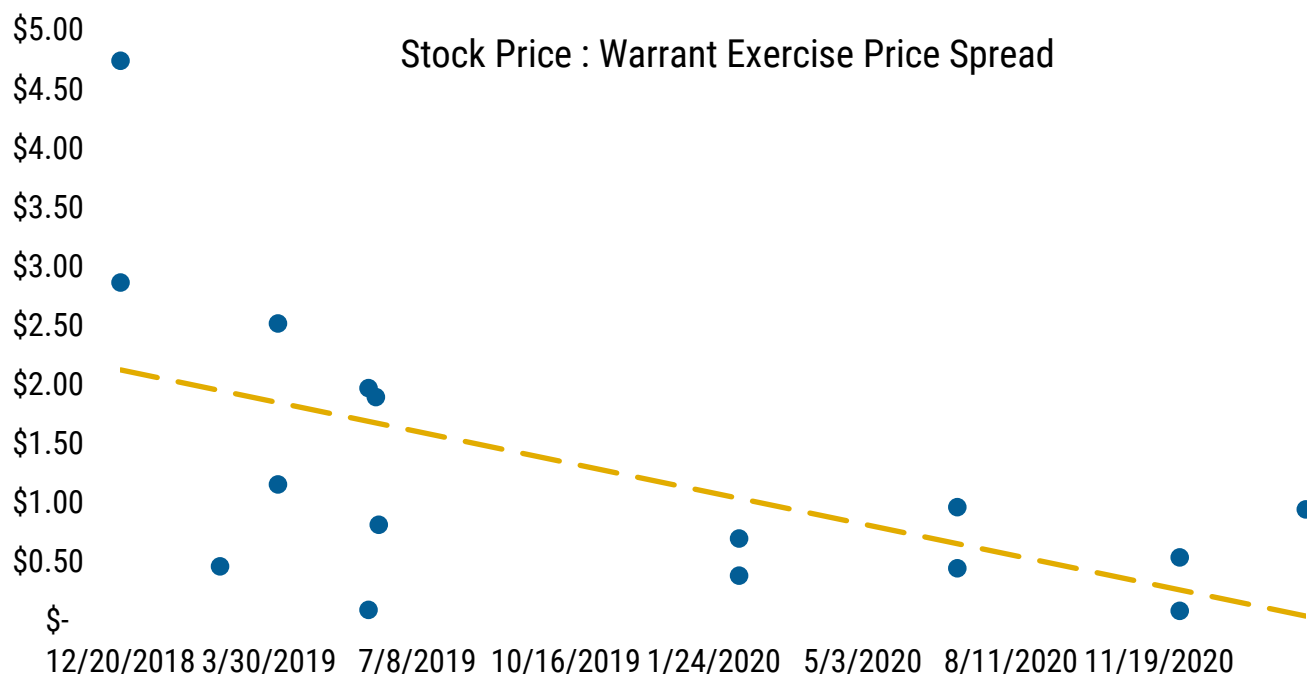


Many of the equity deals completed have involved the issue of warrants to placement agencies as compensation for their roles in the offerings. A summary of all these outstanding warrants is shown below:

Issuance date	Warrants outstanding (number)	Exercise price per warrant	Warrants outstanding and exercisable (number)	Contractual term
December 31, 2015 (1)	4,771	\$ 7.500	4,771	See footnote (1)
November 1, 2016 (2)	97,496	\$ 118.750	97,496	November 1, 2021
December 28, 2016 (3)	1,908	\$ 7.500	1,908	See footnote (1)
November 20, 2018 (4)	126,839	\$ 7.500	126,839	November 20, 2023
November 20, 2018 (5)	106,680	\$ 9.375	106,680	November 15, 2023
February 25, 2019 (6)	45,600	\$ 7.187	45,600	February 21, 2024
April 5, 2019 (7)	408,457	\$ 5.140	408,457	October 7, 2024
April 5, 2019 (8)	49,015	\$ 6.503	49,015	April 3, 2024
June 5, 2019 and June 6, 2019 (9)	1,464,665	\$ 7.500	1,464,665	June 5, 2024
June 5, 2019 (10)	87,880	\$ 9.375	87,880	June 5, 2024
June 12, 2019 (11)	416,667	\$ 6.000	416,667	December 12, 2024
June 10, 2019 (12)	50,000	\$ 7.500	50,000	June 10, 2024
February 10, 2020 (13)	3,768,500	\$ 1.250	4,343,500	February 10, 2025
February 10, 2020 (14)	336,000	\$ 1.5625	336,000	February 10, 2025
July 6, 2020 (15)	2,469,139	\$ 1.76	2,469,139	July 2, 2025
July 6, 2020 (16)	296,297	2.2781	296,297	July 2, 2025
December 3, 2020 (17)	4,184,832	1.34	4,184,832	June 8, 2026
December 3, 2020 (18)	334,787	1.7922	334,787	June 8, 2026
	<u>14,249,533</u>		<u>14,249,533</u>	

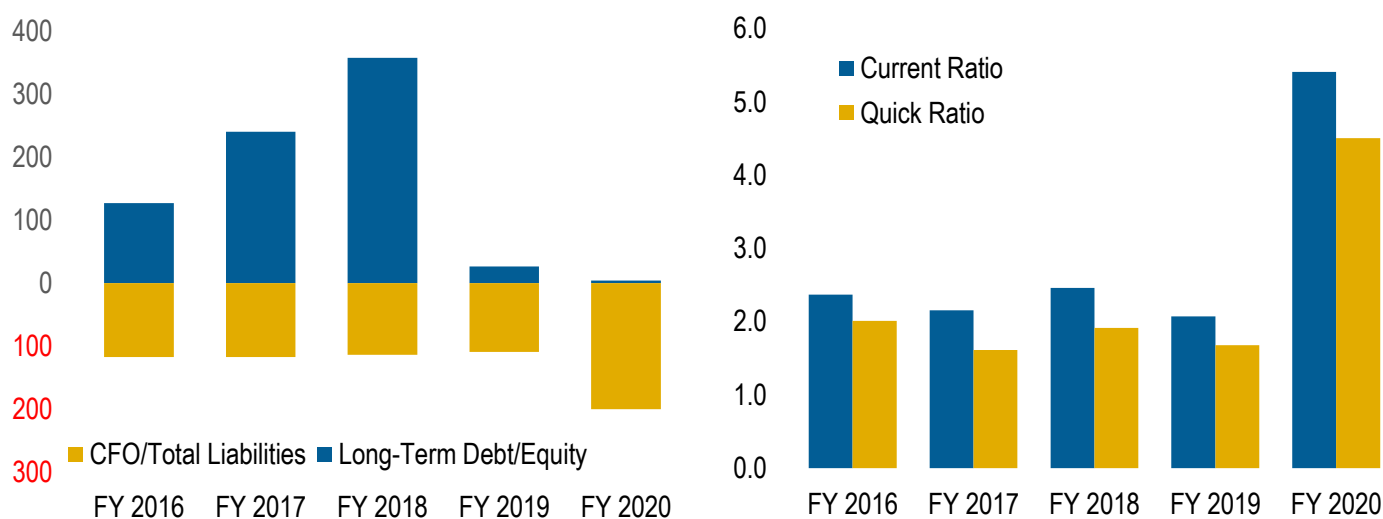
On Feb 26<sup>th</sup> 2021, ReWalk closed a deal to raise \$40M through a private placement of 10.9M ordinary shares and warrants of 5.46M at an exercise price of \$3.60

The overall a weighted average exercise price is \$2.41/share, and the spread between the exercise price and stock prices has been steadily declining with time.

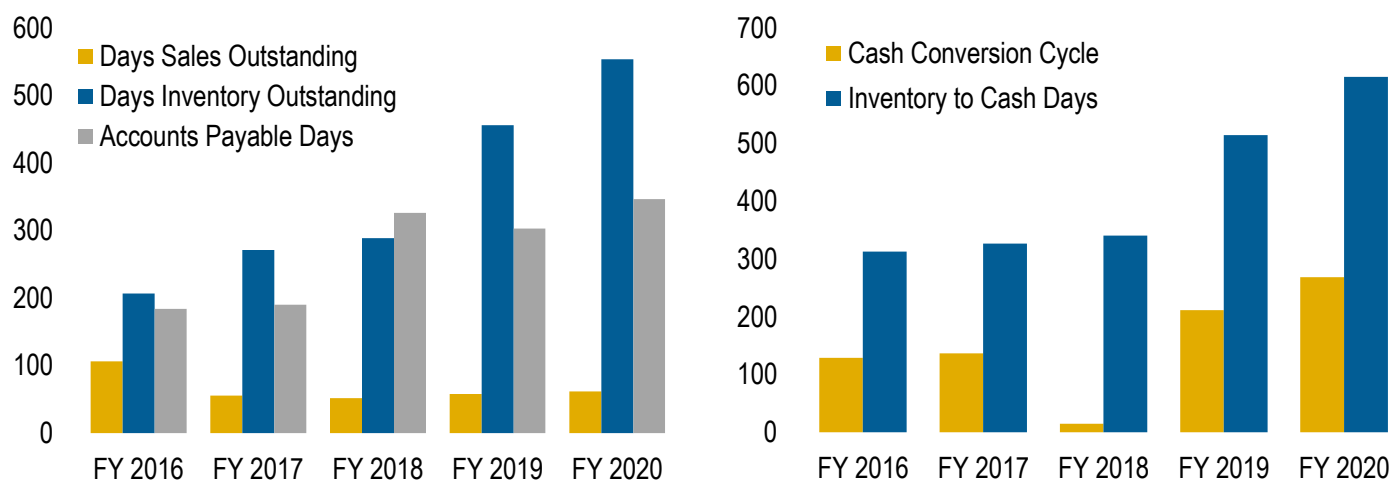


ReWalk has a strong liquidity position, having maintained a current ratio greater than 2.0 for the last 5 years. In March 2018, ReWalk entered into a triple tranche agreement with Timwell Corporation Ltd (HK) to provide liquidity through the issue of ordinary shares. In March 2020 Timwell breached their original investment agreement with ReWalk to avoid the latter two tranches of \$15M. No transparency on the motivations for this breach was made available, however it is evident that this was management's strategy to penetrate the Chinese market "We continue to view China as a market with key opportunities for products designed for stroke patients, and therefore we continue to evaluate potential relationships with other groups to penetrate the Chinese market" [1].

The company has also significantly reduced its debt levels in the recent years. On Nov 20<sup>th</sup> 2018 \$3.6M of a Kreos Capital V Limited loan was repaid, terminating the note by issuing 192,000 units and 288,000 penny warrant units. In addition, ReWalk amended the exercise price on 6,679 existing Keros warrants from \$241 to \$7.50.

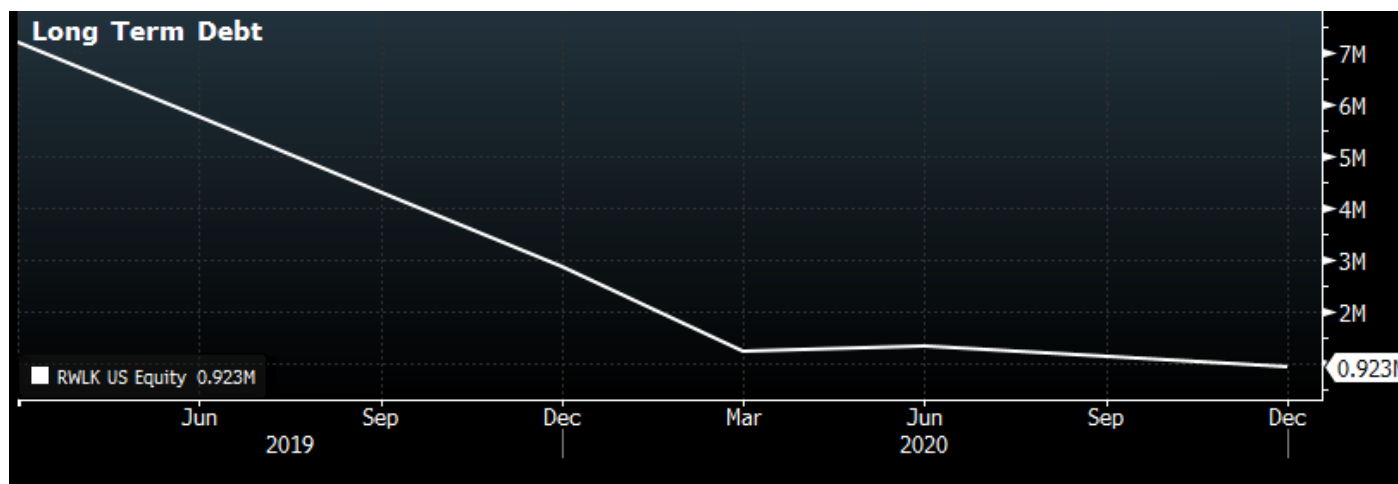


COVID-19 has affected businesses in the rehabilitation space dramatically since in-person rehabilitation cannot occur due to social distancing rules and risk of transmission. Looking at the cash conversion cycle and days inventory outstanding, it is clear that prior to COVID-19, inventory has been stockpiling and AP days have been rising.



## Credit Quality

ReWalk is rated IG10 which is low end investment grade with a probability of default of 0.4%. In early 2019, ReWalk was considered a distressed firm with a DS2 rating and PD of 17%. The sharp drop in probability of default is likely due to the large reduction in debt occurring in 2019.



## Management

<b>Lawrence J Jasinski</b>	<b>CEO and Director</b>
Experience	CEO Soteira Inc. 2005 – 2012 President/CEO Cortek Inc. Sales, Research and Development, Boston Scientific Corporation
Education	B.Sc in Marketing, MBA University of Bridgeport
Base Salary	391,400 (8.0 % of Revenue, 2019)
Non-Equity Comp	82,194 (9.7% of Revenue, 2019)
Ownership	308,416 (0.7% of Outstanding)

<b>Ori Gon</b>	<b>CFO</b>
Experience	Corporate Controller, ReWalk Corporate Controller, Oti, Ltd
Education	Economics, CPA
Base Salary	177,695 (3.7 % of Revenue, 2019)
Non-Equity Comp	15,778 (4.0% of Revenue, 2019)
Ownership	16,282 (0.04% outstanding)

In Jan 2021, Ofir Koren left ReWalk for Nanox Vision. Koren was paid a salary of \$194,075 (4.0% of Revenue, 2019 and 4.34% with bonus) and holds 64,995 shares (0.15% outstanding). Koren stated that he will continue to support the company until Feb 28<sup>th</sup> 2021. No announcement of filling his vacant role has been made by ReWalk



### Chief Technology Officer

Nanox Vision · Full-time  
Jan 2021 – Present · 2 mos  
Neve Ilan, Jerusalem, Israel



### ReWalk Robotics

8 yrs

#### General Manager Israel, VP R&D and Regulation Affairs

Oct 2016 – Jan 2021 · 4 yrs 4 mos  
Israel

- Serve as a general Manager Israel, Executive Management team member, Managing ReWalk Robotics R&D which develops exoskeleton and robotics systems for lower limb disability.
- Responsible for leading new developments in Stroke and Spinal cord injuries such as personal exoskeleton system for the SCI arena.

...see more

Ofir Koren is entitled to severance pay under article 14 of Israel Severance Pay Law 5723-1963<sup>18</sup>. This means that ReWalk is obligated to pay severance even if Koren terminated his contract (and was not fired). This likely will have a positive effect on

<sup>18</sup> <https://lawoffice.org.il/en/pensions-severance-pay-israel/>

ReWalk's expenses since Article 14 severance pay is not retroactively increased to account for any raises an employee may have received.

Non-equity executive compensation bonuses for ReWalk is tied to 4 different goals weighted as follows:

- 40% revenue targets
- 15% product development targets
- 25% cash management targets
- 20% subjective personal performance objectives

Lawrence Jasinski's annual bonus caps at 60% for 100% of the target criteria being met. In 2019 he received ~21% of this bonus despite 2019 revenues being significantly lower than 2018's figures and free cash flows on par with 2019.

Ofit Koren's annual bonus caps at 25% for and in 2019 he earned ~9% bonus.

## Board of Directors

### Jeff Dykan

Experience

Education

Non-Equity Comp

Ownership

### Chairman

General Partner, SCP Vitalife Israeli VC Fund

CEO of BitBand Inc 2001 - 2002

CPA, B.Sc Accounting, MBA NYU

71,452 (0.16% outstanding)

### Aryeh Dan

Experience

Education

Non-Equity Comp

Ownership

### Director

President and CEO of Yaskawa Europe Technology

B.Sc Aeronautical Engineering, MBA

16,756 (0.04% outstanding)

### Yasushi Ichiki

Experience

Education

Non-Equity Comp

Ownership

### Director

Manager Corporate Planning, Yaskawa Electric Corporation

GM, Corporate Planning Yaskawa Europe GmbH

B.A Yamaguchi University, Japan

16,757 (0.04% outstanding)

### Wayne B. Weisman

Experience

Education

Non-Equity Comp

Ownership

### Director

General Partner, SCP Vitalife Israeli VC Fund

Chairman of Recro Pharma, Inc

Director, LZ Therapeutics

Director, and Echo 360.

B.A UPenn, J.D. UMichigan

17,163 (0.04% outstanding)

**John William Poduska****Director****Experience**

Director of EXA Corporation (NASDAQ:EXA)  
Director Novell Inc 2009-2011  
Director Anadarko Petroleum Corp. 2001-2009  
Chairman

**Education**

Sc.D. from MIT

**Non-Equity Comp**

48,949

**Ownership**

16,757 (0.04% outstanding)

**Yohanan Engelhardt****Director, Chairman of Audit Committee****Experience**

CFO ViryaNet, a provider of mobile workforce management software solution  
Chairman

**Education**

B.A Accounting and Economics, CPA

**Non-Equity Comp**

45,313

**Ownership**

16,757 (0.04% outstanding)

**Randel E. Richner****Director****Experience**

She has over 30 years of experience in health care policy, reimbursement, economics.  
Executive Committee of the Medicare Coverage Advisory Committee  
Founded The Neocure Group which provided health economics and reimbursement strategic services to the healthcare industry.  
Established the global reimbursement functions for Boston Scientific.

**Education**

Master's Degree in Public Health and Bachelors in Nursing from UMichigan

**Non-Equity Comp****Ownership**

27,497 (0.06% outstanding)

Total insider ownership amounts to 1.31% of shares outstanding, with the CEO Jasinski Lawrence holding the largest portion.



## Intellectual Property and R&D

Amit Goffer founded ReWalk in 2001, and was the designer and inventor of the first of exoskeleton unit. He filled the role of CTO until 2012 and in Nov 2015 Amit retired. ReWalk claims to have 9 US patents, 11 issued outside the US and 13 pending in US, Canada, China and Europe [1]. A lot of these patents are the same intellectual property just filled across different locations, as turned up by a google patent search:

Patent Number	Inventor	Description	Filing Date	Expiry	Status	Worldwide Applications
US7153242B2*	Amit Goffer	The first patent for ReWalk core exosuit technology	2001-05-24	2023-04-13	Active	Spain, Denmark, EU, Austria
US8348875B2*	Amit Goffer, Chaya Zilberstein	ReWalk's 'competitive advantage' tilt sensor processing methodology	2008-10-13	2028-10-13	Active	CA, World, EU
US20180296426A1	Lilach Havida Kappel	A crutch with a sensor on it for obstacles	2015-10-16		Pending	World, JP, CN, EU
US20180257216A1	Avihay Shavit	Device for attaching the exoskeleton to the wearer's legs behind the knee.	2015-07-06		Pending	World, CN, AU, CA, EU, JP
US20170132016A1**	Boaz Zilberman, Michael Vakulenko, Nimrod Sandlerman, Arik Siegel	Adapting mobile application user interfaces for drivers (automobile)	2015-03-13		Abandoned	KR, JP, EU, CN, World
US20140005577A1	Amit Goffer	Motorized exoskeleton system	2012-06-28		Abandoned	CA, RU, World, JP, AU, EU, CN, KR, BR
US10130547B2	Ofir Koren	Posterior extension legs for exoskeleton wearers to sit anywhere	2015-02-26	2037-03-17	Active	World, Taiwan
US10849816B2	Amit Goffer, Oren Tamari	New exoskeleton design with a bunch more features such as trunk support.	2010-10-21	2034-01-31	Active	JP, AU, EU, RU, World, CA, CN, BR, KR
US10226395B2	Amit Goffer, Chaya Zilberstein	A motorized joint to help wearers stand up from sitting	2008-10-13	2030-08-07	Active	World, CA, EU
US10137050B2	Amit Goffer	Spring loaded crutch handle to absorb shocks	2013-01-17	2033-10-03	Active	World, CN, JP, HK, KR, AU, RU, CA, EU

\*Indicates patents which have been assigned to Kreos Capital V (Expert Fund) L.P. at some point in time.

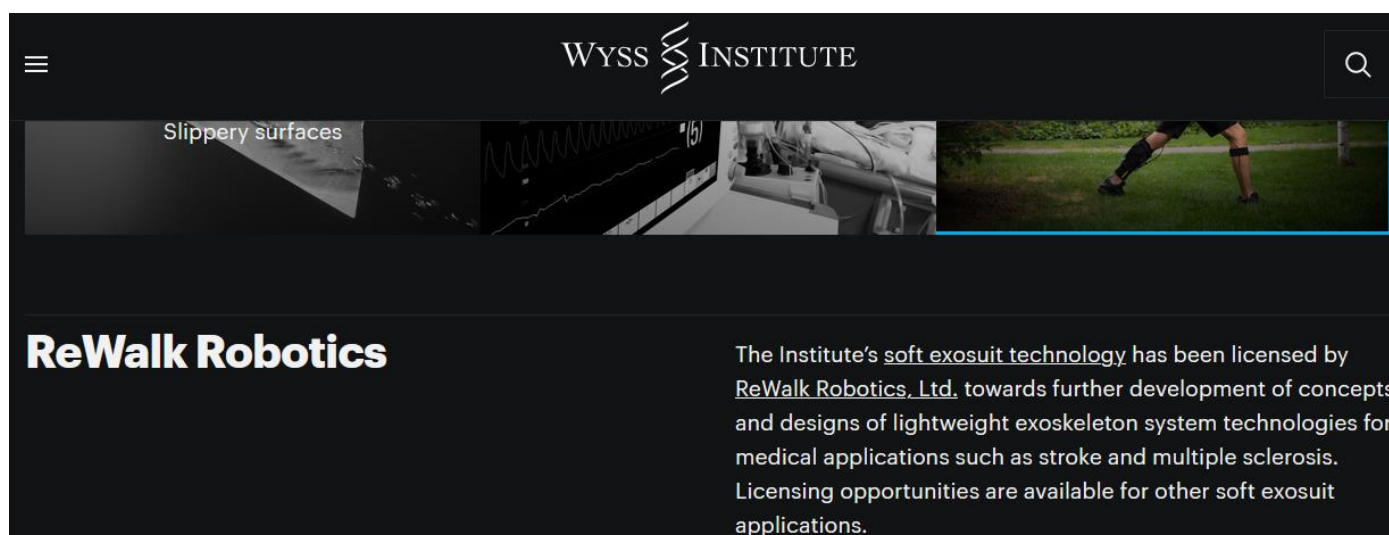
\*\*Indicates patents which have been assigned to Project Ray Ltd at some point in time.

~~Strikethrough~~ indicates abandoned applications in other countries.

Searching yielded 10 US patents, with 31 non-abandoned applications outside of America. The majority of these filings are not for unique ReWalk technologies.

To date ReWalk has ~60 employees, of which 4 are engineers and none of the ~60 are machinists<sup>19</sup>. The company has stated in their annual report that “Our research and development team consists of both in-house and external staff, including engineers, machinists, researchers and marketing, quality, manufacturing, regulatory and clinical personnel, which we employ in the most efficient way we can and see fit to our current and future needs, who work closely together to design, enhance, and validate our technologies.” [1]

ReWalk has entered into a research agreement with the Harvard Wyss Institute pertaining to the ReStore device. According to the Wyss Institute webpage<sup>20</sup> ReStore is actually the intellectual property of Harvard, and they have licensed the technology to ReWalk:



As per the License Agreement with Harvard, a license fee, milestone payments, royalty on net sales, commercial milestone payment, and a non-royalty sublicense income must be paid to Harvard. The details of which are not disclosed in the annual report.

ReWalk Robotics owns very little IP backing its products which are all developed by third parties who have granted licensing and distribution rights to ReWalk, and has not innovated a new product since its inception.

<sup>19</sup> [LinkedIn search results, 2/28/2021](#)

<sup>20</sup> <https://wyss.harvard.edu/startups-licensing/#>

## Value and Price

A curated peer group of robotics integrated medical device firms and exoskeleton competitors of similar firm indicates that RWLK is currently trading a premium based on multiples with enough data available.

### Public Company Comparables

(\$, in millions USD, except per share data)

Company	Price 2/26/2021	Market Capitalization	Enterprise Value	EV / Sales		P / S		P / BV	
				LTM	CY21E	LTM	CY21E	LTM	CY21E
CHC Healthcare Group	36.8	207	317	3.6x		2.4x		0.8x	
Titan Medical Inc	2.74	232	208	10.4x		11.6x			
CYBERDYNE Inc	643	1,297	1,038	62.5x		78.0x		0.5x	
Ekso Bionics Holdings Inc	7.15	90	81	9.1x	5.0x	10.1x	5.6x	1.9x	
<b>Average</b>				<b>7.7x</b>	<b>5.0x</b>	<b>8.0x</b>	<b>5.6x</b>	<b>1.3x</b>	
<b>Median</b>				<b>9.8x</b>	<b>5.0x</b>	<b>10.9x</b>	<b>5.6x</b>	<b>0.8x</b>	
ReWalk Robotics Ltd	2.83	117.6	98.8	24.3x	9.9x	26.7x	11.8x	0.9x	

Implied share price and downside risk is determined from a sensitization to the peer group EV / Sales

#### Implied Share Price

		EV / LTM Sales				
		4.1x	5.9x	7.7x	9.5x	11.3x
LTM Sales \$(000s)	2,914	\$0.70	\$0.82	\$0.94	\$1.06	\$1.18
	3,653	\$0.77	\$0.92	\$1.07	\$1.22	\$1.37
	4,393	\$0.83	\$1.02	\$1.20	\$1.38	\$1.56
	5,133	\$0.90	\$1.11	\$1.32	\$1.54	\$1.75
	6,612	\$1.04	\$1.31	\$1.58	\$1.85	\$2.13

#### Implied Premium (Risk)

		EV / LTM Sales				
		4.1x	5.9x	7.7x	9.5x	11.3x
LTM Sales \$(000s)	2,914	75%	71%	67%	63%	58%
	3,653	73%	68%	62%	57%	52%
	4,393	70%	64%	58%	51%	45%
	5,133	68%	61%	53%	46%	38%
	6,612	63%	54%	44%	34%	25%

If 2021 sales were to return to 2018 levels at the current EV / Sales multiple, the implied downside of a short position would be around 8%.

## Stock Chart & Analyst Ratings



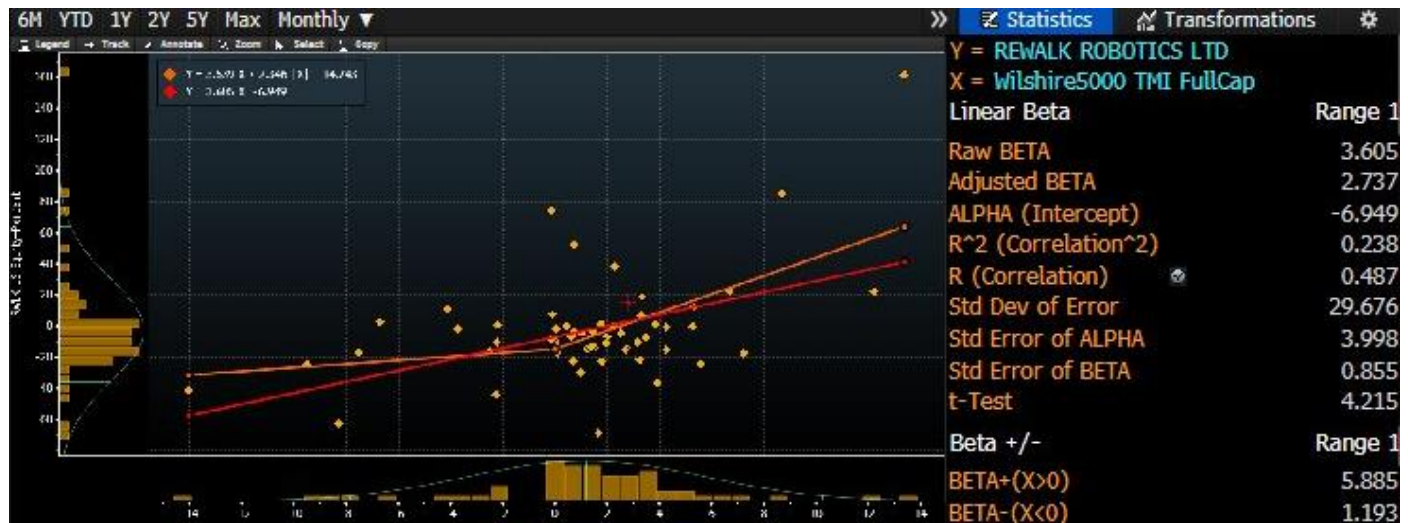
ReWalk Robotics only has one analyst, from H.C. Wainwright & Co. LLC covering the stock. H.C. Wainwright has done a significant amount of banking with ReWalk for private placements of equity. The most recent rating issued on 11/11/20 was a buy with a target price of \$2.50. As a student, I am unable to access this sell side report to include the analyst's research here.





## Risk Analysis

RWLK has a raw beta of 3.6 ( $+\beta$  of 5.8 and  $-\beta$  of 1.9), when calculated using the 5 years of monthly returns.




Key positive drivers include:

- Higher than average ROIC
- Higher ratio between the implied volatility of ATM options expiring in 3 months and the past 1 month of realized stock price volatility
- Higher than average working capital
- High momentum

Downside negative include:

- Lower than expected revenue surprises
- High inventory to sales
- Low value based on FCF / EV

Characteristics			RWLK US Comparison vs RV Peers				% Rank vs GL...		Signal			
Style	Name (27)		RWLK	Median	Low	Range	High	RWLK	Median	Pref	Strength ↓	
Curated												
Favorable vs Global												
► Profitability	(3)	High	ROIC (LTM-5Yr)	46.3%	6.9%	0.4%		46.3%	99	92	High	
Volatility		High	3m Implied/Realized Spr...	42.8%	7.5%	-27.8%		42.8%	100	76	High	
► Work Cap	(2)	High	Cash to Assets	72.5%	62.4%	17.0%		85.4%	99	98	High	
► Momentum	(2)	High	PORT GL Momentum	2.9σ	2.2σ	-1.0σ		3.0σ	97	96	High	
Size		Low	PORT GL Size	-2.8σ	-2.8σ	-3.0σ		-2.5σ	1	1	Low	
► Leverage	(2)	Low	Net Debt to Equity	-86.2%	-73.6%	-203.1%		52.7%	4	6	Low	
► Dividends	(2)	Low	3Y Avg Dividend Payout	0.0%	0.0%	-7.2%		0.0%	24	24	Low	
Unfavorable vs Global												
Surprises		Low	Sales Surprise % (Last)	-19.3%	-7.5%	-19.3%		16.4%	3	9	High	
► Value	(2)	Low	FCF/Enterprise Value	-17.7%	-0.2%	-17.7%		0.3%	1	15	High	
► Profitability	(5)	Low	Assets Turnover LTM	0.2x	0.2x	0.0x		1.2x	19	24	High	
Work Cap		High	Inventory to Sales	80.6%	22.3%	0.0%		80.6%	98	86	Low	
Sentiment		High	3M IVOL Skew Pctl 1y	58.0%	45.5%	33.0%		58.0%	88	81	Low	
Momentum		Low	5Y Total Return	-99.0%	-88.6%	-99.0%		-23.1%	0	0	High	
► Growth	(2)	Low	# Positive Sales Gr Qtrs	9	9	0		12	31	31	High	
Share Buyback		Low	1Y Share Buyback	-246.1%	-45.2%	-246.1%		0.0%	0	2	High	

Some of these drivers' figures are shown in comparison to the comp group used in relative valuation. While ReWalk has a higher inventory to sales ratio than its peers, it also has a higher working capital to sales ratio. Most of the peers have been cashflow degenerative with the exception of CHC Healthcare Group.



Additionally, ReWalk has not managed to provide returns above its cost of capital in the past 5 years:



## Legal Issues

Between September 2016 and January 2017, eight putative class actions on behalf of alleged shareholders that purchased or acquired the Company's ordinary shares in connection with the Company's initial public offering were commenced in:

1. Superior Court of the State of California, County of San Mateo
2. Superior Court of the Commonwealth of Massachusetts, Suffolk County
3. United States District Court for the Northern District of California
4. United States District Court for the District of Massachusetts

These class action lawsuits were launched for claims that ReWalk violated the Securities Act of 1933 and Securities Exchange Act of 1934 by misrepresenting itself in the Company's initial public offering in September of 2014 and in public statements made after its IPO.

According to plaintiff claims, the Registration Statement and Prospectus issued in connection with ReWalk's initial public offering contained materially misleading statements and/or failed to disclose that ReWalk was unprepared and/or unable to comply with applicable "special controls" requirements or to provide the FDA with a postmarket surveillance study as required by the FDA for ReWalk to maintain ongoing sales of its products. When the true details entered the market, the lawsuit claims that investors suffered damages.<sup>21</sup>

As of December 31 2020, all eight of the class actions were dismissed and found non-appealable.

To date ReWalk has been conducting an FDA required postmarket surveillance study of ReWalk Personal 6.0. The purpose of this post-market study is to "monitor and further describe the long-term safety of the ReWalk Personal Device for Subjects and their Companions in institutional and non-institutional environments, such as the clinic, home, and community."

Currently ReWalk has three active centers in the study with only two sites successfully enrolling patients. Twelve patients have been enrolled in the study, of which three have completed it and one is using the ReWalk device in the community [1]. ReWalk has targeted 60 participants in this ReWalk Personal Device postmarket study, and it was intended that the study was to be completed in September 2019<sup>22</sup>.

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<sup>21</sup> <https://www.rosenlegal.com/cases-1050.html>

<sup>22</sup> <https://clinicaltrials.gov/ct2/show/NCT02944669?lead=rewalk&draw=2&rank=2>



## Key Risks

ReWalk has shifted towards a model of personal ownership for its ReWalk Personal 6.0 model, which has been supported by some success in getting American and German insurers to provide coverage for the device which costs roughly 85k<sup>23</sup>. The shift from an adjustable clinical model to a personal model provides a much higher profit opportunity for ReWalk, increasing the number of ReWalk exoskeleton units which can be sold.

The ReStore device has a much greater market potential than ReWalk Personal 6.0 given the current medical uses. COVID-19 has impeded the ability for people to obtain in-person rehabilitation, which is the only use case for ReStore. As things return to normalcy, ReStore sales may support significant topline growth.

ReStore and ReWalk Personal 6.0 are used specifically to treat stroke and a very specific subset of spinal cord injuries respectively. These products have the potential to be used for rehabilitation and therapy of other medical issues such as multiple sclerosis, Parkinson's disease and in the case of ReStore, there may be some application to provide plantar fasciitis. The market potential is huge if ReWalk can demonstrate that their products are useful for rehabilitation and therapy of other diseases and disabilities.

## Security Ownership

ReWalk is not a member of any ETF.

REWALK ROBOTICS LTD ISIN IL0011331076							
1) Current 2) Historical 3) Matrix 4) Ownership Summary 5) Insider Transactions 6) Options 7) Debt							
Search Name All Holders, Sorted by Size 21) Save Search 22) Delete Search 23) Refine Search							
Text Search Holder Group All Holders Investment Manager View							
24) Color Legend Shrs Out 44.4M % Out 18.73 Float/Shrs Out 98.41 SI % Out 1.80							
Holder Name	Portfolio Name	Source	Opt	Position	% Out	Latest Chg	File Dt
1. Intracoastal Capital LLC		13G		2,537,243	5.72	1,665,403	12/31/20
2. Armistice Capital LLC		13G		1,394,944	3.14	0	12/31/20
3. Sabby Management LLC		13G		1,235,386	2.78	1,043,004	12/31/20
4. Anson Funds Managemen...	ANSON FUNDS MANAGEM...	13F		1,046,208	2.36	1,046,208	12/31/20
5. KREOS CAPITAL V LTD		424B		494,185	1.11	0	02/06/20
6. Jasinski Lawrence J		Form 4		308,416	0.70	-348	10/06/20
7. Renaissance Technologie...	RENAISSANCE TECHNOL...	13F		307,000	0.69	307,000	12/31/20
8. Advisor Group Holdings L...	ADVISOR GROUP HOLDI...	13F		277,432	0.63	-46,625	12/31/20
9. Virtu Financial LLC	VIRTU FINANCIAL LLC	13F		118,298	0.27	106,450	12/31/20
10. Dykan Jeffrey		Form 4		71,452	0.16	59,163	01/04/21
11. Koren Ofir		Form 4		64,995	0.15	0	07/02/20
12. Yaskawa Electric Corp		Annual Re...		62,478	0.14	-1	02/29/20
13. SCP Vitalife Partners		Form 4		60,003	0.14	0	07/02/20
14. Goldman Sachs Group In...		ULT-AGG		51,755	0.12	51,755	12/31/20
15. Geode Capital Manageme...	GEODE CAPITAL MANAG...	13F		29,639	0.07	18,267	12/31/20
16. FMR LLC		ULT-AGG		29,639	0.07	18,267	12/31/20

Intracoastal Capital LLC has \$112.9M AUM and is heavily invested in the healthcare sector (79.5%). Their ReWalk position accounts for 6% of their portfolio holdings.

Armistice Capital LLC has \$2.4B AUM and is also heavily invested in the healthcare sector (65.5%). Their ReWalk position accounts for 0.15% of their portfolio.

<sup>23</sup> <https://www.extremetech.com/extreme/222396-a-new-budget-exoskeleton-could-help-paraplegics-walk-at-a-drastically-lower-price>

Sabby Management LLC has \$377.2M AUM and is also heavily invested in the healthcare sector (59%). Their ReWalk positions accounts for 0.87% of their portfolio

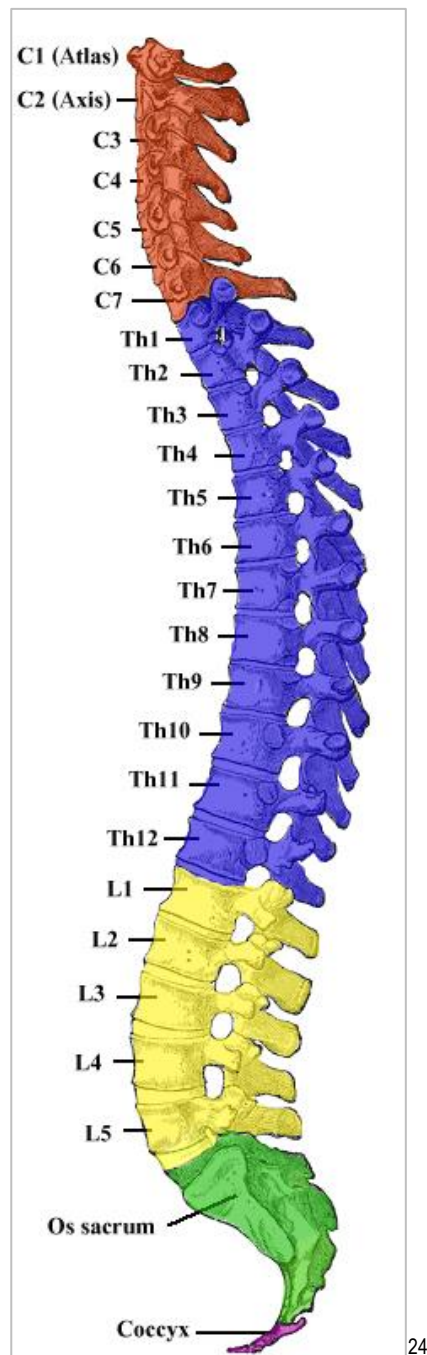
Anson Fund Managment has \$544.8M AUM and is heavily invested in the financial sector (60%). Their ReWalk positions accounts for 0.51% of their portfolio.

Keros Capital V provided a loan to ReWalk which was partially terminated using equity and warrants as payment.

## References

[1] ReWalk Annual Report 2020

[2] ReWalk Investor Presentation



<sup>24</sup> [https://en.wikipedia.org/wiki/Spinal\\_cord#/media/File:Gray\\_111\\_-\\_Vertebral\\_column-coloured.png](https://en.wikipedia.org/wiki/Spinal_cord#/media/File:Gray_111_-_Vertebral_column-coloured.png)